

Partner in Success

NORR HYDRO

NORRHYDRO GROUP PLC
Half-year report
1 January–30 June 2022

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Strong growth and determined implementation of strategy

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

We develop and manufacture innovative and environmentally friendly hydraulic solutions for the needs of the forest industry, material handling, mining, construction and marine industries, among others. Our motion control systems, combining artificial intelligence and digitalisation, represent a globally leading-edge technology that significantly reduces emissions and will revolutionise the entire industry.

Norrhydro has more than 35 years of experience in providing 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 unaudited and includes consolidated financial data for Norrhydro Group Plc.

January–June 2022 in brief

- Turnover increased 40.0% to EUR 16,617 (11,871) thousand
- EBITDA was EUR 1,662 (1,485) thousand
- EBITDA margin was 10.0% (12.5%)
- Operating profit was EUR 1,281 (1,099) thousand
- Earnings per share were EUR 0.07 (0.08) (Number of shares on 30 June 2022: 10,901,638; 30 June 2021: 8,242,394)

Thousand euros	1 January–30 June 2022	1 January–30 June 2021	Change	1 January–31 December 2021
Turnover	16,617	11,871	40.0%	24,693
EBITDA	1,662	1,485	11.9%	2,968
EBITDA, %	10.0%	12.5%		12.0%
Operating profit	1,281	1,099	16.6%	2,177
Operating profit, %	7.7%	9.3%		8.8%
Profit for the financial period	777	631	23.2%	353
Profit for the financial period, %	4.7%	5.3%		1.4%
Cash flow from business operations	112	1,177		756
Return on investment, %	7.2%	10.8%		15.2%
Return on equity, %	6.8%	18.8%		4.8%
Equity ratio, %	50.1%	21.5%		50.7%

Current ratio	1.81	1.21	1.74
Quick ratio	0.68	0.54	1.09
Earnings per share, undiluted, €	0,07*	0.08	0.04
Earnings per share, diluted, €	0,07*	0.08	0.04
Personnel at the end of the period	159	126	144

* Number of shares 30 June 2022: 10,901,638; 30 June 2021: 8,242,394

Guidance for 2022

Company repeats its guidance given in April 2022: Turnover in 2022 is expected to grow by approximately 15–25% compared to 2021 and hence to amount to EUR 28.3–31.0 million euros (24,7 million €).

The geopolitical situation and the effects of the Covid-19 pandemic may bring challenges to the availability and cost development of the manufacturing materials used by the company or its customers. Availability problems, if they materialise, could cause disruptions in the company's own and customers' production. The company will pass on the cost of inflation to product prices based on market conditions and customer contracts, and the impact on sales prices will occur with a 3–6-month lag.

The new production facility will be completed in August 2022, after which the ramp-up of production will start at the new facility. Due to the impact of the relocation, the ramp-up and cost inflation, no precise guidance on profitability is given for 2022.

CEO's review

Norrhydro's turnover grew strongly in the first half of 2022, despite challenging market conditions. Growth was strongest in the segments of construction, mining and material handling machinery and equipment. Demand in the forest machinery industry also increased, driven by the good price development for forest industry products and high utilisation rates of machinery. Only in the marine segment did demand fall slightly. I am particularly pleased that in challenging conditions we were able to increase our market share by offering new product groups to our existing customers. With our new factory about to be completed, our cylinder manufacturing capacity will double, and we will be in a stronger position to seek additional growth with new customers.

During the spring, material and logistics costs increased significantly, affecting our relative profitability in the year's first half. However, we will be able to pass on the cost increases to product prices with a lag of around 3–6 months. There were also delays in component availability and logistics, but we still managed to deliver all products to our customers as planned. Business growth, higher raw material prices and increased inventories increased our working capital needs. However, we are quite satisfied with the result, considering the raw material price development and the market situation. The war in Ukraine and the closure measures in China continue to add to the uncertainty in the markets.

In addition to the manufacture of hydraulic cylinders, the development of our new digital services continued well in the first half of the year. We have several active development projects in our portfolio, and we have identified several new customers interested in our digital services. Although these projects are still some way

from going into series production, the progress has been encouraging, and we believe that there will be demand for our digital services from both existing and new customers.

