



# Norrhydro Group Plc

Half-year report 1 January - 30 June 2024

Business ID: 2144656-2



## 8 DIGITAL SOLUTIONS



## 10 BUSINESS ENVIRONMENT



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Norrhydro Group Plc is a Finnish pioneer in motion control and one of the leading providers of energy-efficient hydraulic cylinders in the Nordic countries, whose vision is to be the global leader in smart and environmentally friendly linear motion solutions.

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This document is a translation of Norrhydro's official Half year report for 2024. In case of discrepancy, the original Finnish version is valid.



# Despite the challenging market situation, the implementation of the strategy continued

Norrhydro is a Finnish forerunner in motion control and one of the leading providers of energy-efficient hydraulic cylinders in the Nordic countries.

The company develops and manufactures innovative and environmentally friendly hydraulic solutions for the needs of forestry, material handling, mining and construction mobile machinery as well as for marine industry, among others. Our motion control systems, combining artificial intelligence and digitalization, represent a globally leading edge-technology that significantly reduces emissions and will revolutionize the entire industry.

Norrhydro has nearly 40 years of experience in providing high-quality hydraulic solutions for demanding environments. Our customers are global manufacturers of mobile machinery and equipment for whom we are a long-term strategic partner. Our solutions create a competitive advantage for our customers and contribute to a cleaner tomorrow.

This half-year report is un-audited and includes consolidated financial data of the Norrhydro Group Plc.

## January-June 2024 in brief

### Turnover

13.1 M€ (18.3 M€)

### EBITDA

0.8 M€ (1.4 M€)

### EBITDA margin

5.9 % (7.5 %)

### Operating profit

0.1 M€ (0.7 M€)

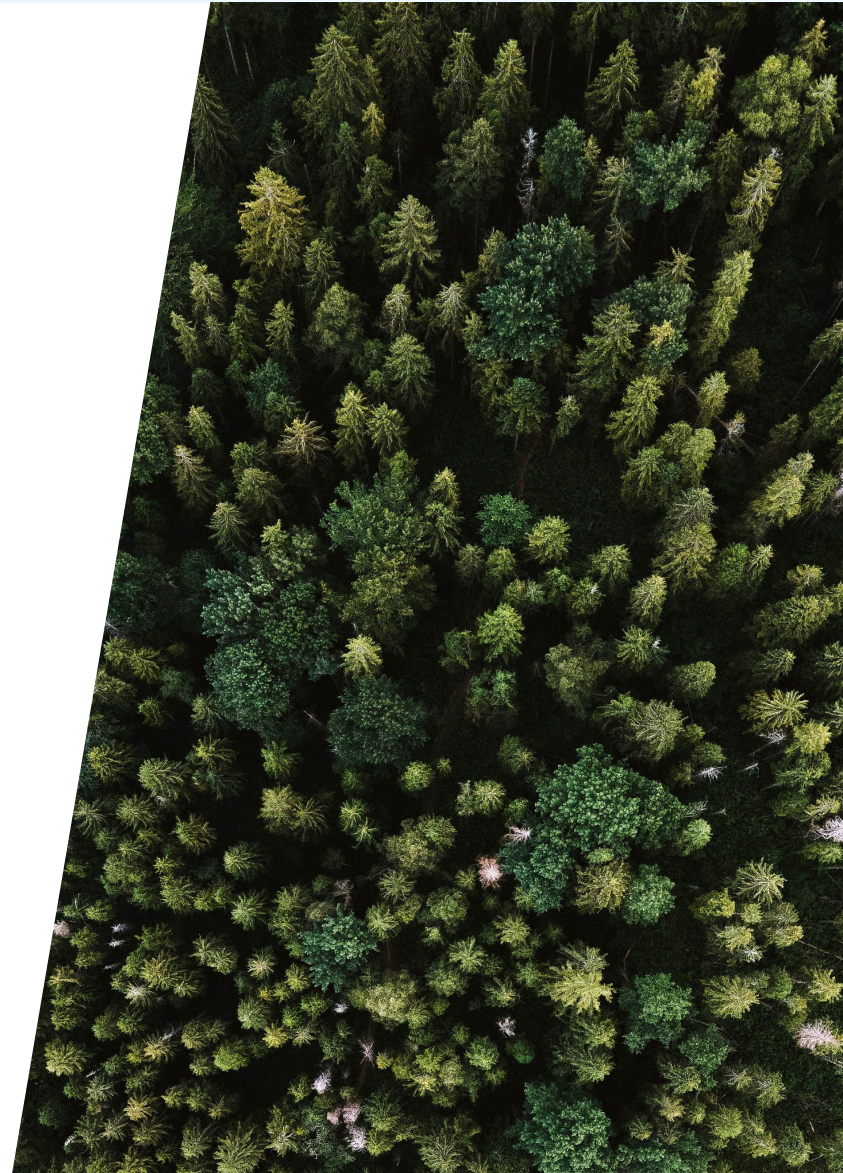
### Earnings per share

-0.04 € (0.013 €)



# Key Figures

Thousand euros	1 January-30 June 2024	1 January-30 June 2023	Change	1 January-31 December 2023
Turnover	13,110	18,321	-28.4 %	30,365
EBITDA	772	1,366	-43.5 %	1,055
EBITDA, %	5.9 %	7.5 %		3.5%
Operating profit	106	716	-85.2 %	-258
Operating profit, %	0.8 %	3.9 %		-0.8 %
Profit for the financial period	-443	136		-1 443
Profit for the financial period, %	-3.4 %	0.7 %		-4.8 %
Cash flow from business operations	1,072	-92		306
Return on investments, %	0.6 %	3.5 %		-1.26 %
Return on equity, %	-5.0 %	1.3 %		-14.7 %
Equity ratio, %	36.4 %	39.6 %		35 %
Current ratio	1,43	1,36		1,14
Quick ratio	0,47	0,33		0,29
Earnings per share, undiluted, €	-0,04	0,013		-0,133
Earnings per share, diluted, €	-0,038	0,013		-0,125
Personnel at the end of the period	160	187		168





# Guidance for 2024

Norrhydro Group's turnover for 2024 is forecasted to decrease from 2023 turnover (30,4 M €) and EBITDA to be better than in 2023 (3,5 % of turnover).

The geopolitical situation and globally uncertain economic conditions make it difficult to predict the rest of 2024 and may bring unpredictable changes to the customer demand and thus affect the company's revenue and earnings in 2024.



## CEO's review

# The challenging market situation has not affected the implementation of Norrhydro's strategy

Year 2024 started in the same vein as 2023 ended: uncertain and difficult to predict conditions. The weakened markets of our customers have inevitably continued to impact Norrhydro's business during the first half of the year, and the outlook for the rest of the year remains weak.

The uncertainty caused by interest rate hikes and inflation, along with declining economies around the world, has been affecting our customers' businesses since mid-2023. This global situation is also negatively impacting Norrhydro's operations across all our main segments.

We've had to adjust our operations, but we can also state that due to these adjustment measures, our financial situation is more stable than it was at the end of 2023. We have achieved annual savings of approximately 2.0 million euros. With the current fixed cost structure, we can generate significantly higher revenue. As revenue grows, the impact of these cost savings will be reflected in a substantial improvement in our results.

Despite all the challenges, we have continued to implement our strategy and its required actions during the first half of the year. Significant investments have been made in the development of our digital business

and various traditional cylinder business customer projects during this reporting period.

Implementing strategic measures will continue to impact the company's profitability in the near future until the deployed measures start to show improvement in profitability and increased revenue.

Successes at the beginning of 2024 give us courage and faith in the future, reinforcing that we have made the right decisions along the way. We have achieved significant milestones in the NorrDigi MCC (multi-chamber cylinder) projects; we have successfully implemented the MCC system for an oil and gas industry customer, with further phases of the project in the pipeline. Additionally, we have achieved revolutionary results in tests conducted in collaboration with a global forklift manufacturer.

We have also delivered NorrDigi EMA products to process industry projects during the year 2024. Currently, we are advancing to the testing phase with an international material handling machine manufacturer.

We have continued to implement our strategy in the traditional hydraulic cylinders sector as in previous years. Our sales activities have been very active, especially in acquiring new customers, and it is great to see that our customer base has grown

with new customers in the first half of the year.

Acquiring new customers is particularly important for long-term growth. The annually increasing cylinder production capacity of the new production facility is sufficient to support the needs of both existing and entirely new customers. Our goal is to continue sales growth faster than the overall market growth after a short "breather."

Sustainability and responsible R&D activities are key success factors for our future. They are also reflected in the needs of our customers for environmentally friendly and responsible solutions and thus act as guideline for our development. Our operations are based on close and deep cooperation with all our stakeholders. Year after year, our motto "partner in success" guides our actions and serves as a red thread for sustainable, long-term growth and development.

Responsibility, however, extends beyond our products to our daily operations; from the new production facility and its offered sustainable solutions to our most important resource, our personnel – and everything in between.

An important part of responsibility is the safety and wellbeing of our employees. We have focused on the safety of our personnel

in our new production facility. Therefore the average accident frequency rate of 11 that we achieved during the first half of 2024, is a fantastic accomplishment by the entire Norrhydro team. Continuous improvement is part of our strategy and daily activities. In the first months of the year 2024, we have particularly invested in further developing and streamlining our NPI (New Product Introduction) process. We always strive for the best possible outcome in our operations, and the onboarding of new customers and projects is key to a shared, long-lasting, and successful collaboration.

We are once again a step further on the path of Norrhydro's growth and strategic journey.



YRJÖ TRÓG  
CEO



## Strategy

# The cornerstones of Norrhydro's strategy for the period extending to 2028

### GROWTH IN TURNOVER ORGANICALLY AND THROUGH SELECTED ACQUISITIONS

Norrhydro's aim is to increase turnover organically and through acquisitions. The target is to achieve profitable growth and a turnover of over EUR 70 million in 2028, with growth coming from international cylinder business and by increasing the share of digital solutions to over 30 per cent of turnover.

### EXPANSION INTO NEW GEOGRAPHICAL MARKETS, IN PARTICULAR THROUGH THE COMMERCIALISATION OF ENERGY-EFFICIENT DIGITAL SOLUTIONS

Norrhydro's business consists of two main pillars: a profitable and steadily cash-generating hydraulic cylinder business and a digital solutions business, from which the company is looking for strong growth and opportunities to expand into new geographic markets in the future.

The NorrDigi® MCC motion control system, which combines artificial intelligence and digitalisation, represents a global, leading-edge technology that is about to be introduced in the excavators of Volvo, the company's development partner. The aim is to significantly reduce emissions and increase efficiency through the system, which will revolutionise the entire industry. According to the current estimate, commercialisation, start of series production

and introduction of the system to new customers will take place in 2024.