Our latest digital concept is NorrData, which we started developing early this year. NorrData is a continuation of our digital products and it supports, in particular, the NorrDigi® motion control system. With NorrData, we process data from machines and equipment into a service product that enables our customers to improve their business productivity and equipment availability. With the development of NorrData, we are preparing for a future in which intelligent machines with large amounts of data become more common, and the processing and efficient use of data becomes an important part of everyday operations.

Our new environmentally friendly production plant in Rovaniemi is on track for completion, despite minor delays in equipment deliveries, and we will start ramping up production at the end of August. The plant will reduce emissions from our production by an estimated 20 per cent compared to today, increase our capacity and enable us to start mass production of NorrDigi®. The ramp-up and the production shutdown caused by the move will continue to affect our operations in the second half of the year, but our order book is at a good level, and we are confident as we approach the end of the year. The biggest price increases for materials and components seem to be over, and we will be able to pass on the earlier ones to sales prices with a slight delay.

With this in mind, I welcome our new CEO Matias Parviainen, who will start at Norrhydro in November. With his strong management experience, Matias is well placed to continue and develop Norrhydro's successful future. I will also continue with Norrhydro's growth story: in my role as Chairman of the Board, I will focus on driving Norrhydro's growth strategy.



Yrjö Trög
Managing Director

Strategy

The cornerstones of Norrhydro's strategy for 2021–2026 are:

Growth in turnover organically and through selected acquisitions

Norrhydro's aim is to increase turnover organically and through acquisitions. The aim is to achieve profitable growth and a turnover of EUR 54 million in 2026, with growth coming from international business in addition to the cylinder business, and by increasing the share of digital solutions to 30 per cent of turnover. Acquisitions will support Norrhydro's position as a technology leader in its sector.

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 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® 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 through the system, which will revolutionise the entire industry. The current estimate is that commercialisation, the start of series production and the introduction of the system to new customers will take place by 2024 at the latest.

Digital solutions also include electromechanical cylinders, Motiomax by Norrhydro, which provide energy-efficient and virtually oil-free 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 alternatives to replace their current hydraulic solutions.

The company's latest digital concept is NorrData, which has been in development since the first half of this year. NorrData is a service solution that will support the NorrDigi® motion control system particularly. NorrData productises the data from "intelligent" machines, which is of paramount importance, especially for the end customer. NorrData takes the company into a whole new area. It represents a major leap into the future, where smart machines with their large amounts of data will become more common, and data processing will become an important part of everyday operations.

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 increase its production capacity by investing in a new production plant in Rovaniemi. The new facility will be operational in 2022 and will serve both the digital solutions business and the traditional cylinder business.

Position higher up the customer's value chain

The global commercialisation of NorrDigi® and partnership models that give the customer a competitive advantage enable a position higher up 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 be 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, such as NorrDigi® and Motiomax by Norrhydro, 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 plant 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 a skilled workforce are also important for its success and ability to achieve its strategic objectives.

Business environment

Forest machinery industry

Demand in the forest machinery industry has been relatively steady in the first six months of 2022, despite the volatile geopolitical situation. As the geopolitical situation has changed, the business of forest machinery customers in Russia has decreased, but Norrhydro's product turnover has increased somewhat in the first half of the year. The demand and market situation for forest industry products – sawn timber, pulp and cardboard – has remained strong, and the positive price development of the products has contributed to the utilisation rates and demand for forest machinery. As a result, the volume and turnover of hydraulic cylinders for forest machinery increased slightly compared to the comparison period. Demand for new technologies in forest machinery focuses on improving energy efficiency and reducing emissions. The product and service packages offered by Norrhydro provide good options for customers to solve these problems.

Material handling machinery and equipment industry

Demand for material handling machinery and equipment was strong in the first half of 2022. Sales and deliveries to customers in the material handling segment increased compared to the previous year, driven by higher customer volumes and new product categories. Global trade growth and the global increase in material flows have contributed to the demand for material handling machinery. This growth has been reflected in the strong demand for hydraulic cylinders for material handling machines. Demand for new technologies in material handling machinery and equipment is focused on improving energy efficiency, reducing emissions and developing battery-powered electric machines. The product and service packages offered by Norrhydro provide good options for customers to solve these problems.