Digital solutions also include electromechanical cylinders, NorrDigi EMA, which provide energy efficient and electromechanical linear motion solutions for both mobile machinery and industrial processes. There is a lot of potential for electromechanical solutions, especially in industry, and this is a segment that is partly a new market for the company. Norrhydro's customer base for mobile machinery is partly made up of existing customers looking for environmentally friendly and energy efficient alternatives to replace their current hydraulic solutions.

### EXPANDING TECHNOLOGICAL KNOW-HOW AND PRODUCTION CAPACITY

Norrhydro aims to renew the mobile machinery and equipment industry with its innovations. Norrhydro is a technology leader in its field, with its patented products and proprietary product development providing a decisive competitive advantage. The company will continue to work closely with leading OEMs and research institutes.

Norrhydro also aims to expand its technological expertise through acquisitions and systematically increase its production capacity by investing in

the production facility in Rovaniemi, which was commissioned in 2022. The new facility will serve both the digital solutions business and the traditional cylinder business.

### POSITION HIGHER IN THE CUSTOMER'S VALUE CHAIN

A significant part of Norrhydro's turnover comes from customer relationships that go back decades. The company wants to continue to continue being more than a supplier of components to its customers – a long-term strategic partner that develops its solutions together with its customers. The company offers services throughout the product life cycle, from design to manufacturing, service and maintenance, and sells its solutions to equipment manufacturers without intermediaries.

Norrhydro's new energy-efficient solutions, NorrDigi MCC and NorrDigi EMA, create a competitive advantage for customers in industries with huge potential for energy efficiency and emission reduction, enabling the company to position itself higher up the customer's value chain.

### KEY FACTORS FOR THE IMPLEMENTATION OF THE STRATEGY

Key factors for Norrhydro to implement this strategy are the ability of the new facility to meet growing

demand, efficient sourcing through a global supply network, local presence and own production close to customers, and ensuring fast delivery, high quality and cost-effective operations. In addition, the company's attractiveness as an employer and its ability to recruit skilled workforce are also important factors for its ability to achieve strategic objectives.



## Digital solutions

# NorrDigi®- MCC

The uniqueness of the energy saving NorrDigi MCC solution is based on its cost-effectiveness and productivity, unmatched in the market. The company is currently engaged in several significant customer projects involving digital products.

### TESTING THE ENERGY EFFICIENCY OF NORRDIGI MCC SOLUTION

The NorrDigi MCC system is based on multi-chamber cylinders, an intelligent control system, and advanced pressure accumulators. This system allows energy to be recovered from the machine's operations and reused from the energy stored in the batteries.

The energy efficiency of the NorrDigi MCC system was tested on a 16-ton material handling machine. The test compared the machine's energy consumption and movement speed between a standard hydraulic system and the NorrDigi multi-chamber cylinder system. The test involved lifting and lowering loads of varying weights from zero to 16 tons.



The energy efficiency of the NorrDigi MCC system proved to be excellent. Compared to a conventional hydraulic system, energy savings of up to approximately 70% were achieved. The movement speed targets were also met admirably.

Additionally, the movements of the machine equipped with NorrDigi multi-chamber cylinders were smoother thanks to the system's soft-end damping, which reduced oscillation and protects the structure from peak forces.

### NORRDIGI MCC'S NEW VENTURE IN THE USA

The NorrDigi MCC system has been approved for use in lifting equipment for the oil industry in the USA. The first full delivery was made to a test site in Oklahoma in the spring of 2024. The customer was so impressed with the performance and durability of the system that the first order is expected soon.

The bespoke NorrDigi MCC system includes multi-chamber cylinders, pressure accumulators, and a control unit. The key reasons for choosing the system were the soft-end damping and precise movement control.

The lifting equipment is used to feed thousands of steel pipes into drilling wells, and the cycle time for lifting a single pipe was halved when using the NorrDigi MCC cylinder. The productivity of the drilling rig increased significantly, allowing the rig to be moved to new sites at a faster pace.

The oil industry market in the USA is significant, and the NorrDigi MCC system has the potential to gain a foothold in the new market area. The lifting equipment is expected to become a growth driver for the company.

Negotiations are ongoing with an American partner, and the first production batches are scheduled for delivery by the end of this year.

### NORRDIGI MCC HALVES FUEL CONSUMPTION OF LARGE EXCAVATORS

The NorrDigi multi-chamber cylinder-based motion control system has been field-tested under harsh conditions with excellent results in Pirkanmaa during the spring.

A medium-sized excavator (30 tons) typically consumes over 20 liters of fuel per hour during continuous loading operations. In tests, a similarly sized excavator equipped with NorrDigi MCC cylinders consumed less than 10 liters per hour. The impressive 50% reduction in consumption is due to the NorrDigi MCC's intelligent energy recovery into pressure accumulators, allowing some of the energy to be reused in reverse motion.

Fuel is the largest cost factor for an excavator, and halving consumption not only brings significant cost savings but also clearly reduces CO2 emissions. NorrDigi MCC motion control can help achieve set emission reduction targets, especially in public infrastructure projects.



Hybrid excavators equipped with NorrDigi MCC will enter the market this fall in a small test series. Hybrid excavators equipped with NorrDigi MCC will enter the market during spring 2025. A significant partner in this endeavor is a global machine manufacturer aiming to be the market leader in environmentally friendly heavy machinery.



Digital solutions

# NorrDigi® -EMA

The undeniable benefits of the electromechanical motion control system are its environmental friendliness, energy efficiency, and precise and safe controllability.