Construction and mining industry

Demand for machinery and equipment in the construction and mining industries has been strong during the first half of 2022. Turnover and delivery volumes to customers increased compared to the previous year due to growth in customer business and new product categories offered by Norrhydro. Economic growth, government stimulus measures and rising raw material prices boosted demand for construction and mining machinery. End-users have invested in new machines, and the utilisation rates of existing machines have been good. This growth has been reflected in strong demand for hydraulic cylinders for the machines in this segment throughout the first half of the year. Demand for new technologies in the construction and mining industries

is focused on improving energy efficiency, reducing emissions and developing battery-powered electric machines. The product and service packages offered by Norrhydro provide good options for customers to solve these problems.

Marine industry

Due to the global coronavirus pandemic, demand in the different segments of the shipping and shipbuilding market has been volatile during the first half of 2022. Demand for hydraulic cylinders for the marine industry manufactured by Norrhydro decreased somewhat compared to the reference period due to a decline in the customers' business. Demand for new technologies for marine equipment focuses on energy efficiency improvements and electrical solutions. The product and service packages offered by Norrhydro provide good options for customers to solve these problems.

Turnover, profitability and performance

January–June 2022

In January–June 2022, turnover was EUR 16,617 (11,871) thousand, an increase of 40.0 per cent. The EBITDA was EUR 1,662 (1,485) thousand, representing 10.0 (12.5) per cent of turnover in the period under review. The Group's return on capital employed (ROCE) was 7.2 (10.8) per cent.

Personnel expenses during the period amounted to EUR 4,214 (3,274) thousand. Other operating expenses amounted to EUR 1,614 (1,246) thousand. Net financial expenses amounted to EUR 246 (278) thousand. Exchange rate gains and losses due to changes in exchange rates have been recognised in financial items, with a net effect of EUR 6 (0) thousand during the period.

Profit for the period was EUR 777 (631) thousand. Diluted and undiluted earnings per share were EUR 0.07 (0.08). Number of shares outstanding on 30 June 2022 was 10,901,638 (8,242,394).

Balance sheet and financial position

The balance sheet total on 30 June 2022 was EUR 22,993 (16,819) thousand. Current assets amounted to EUR 7,563 (5,523) thousand. Short-term receivables amounted to EUR 1,781 (1,533) thousand and liquid assets to EUR 316 (2,241) thousand. Group equity amounted to EUR 11,426 (3,407) thousand.

Interest-bearing liabilities amounted to EUR 5,918 (6,550) thousand. During the reporting period, the Group's parent company paid a bond of EUR 1,670 thousand. The company has access to a financial facility (EUR 430 thousand) and undrawn loans to ensure liquidity. The Group's loans from financial institutions consist of both secured and unsecured loans. Some of these loans are subject to financial covenants that may affect the terms of the loan, mainly the interest rate payable. The review date of the covenants is at the end of the financial year on 31 December 2022. The Group's net debt amounted to EUR 3,602 (4,309) thousand, and the net gearing ratio was 31.5 (126.5) per cent. The equity ratio at the end of the reporting period was 50.1 (21.5) per cent. Cash flow from operating activities in January–June 2022 amounted to EUR 112 (1,176) thousand. Cash flow from investing activities amounted to EUR -2,769 (-337) thousand.

Sustainability

Norrhydro is a global supplier of energy-efficient motion control solutions and a forerunner in sustainability in its industry. The company aims to operate in a sustainable way for people and the environment, taking into account the wishes and needs of all its stakeholders.

Norrhydro's handprint comes from the products and solutions it delivers to customers, enabling them to reduce their carbon footprint significantly. Its energy-efficient hydraulic solutions enable the electrification of rolling stock, helping customers to move away from fossil fuels. Norrhydro's hydraulic cylinders are used in forestry machinery, material handling equipment, mining, construction and marine machinery and equipment, among others.