Energy efficient and oil-free electromechanical actuators (EMA) enable comprehensive electrification solutions for linear and rotary movements in mobile work machines and various process industry production automation systems.

The motion control system optimized for the customer's needs and equipment consists, at its simplest, of an electromechanical cylinder, motor, and gearbox. Compared to a traditional hydraulic system, there are fewer components, which simplifies assembly and significantly reduces maintenance requirements.

Seamless compatibility with the customer's system allows for easy implementation, and the integrated data collection provides valuable infor-

mation about the device's performance. Precise controllability makes using the NorrDigi EMA safe; speed and position control, prevention of unintended movements, and soft-end damping prevent cylinder damage and personal injuries.

The electromechanical motion control system is environmentally friendly, and the lifecycle costs are lower than those of traditional hydraulic cylinders.

The most significant customer benefits come from the energy efficiency of the electromechanical system and the enabled energy recovery.

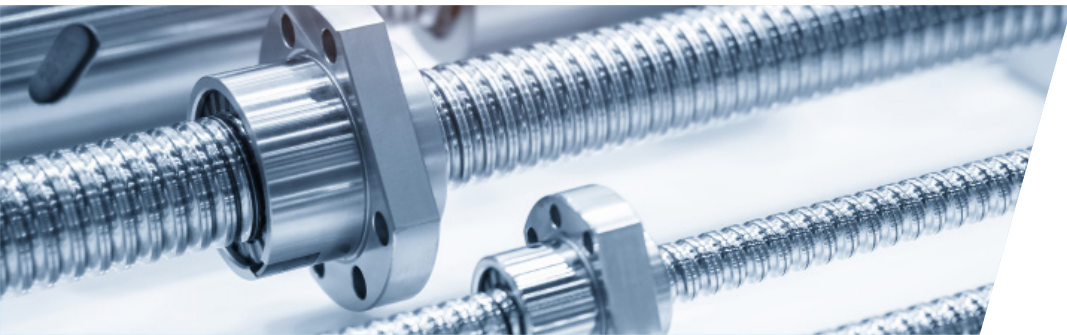
## NORRDIGI EMA - MAINTENANCE-FREE SOLUTION FOR THE PRODUCTION LINE

At Orion's pharmaceutical factory, a maintenance-free alternative to pneumatic cylinders was sought for the tablet mass production line to avoid production interruptions caused by breakdowns. A production stoppage due to equipment failure could result in the loss of shifts and the potential loss of a production batch if the manufactured mass needs to be discarded.

The chosen solution was Norrhydro's electromechanical cylinder, NorrDigi EMA, which was seamlessly integrated directly into the real production environment, specifically into the shaker of the tablet mass line. The function of the electric cylinder is to shake the tablet mass off the device's filter during the manufacturing process, operating within its optimally adjusted range. The cylinder's secondary function is to serve as a wash rod during the cleaning process of the fluidized bed granulator between production batches, operating over its full stroke length. The advantage of the EMA electric cylinder is its adjustable operating range and precise control, which also enables more accurate targeting of the cleaning process and prevents cylinder damage.

The test use of NorrDigi EMA in Orion's busy production has gone well, yielding promising results in a short time. Based on the usage experience, further improvements were proposed for the electric cylinder to better serve its intended purpose.

The next set of EMA electric cylinders has already been tested at Norrhydro's factory and will be installed in the customer's equipment this summer.



# Business Environment

The overall hydraulic market did not meet expectations for growth in the first half of 2024, with total market demand remaining low across all segments except for the marine industry. The market outlook for the next six months remains unclear and very difficult to predict. Factors influencing the situation include a decline in the level of investment due to high interest rates, reduction of inventory levels in supply chains, economic uncertainty, and the ongoing recession. The prevailing geopolitical situation does not alleviate the overall conditions at all.

## FOREST MACHINE INDUSTRY

Demand in the forest machine industry has remained low during the first six months of 2024. Since 2022, due to changes in the geopolitical situation, the business operations of forestry machinery customers in Russia have basically stopped completely. The demand and market situation for forest industry products – sawn timber, pulp and cardboard – has been unstable at the beginning of the year. The uncertainty and caution have affected the utilisation rates and demand of forest machinery. The market situation in the forest machine industry is expected to remain at the current level or increase slightly during the present year.

## MATERIAL HANDLING MACHINERY AND EQUIPMENT INDUSTRY

The demand for material handling machinery and equipment remained low during the first half of 2024, similar to the forest machinery. Sales and deliveries to customers in the material handling segment decreased slightly compared to the reference period. Correspondingly to forestry machine segment, the market for material handling machines and equipment is expected to remain stable or perhaps increase slightly during 2024.

## CONSTRUCTION AND MINING INDUSTRY

Demand for machinery and equipment in the construction and mining industries has been at low level during the first half of 2024. Turnover and delivery volumes to customers decreased compared to the reference period due to the downturn in customers' business activities. Based on current forecasts, it seems that the demand in the construction and mining industries is set to increase in the second half of 2024.

## MARINE INDUSTRY

The protracted geopolitical situation has led to increased demand in various vessel segments in the marine and shipbuilding markets during 2023 and the first half of 2024. The demand for hydraulic cylinders for the marine industry manufactured by Norrhydro increased somewhat compared to the reference period due to growth in the customers' business. The market situation in the marine industry is expected to remain unchanged or even increase slightly during 2024.



## ENERGY EFFICIENCY IMPROVEMENT AND ELECTRICAL SOLUTIONS

The changes in the business environment are very similar in all of Norrhydro's customer segments, and the demand for new technologies is increasingly focused on improving energy efficiency and electric solutions. The digital product and service solutions developed by the company, which are an integral part of Norrhydro's strategy, offer good options for customers to solve precisely these challenges. During the first half of 2024, the demand for our digital products has remained strong, and we believe this will have a positive impact in the next six months.





# Turnover, profitability and performance

## January-June 2024

In January-June 2024, turnover was EUR 13,110 (18,321) thousand, an decrease of 28,4 per cent. The EBITDA was EUR 772 (1,366) thousand, representing 5.9 (7.5) per cent of turnover in the period under review. The Group's return on capital employed (ROCE) was 0.6 (3.5) per cent.

Personnel expenses during the period amounted to EUR 3,217 (5,195) thousand. Other operating expenses amounted to EUR 1,905 (2,296) thousand. Net financial expenses amounted to EUR 548 (545) thousand. Exchange rate gains and losses due to changes in exchange rates have been recognised in financial items, with a net effect of EUR -11 (0) thousand during the period.

Profit for the period was EUR -443 (136) thousand. Undiluted earnings per share were EUR -0.04 (0.013) and diluted EUR -0.038 (0.013). Number of shares outstanding on 30 June 2024 was 11,026,119 (10,862,638). The group holds 60,000 (39,000) own shares.

# Balance sheet and financial position

The balance sheet total on 30 June 2024 was EUR 24,238 (26,514) thousand. Current assets amounted to EUR 6,915 (9,163) thousand. Short-term receivables amounted to EUR 1,417 (1,889) thousand and liquid assets to EUR 887 (94) thousand. Group equity amounted to EUR 8,815 (10,487) thousand.

Interest-bearing liabilities amounted to EUR 10,080 (9,812) thousand. The company has a funding limit (EUR 1,014 thousand) at its disposal to ensure liquidity.

The Group's loans from financial institutions consist of both secured and unsecured loans. Part of the loans relates to financial covenants that may have an impact on the conditions, mainly on the amount of interest payable.

The review date of the covenants is at the end of the financial year on 31 December 2024. The Group's net debt amounted to EUR 9,193 (9,218) thousand, and the net gearing ratio was 104 (87.9) per cent. The equity ratio at the end of the reporting period was 36.4 (39.6) per cent. Cash flow from operating activities in January-June 2024 amounted to EUR 1,072 (-92) thousand. Cash flow from investing activities amounted to EUR -449 (-310) thousand.



# Sustainability

At Norrhydro, sustainability extends throughout the entire value chain, encompassing environmentally, socially, and economically sustainable practices from global procurement to the end use of the final product. In Rovaniemi, the company maintains a significant role as an employer and continually invests in a healthy and safe working environment.

During the first half of 2024, Norrhydro has further developed existing occupational safety measures and objectives. To support the "Zero Accidents" program, the company has implemented a new risk assessment system, enabling more effective updating, monitoring, and prevention of identified risks.

The company collaborates closely with occupational health services at all organizational levels, adhering to a jointly developed occupational health action plan. The aim is to ensure occupational safety and well-being and to prevent related challenges.

The company's investments in occupational safety are positively reflected in the development of the accident frequency rate. The accident frequency rate refers to the ratio of lost-time injuries (LTI) to hours worked, calculated per one million hours worked. The company's average accident frequency rate for the last 12 months is 11, which is significantly below the industry average (industrial sector 27.7 in 2022).

Norrhydro's operations are customer and process-oriented. Through continuous measurement and development, the company ensures it meets the set

quality and environmental standards. By offering environmentally friendly solutions, Norrhydro enables its customers to stay at the forefront of their respective product areas. From a sustainability and environmental perspective, it's noteworthy that by electrifying equipment, customers can potentially eliminate the use of fossil fuels entirely.

In the past six months, Norrhydro has continued to enhance its environmental and recycling initiatives. Norrhydro is committed to reducing harmful environmental impacts and minimizing the environmental burden of its production. Sustainable choices and energy efficiency have been integral to the company's production facility, completed in 2022, from its design to everyday operations.

The production facility's gold-level LEED certificate (Leadership in Energy and Environmental Design) is a prestigious and globally recognized environmental certification system awarded to energy-efficient and environmentally friendly buildings. To receive LEED certification, a building must meet several criteria and metrics, including sustainable site selection, water and energy efficiency, material choices, and indoor environmental quality.

Energy conservation and environmental protection are among the most significant challenges for companies today and in the future, and they are



also an important part of Norrhydro's mission. The tightening of regulations related to slowing climate change to promote sustainable business and the rise in environmental awareness drive companies to seek more energy-efficient and low-emission hydraulic solutions. By investing in profitable growth, the company strengthens its position as a good investment, a stable employer, a reliable partner, and a good corporate citizen.





# Personnel and management

In January–June 2024, the Group employed an average of 162 (195) people, and on 30 June 2024 the Group employed 160 (187) people. In addition to its own personnel, the Group uses leased workers in its operations. The average number of leased personnel during the reporting period was 1 (13).

The company's Executive Management Team consists of CEO Yrjö Trög, CFO and HR Director Johanna Kaikkonen, Vice President of Sales and Marketing Anniina Piira-Wendeler, QEHS Director Heidi Sederholm, Director of Digital Business Carl Mattson and Production Director Mikko Väitalo (from 5.8.2024)

Mr. Trög has been CEO and member of the Board since 2007. Trög is the largest shareholder in Norrhydro through his ownership of Economica Business Services Ltd., with a share of 36,87 per cent.