Norrhydro's offering is actively developed in line with circular economy and sustainable development goals, and sustainability is taken into account throughout the value chain from research to manufacturing and service. The quality and safety of products are a matter of no compromise. The results of customer surveys show that Norrhydro's customers value its high quality when choosing a partner.

Norrhydro also has ambitious targets to reduce its own footprint. The Rovaniemi plant, commissioned in 2022, will permanently reduce carbon dioxide emissions from production by 20 per cent. This change will be achieved through a comprehensive solar photovoltaic system, a waste heat recovery system and process changes to improve production and quality, among other things. Other environmental impacts of production will also be continuously reduced.

As a company and employer in Lapland, Norrhydro has an important role in the region. The company aims to create well-being in the surrounding society and to offer its employees the opportunity to develop and grow in a comfortable and safe working environment. The success of this objective is monitored, for example, through regular personnel surveys. The results are used as a basis for implementing the necessary development and improvement measures.

In April 2022, Norrhydro Oy, a subsidiary owned by Norrhydro Group Oyj, received a positive funding decision from Business Finland for the further development of its digital business. The grant awarded is European Union NextGenerationEU funding from the Sustainable Growth Programme for Finland. The project will explore linear motion solutions, especially for future electric-driven machinery and boom structures. The project will result in new products and service solutions, such as NorrData, to further develop the company's digital business. The estimated cost of the project is EUR 1,862 thousand, of which Business Finland will finance up to 50% (EUR 931 thousand) in the form of a grant. The project will run until the end of 2023.

Personnel and management

In January–June 2022, the Group employed an average of 153 (136) people, and on 30 June 2022 the Group employed 159 (126) people. In addition to its own personnel, the Group employs agency staff. The average number of agency staff during the reporting period was 30 (20).

The company launched a search for a new CEO in the spring and in August 2022, after the review period, appointed Matias Parviainen (b. 1977) to the position, starting on 1 November 2022. Matias Parviainen joins Norrhydro as CEO from Riikku Group Oy, where he acted as the CEO before taking up his new position.

The current CEO and Chairman of the Board, Yrjö Trög, will serve as CEO until 30 October 2022, after which he will continue as Chairman of the Board. Yrjö Trög has been CEO and member of the Board of Norrhydro since

2007 and Chairman of the Board since 17 March 2022. Mr Trög is the largest shareholder in Norrhydro through his ownership of Economica Business Services Ltd. with a stake of approximately 39 per cent.

In April 2022, Heidi Sederholm, Quality Manager, was appointed QEHS Manager and member of the Norrhydro Executive Management Team. In this role, Sederholm reports to the CEO, with responsibility for the quality, safety and environmental issues and their development. Sederholm has been the company's Quality Manager since August 2021.

In March 2022, Marko Mylläri was appointed Norrhydro's Head of Operations, responsible for production, procurement and new customer projects, following the departure of Tero Salo. Mylläri also acts as deputy to the CEO. He has previously been a member of the Executive Management Team in the roles of Technical Director and Procurement Director.

The company's Executive Management Team consists of CEO Yrjö Trög, CFO Hanne Sarajärvi, Director of Sales and Marketing Anniina Piira-Wendeler, Head of Operations Marko Mylläri, HR Manager Johanna Kaikkonen and QEHS Manager Heidi Sederholm.

General Meeting and current Board authorisations

The Annual General Meeting of Norrhydro Group Plc was held on 17 March 2022 in Rovaniemi, Finland, with exceptional arrangements. To limit the spread of the Covid-19 pandemic, the Annual General Meeting was held without the presence of shareholders or their proxies at the meeting venue. Shareholders of the company and their proxies were able to attend the meeting and exercise their shareholder rights by voting in advance and by submitting counterproposals and questions in advance. 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/fi/sijoittajat-yhtiokokoukset>.

The Annual General Meeting of Norrhydro Group Plc approved the company's and the Group's financial statements for 2021 and granted discharge to the members of the Board of Directors and the CEOs for the financial year 2021. The General Meeting resolved to distribute a dividend of EUR 0.06 per registered share from the profit for the financial year 2021, i.e. a total of EUR 654,095.28. It was resolved to retain the remainder of the profit in equity. The dividend was paid to the shareholders who were registered in the shareholder register kept by Euroclear Finland Ltd on the record date of 21 March 2022. The dividend payment date was confirmed as 28 March 2022.