# Annual General Meeting and current Board authorisations

The Annual General Meeting of Norrhydro Group Plc was held on 26th of March 2024 in Rovaniemi, Finland. The resolutions can be read in full in the minutes of the General Meeting on Norrhydro Group Plc's website at <https://www.norrhydro.com/en/investors-agm>

The Annual General Meeting of Norrhydro Group Plc approved the company's and the Group's financial statements for 2023 and granted discharge to the members of the Board of Directors and the CEOs for the financial year 2023.

The Annual General Meeting unanimously resolved on the distribution of funds in accordance with the primary proposal of the Board of Directors as follows: The loss for the financial year was transferred to retained earnings, and no dividend was distributed

The Annual General Meeting resolved that the monthly remuneration payable to the Chairman of the Board of Directors shall be EUR 5,000 and that of the members of the Board of Directors shall be EUR 1,600 per month, regardless of the number of meetings. The Chairman or member of the Board of Directors is not separately paid the remuneration of the Board of Directors if he/she works for Norrhydro Group Plc or a company belonging to the Group. In addition, reasonable travel expenses incurred from meetings will be reimbursed.

The General Meeting resolved that 5 members would be elected to the Board. The General Meeting re-elected the current Board members Yrjö Trög and Pekka Helle. Juhani Kangas and Antto Trög were elected as a new members of the Board. At the constitutive meeting held after the General Meeting, the Board elected Juhani Kangas from among its members as Chairman of the Board. Pekka Helle was elected Vice-Chairman.

The General Meeting decided to appoint the audit firm KPMG Oy as the new auditor, which has designated Authorized Public Accountant (APA) Juha Väärälä as the principal auditor and that the auditor will be paid a fee according to a reasonable invoice approved by the company. The term of office of the auditor will last until the end of the next Annual General Meeting.

The General Meeting authorised the Board of Directors to decide on the share issue and the issue of warrants and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act in one or more instalments, so that a maximum of 2,000,000 new shares or shares held by the company may be issued on the basis of the authorisation. The maximum number of shares covered by the authorisation corresponds to approximately 18.04 per cent of all shares in the company, calculated on the basis of the situation on the day of the notice to the Annual General Meeting.

On the basis of the authorisation, the Board of Directors may also decide on a directed share issue, i.e. in deviation from the shareholders' pre-emptive subscription rights. The Board of Directors may decide on the issue of shares either without payment or against payment and on all other terms and conditions of the share issue.

The Board of Directors may use the authorisation for the implementation of corporate transactions or other arrangements related to the company's business, for the implementation of the personnel incentive scheme or for other purposes decided by the Board of Directors.

The authorisation is valid until the next Annual General Meeting, but not later than 30 June 2025.





## Shares and Shareholders

The company has one category of shares. All shares have one vote at the General Meeting of Shareholders and are equally entitled to dividends.

The number of shares outstanding on 30 June 2024 was 11,026,119 (10,862,638 on 30 June 2023). The Group holds 60 000 (39,000) treasury shares.

During the period 1 January–30 June 2024, a total of 704,539 Norrhydro's shares, or 6.4 per cent of the total number of shares, were traded on the Nasdaq First North Growth Market Finland marketplace. The value of the stock exchange was EUR 1.6 million.

The closing share price on the last trading day of the period was EUR 1.49 per share. The lowest trading price for the period was EUR 1.31 per share, the highest was EUR 2.25 per share, and the average price for the period was EUR 1.71 per share. Norrhydro's market value at the end of the reporting period was EUR 16.5 million.

At the end of the reporting period, the company had 5,502 shareholders.

The average price 1 January–30 June 2024

**1,71 € / share**

Market value 30 June 2024

**16,50 M€**



### BIGGEST SHAREHOLDERS ON 30 JUNE 2024

	SHARES, PCS	OWNERSHIP, %
1. Economica Yrityspalvelut Oy	4,087,567	36.87
2. Helle-Kangas Consulting Oy	1,660,362	14.98
3. Keskinäinen Eläkevakuutusyhtiö Ilmarinen	595,238	5.37
4. Kari Juha Elias	329,293	2.97
5. Myllymäki Invest Oy	285,714	2.58
6. Penttinen Hannu Sakari	220,759	1.99
7. Reinzen Oy	176,492	1.59
8. Triton Seasafety Oy	119,754	1.08
9. Saana Partners Oy	119,048	1.07
10. Wastmäki Invest Oy	88,871	0.80
<b>10 biggest, total</b>	<b>7,683,098</b>	<b>69.3</b>

## Option programmes and share-based incentive plans

The company has two option programmes, 2020a and 2020b for its key personnel. The option programmes are targeted for key employees who are responsible for the development of the company's business. The implementation of the option programme is conditional on the growth and profitability of the business and the successful launch of the digital business. The maximum number of shares subscribed with stock options is 71,000 shares.

The share-based incentive plan for the Group's key employees combines the objectives of the company's shareholders and key employees to increase the value of the company in the long term and to commit the key personnel to the company. The earning of share rewards is determined primarily on the basis of the company's net sales and profitability development and, secondarily, on the share of digital solutions in relation to the Group's net sales. The performance period of the reward concerns the financial years 2023–2025 and 2024–2026 and it will be paid in shares and cash. 30.6.2024 a total of 159,500 shares have been allocated to key employees from the share-based incentive plan.

# Near-term risks and business uncertainties

In a challenging geopolitical situation, the global economy continues to be overshadowed by inflation, elevated interest rates, and the economic cycle.

An unstable economic environment and high financing costs can reduce the willingness of companies and investors to invest. The weak economic situation in the European Economic Area has decreased demand in our main markets and thus the production capacity is not fully utilized.

The availability and terms of financing can limit the company's operations and financial flexibility. The company has taken the necessary measure regarding financing to ensure the continuity of its operations.

Cyber security risks are complex and varied today, and they can impact the company's operations in many ways. We have invested in our company's cyber security, which is strong and multi-layered.





## ROVANIEMI 1 AUGUST 2024

Norrhydro Group Plc  
Board of Directors

### ADDITIONAL INFORMATION:

Yrjö Trög, CEO  
Norrhydro Group Plc  
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Email: yrjo.trog@norrhydro.com

### CERTIFIED ADVISOR:

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# Tables, 1 January- 30 June 2024

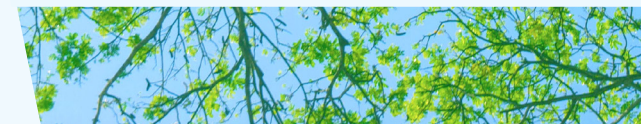
This half-year financial report, which includes the periods 1 January–30 June 2024, 1 January–30 June 2023 and 1 January–31 December 2023, has been prepared in accordance with good accounting practice and Finnish legislation. The figures are unaudited and have been prepared in accordance with Finnish Accounting Standards (FAS). Figures are presented in thousands of euros unless otherwise stated, and the figures presented have been rounded to the nearest thousand, so that the sum of the figures in a column or row may not always correspond exactly to the figure presented as the final total of the column or row.

## CONSOLIDATED INCOME STATEMENT

Thousand euros	1 January- 30 June 2024	1 January- 30 June 2023	1 January-31 December 2023
<b>Turnover</b>	<b>13,110</b>	<b>18,321</b>	<b>30,365</b>
Increase (+) or decrease (-) in stocks of finished goods and work in progress	-621	570	-711
Other operating income	34	433	653
Materials and services	-6,630	-10,466	-16,443
Personnel expenses	-3,217	-5,195	-8,754
Depreciation, amortisation and impairment	-666	-651	-1 312
Other operating expenses	-1,905	-2,296	-4,056
<b>Operating profit</b>	<b>106</b>	<b>716</b>	<b>-258</b>
Financial income	0	26	10
Financial expenses	-548	-571	-1 195
<b>Profit before tax</b>	<b>-443</b>	<b>171</b>	<b>-1,443</b>
Income taxes	0	-34	0
Minority share	0	0	0
<b>Profit for the financial period</b>	<b>-443</b>	<b>136</b>	<b>-1,443</b>



The financial information presented here does not include all the notes to the financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2023.







## CONSOLIDATED BALANCE SHEET

Thousand euros	30 June 2024	30 June 2023	31 December 2023
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible rights	8,816	8,027	8,371
Material goods	6,203	6,840	6,480
Investments	1	1	1
<u>Fixed assets, total</u>	<b>15,020</b>	<b>14,868</b>	<b>14,852</b>
<b>Short-term assets</b>			
Current assets	6,915	9,163	7,962
Short-term receivables	1,417	1,889	1,156
Liquid assets	0	500	0
Cash and cash equivalents	887	94	1,395
<u>Short-term assets, total</u>	<b>9,218</b>	<b>11,647</b>	<b>10,513</b>
<b>ASSETS, TOTAL</b>	<b>24,238</b>	<b>26,514</b>	<b>25,365</b>

## Key figures

Return on  
investments %  
**0.6%** (3.5 %)

Return on  
equity %  
**-5.0 %** (1.3 %)

Equity ratio %  
**36.4 %** (39.6 %)

Thousand euros	30 June 2024	30 June 2023	31 December 2023
<b>LIABILITIES</b>			
<b>Equity</b>			
Share capital	4 252	4,252	4,252
Invested unrestricted equity	10 379	<b>10,030</b>	9,994
Profit/loss from previous financial	-5 374	-3,931	-3,931
Profit/loss for the financial period	-443	136	-1,443
<u>Total equity</u>	<b>8 815</b>	<b>10,487</b>	<b>8,872</b>
<b>Current liabilities</b>			
Long-term liabilities			
Convertible bond	1,500	0	14,000
Loans from financial institutions	6,791	7,124	5,851
<u>Long-term liabilities, total</u>	<b>8,291</b>	<b>7,124</b>	<b>7,251</b>
Short-term liabilities			
Loans from financial institutions	1,789	2,688	3,782
Deferred income	42	0	0
Trade payables and other current liabilities	5,302	6,215	5,460
<u>Short-term liabilities, total</u>	<b>7,133</b>	<b>8,903</b>	<b>9,242</b>
<u>Current liabilities, total</u>	<b>15,423</b>	<b>16,027</b>	<b>16,493</b>
<b>LIABILITIES, TOTAL</b>	<b>24,238</b>	<b>26,514</b>	<b>25,365</b>