The General Meeting resolved that 7 members would be elected to the Board. The General Meeting re-elected the current Board members Yrjö Trög, Juhani Kangas, Jukka Jokinen and Hannu Rusanen as members of the Board. Asko Myllymäki, Tapio Lehti and Hanna-Maria Heikkinen were elected as new members of the Board. At the constitutive meeting held after the General Meeting, the Board elected Yrjö Trög from among its members as Chairman of the Board. Jukka Jokinen was elected Vice-Chairman.

The General Meeting resolved that the current auditing firm PricewaterhouseCoopers Oy will continue as the company's auditor with Sami Posti 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 1,000,000 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 9.17 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 2023. The authorisation revokes the authorisations granted by the Extraordinary General Meeting held on 7 October 2021 and the Annual General Meeting held on 16 March 2020 to decide on the issue of shares and the granting of special rights entitling to shares.

Option programmes

The company has two option programmes, 2020a and 2020b. The maximum number of shares that can be subscribed for with the option rights is 186,000 shares. The option programmes are aimed at key employees who are responsible for the development of the company's business. The exercise of the option programme is conditional on the growth and profitability of the business and the successful launch of the digital business.

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 2022 was 10,901,638 (8,242,394 on 30 June 2021). The Group holds 36,000 treasury shares.

During the period 1 January–30 June 2022, a total of 903,007 Norrhydro's shares, or 8.3 per cent of the total number of shares, were traded on the Nasdaq First North Growth Market Finland marketplace. The value of the turnover was EUR 3.2 million.

The closing share price on the last trading day of the period was EUR 3.37 per share. The lowest trading price for the period was EUR 3.21 per share, the highest was EUR 4.32 per share, and the average price for the period was EUR 3.59 per share. Norrhydro's market value at the end of the reporting period was EUR 36.7 million.

At the end of the reporting period, the company had 6,460 shareholders.

Largest shareholders on 30 June 2022

	Shares, pcs	Ownership, %
Economica Yrityspalvelut Oy	4,260,970	39.09%
Helle-Kangas Consulting Oy	1,660,362	15.23%
Ilmarinen Mutual Pension Insurance Company	595,238	5.46%
Kari Juha Elias	350,993	3.22%
Penttinen Hannu Sakari	287,453	2.64%
Myllymäki Invest Oy	285,714	2.62%
OP-Suomi Mikroyhtiöt - Erikoissijoitusrahasto	238,095	2.18%
Reinzen Oy	119,048	1.09%
Wastmäki Invest Oy	59,524	0.55%
Triton Seasafety Oy	56,492	0.52%
10 largest, total	7,913,889	72.59%

Near-term risks and business uncertainties

Global economic uncertainty and the geopolitical situation may affect the demand for hydraulic cylinders and reduce the availability of components and raw materials. Component availability and logistical challenges, if realised, could cause disruptions in the production of the company and its customers. The company's management is actively monitoring the situation and is prepared to use alternative solutions.

The rapid increase in component and material prices during the reporting period, coupled with record high inflation, could create profitability challenges in the future. The company maintains its pricing power by negotiating price change clauses in sales contracts to allow price changes to be passed on to customer contracts as efficiently as possible. The impact on sales prices will occur with a 3–6-month lag.

The ramp-up of the new plant is subject to uncertainties, and any delays may affect the company's business. Detailed plans for the ramp-up have been drawn up, and their implementation is monitored daily. The company is prepared for possible uncertainties, and part of the plan is to be ready to take corrective action if the situation so requires. Transparent communication of the progress of the new plant to key stakeholders helps to manage risks and take possible compensatory measures if the situation so requires.

In terms of financing, the company has taken necessary measures to ensure the continuity of the company's business. The Group sells the majority of its trade receivables and the risk associated with them to financial institutions. The company has not identified any indication of possible impairment of capitalised development costs.

The main objective of the company's financial risk management is to manage liquidity, interest rate and currency risks. To ensure liquidity, the company has undrawn credit lines signed with financiers. The impact of adverse changes in interest rates is minimised by the use of fixed interest rates in addition to credit lines linked to various reference rates. The Group's exposure to foreign exchange risks is low, as the main currency for sales and purchases is the euro.