## CASH FLOW STATEMENT

Thousand euros	30 June 2024	30 June 2023	31 December 2023
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Profit (loss) before accounting transfers and taxes	-443	171	-1,443
<u>Adjustments:</u>			
Depreciation according to plan	666	651	1,312
Financial income and expenses	548	545	1,185
Cash flow before working capital changes	772	1,366	1,055
Working capital changes			
Increase (-) / decrease (+) in short-term non-interest-bearing accounts receivable	-261	46	807
Increase (-) / decrease (+) in current assets	1,048	-316	885
Increase (+) / decrease (-) in short-term non-interest-bearing liabilities	62	-643	-1,360
Cash flow from operating activities before financial items and taxes	1,620	453	1,387
<u>Financial items and taxes:</u>			
Interest paid and payments on other financial expenses for operating activities	-548	-545	-1,189
Direct taxes paid	0	0	109
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1,072</b>	<b>-92</b>	<b>306</b>

Thousand euros	30 June 2024	30 June 2023	31 December 2023
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Investments in tangible and intangible assets	-449	-1,359	-1,580
Investments in other financial securities	0	500	1,000
Investment grants received	0	549	339
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-449</b>	<b>-310</b>	<b>-242</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Dividends paid and other distributions	0	-326	-331
Loan disbursements	659	664	1,995
Loan repayments	-1,790	-1,270	-1,587
<b>CASH FLOW FROM FINANCING (C)</b>	<b>-1,132</b>	<b>-932</b>	<b>77</b>
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	-508	-1,334	141
Cash and cash equivalents at the beginning of the period	1 395	1,428	1,254
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>887</b>	<b>94</b>	<b>1,395</b>



## STATEMENTS OF CHANGES IN EQUITY

Thousand euros

**1 January-30 June 2024**

	Share capital	Invested unrestricted equity reserve	Retained earnings	Total equity
Equity at the beginning of the period	4 252	9 994	-5 374	8 872
Return of capital			0	
Profit for the financial period			-443	
Other changes, acquisition of own shares		-6		
Other changes, change of Motiymax shares		392	0	
Equity at the end of the period	4 252	10 379	-5 817	8 815

Thousand euros

**1 January-30 June 2023**

	Share capital	Invested unrestricted equity reserve	Retained earnings	Total equity
Equity at the beginning of the period	4,252	10,362	-3,931	10,683
Return of capital		-326		
Profit for the financial period			136	
Other changes, acquisition of own shares		-6		
Equity at the end of the period	4,252	10,030	-3,795	10,487

Thousand euros

**1 January-30 December 2023**

	Share capital	Invested unrestricted equity reserve	Retained earnings	Total equity
Equity at the beginning of the period	4,252	10,362	-3,931	10,692
Adjusted profit of Motiymax Oy for the financial period 2022			-9	
Dividend payments		-326		
Profit for the financial period			-1 443	
Other changes, acquisition of own shares		-42		
Other changes, disposal of treasury shares	425	9,994	-5,374	8,872
Equity at the end of the period	4,252	9,994	-5,374	8,872



## CALCULATION OF KEY FIGURES

$$\text{CHANGE IN TURNOVER, \%} = \frac{\text{turnover} - \text{previous year's turnover}}{\text{previous year's turnover}} \times 100$$

$$\text{OPERATING PROFIT} = \text{turnover} + \text{change in stocks of finished goods and work in progress (+/-)} + \text{other operating income} - \text{materials and services} - \text{personnel expenses} - \text{depreciation, amortisation and impairment} - \text{other operating expenses}$$

$$\text{OPERATING PROFIT, \%} = \frac{\text{Net operating profit}}{\text{turnover}} \times 100$$

$$\text{EBITDA} = \text{turnover} + \text{change in stocks of finished goods and work in progress (+/-)} + \text{other operating income} - \text{materials and services} - \text{personnel expenses} - \text{other operating expenses}$$

$$\text{EBITDA, \%} = \frac{\text{EBITDA}}{\text{turnover}} \times 100$$

$$\text{CASH FLOW FROM OPERATING ACTIVITIES} = \text{Profit (loss) before accounting transfers and taxes} + \text{depreciation according to plan} + \text{financial income and expenses +/- working capital changes} - \text{interest paid} + \text{interest received from operations} - \text{direct taxes paid}$$

$$\text{RETURN ON INVESTED CAPITAL} = \frac{\text{Net operating profit before tax} + \text{financial expenses}}{\text{equity (average over the year)} + \text{interestbearing financial liabilities (average over the year)}} \times 100$$

## **NET INTEREST-BEARING LIABILITIES=**

interest-bearing liabilities – cash and cash equivalents

$$\text{RETURN ON EQUITY} = \frac{\text{net result}}{\text{equity (average over the year)}} \times 100$$

## **PROFIT FOR THE FINANCIAL PERIOD =**

Net operating profit +/- financial expenses + taxes

$$\text{EQUITY RATIO, \%} = \frac{\text{equity}}{\text{total capital on the balance sheet} - \text{deferred income}} \times 100$$

## **NET GEARING, \% =**

interest-bearing liabilities – cash and cash equivalents

$$\frac{\text{equity}}{\text{equity}} \times 100$$

## **EARNINGS PER SHARE =**

profit for the period  
weighted average number of shares outstanding during the period

## **CURRENT RATIO =**

current assets + short-term receivables + liquid assets + cash and cash equivalents + unused limit  
short-term liabilities

## **QUICK RATIO =**

short-term receivables + liquid assets + cash and cash equivalents + unused limit  
short-term liabilities



The logo for Norrhydro, featuring the word "NORR" in white and "HYDRO" in white with a green circle for the 'O'.

# NORR HYDRO

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