Events after the review period

After the reporting period, the company has appointed Matias Parviainen (b. 1977) as CEO from 1 November 2022. For additional information, see under Personnel and management.

New production facility has been accepted and production ramp-up has started.

Rovaniemi, 18 August 2022

Norrhydro Group Plc
Board of Directors

Additional information:

Yrjö Trög, CEO and Chairman of the Board
Norrhydro Group Plc
Tel. +358 40 029 1229
Email: yrjo.trog@norrhydro.com

Certified advisor:

Translink Corporate Finance Oy
Jari Lauriala, Managing Partner
Tel. +358 40 091 8855
Email: jari.lauriala@translinkcf.fi

Sami Miettinen, Partner
Tel. +358 400 735 835
Email: sami.miettinen@translinkcf.fi

Distribution:

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Main media
<https://www.norrhydro.com/en>

Norrhydro Group Plc in brief

Norrhydro, founded in 1985, is a Finnish forerunner in motion control and a provider of energy-efficient hydraulic cylinders and system suppliers specialising in high-quality, customised and energy-efficient hydraulic cylinders and demanding linear motion control systems and mobile equipment. The company has more than 35 years of experience in developing and manufacturing customised hydraulic cylinders and linear motion control systems for the most demanding conditions and environments. In 2021, the company generated revenues of EUR 24.7 million, EBITDA of EUR 3.0 million and operating profit of EUR 2.2 million.

Tables, 1 January–30 June 2022

This half-year financial report, which includes the periods 1 January–30 June 2022, 1 January–30 June 2021 and 1 January–31 December 2021, 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.

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 2021.

Consolidated income statement

Thousand euros	1 January–30 June 2022	1 January–30 June 2021	1 January–31 December 2021
Turnover	16,617	11,871	24,693
Increase (+) or decrease (-) in stocks of finished goods and work in progress	731	-230	-363
Other operating income	266	217	264
Materials and services	-10,124	-5,853	-12,709
Personnel expenses	-4,214	-3,274	-6,585
Depreciation, amortisation and impairment	-380	-386	-792
Other operating expenses	-1,614	-1,246	-2,332
Operating profit	1,281	1,099	2,177
Financial income	58		2
Financial expenses	-304	-278	-1,812
Profit before tax	1,036	821	366
Income taxes	-258	-190	-15
Minority share	0	0	-1
Profit for the financial period	777	631	353

Consolidated balance sheet

Thousand euros	30 June 2022	30 June 2021	31 December 2021
ASSETS			
Fixed assets			
Intangible rights	6,017	4,861	5,646

Material goods	5,315	2,661	3,298
Investments	1	1	1
Fixed assets, total	11,333	7,522	8,944
Short-term assets			
Current assets	7,563	5,523	5,891
Short-term receivables	1,781	1,533	1,250
Liquid assets	2,000	0	2,000
Cash and cash equivalents	316	2,241	4,653
Short-term assets, total	11,660	9,297	13,795
ASSETS, TOTAL	22,993	16,819	22,739

LIABILITIES			
Equity			
Share capital	4,252	4,252	4,252
Invested unrestricted equity	10,362	2,194	10,398
Profit/loss from previous financial periods	-3,965	-3,669	-3,665
Profit/loss for the financial period	777	631	353
Total equity	11,426	3,407	11,338
Minority share			
Mandatory reservations	0	1,298	0
Current liabilities			
Capital loan less minority share	0	0	7
Long-term liabilities			
Loans from financial institutions	4,890	3,802	3,471
Long-term liabilities, total	4,890	3,802	3,471
Short-term liabilities			
Bond	0	1,670	1,670
Loans from financial institutions	1,028	1,078	1,797
Deferred income	168	939	369
Trade payables and other current liabilities	5,480	4,625	4,087
Short-term liabilities, total	6,676	8,311	7,923
Current liabilities, total	11,566	12,114	11,401
LIABILITIES, TOTAL	22,993	16,819	22,739

Cash flow statement

Thousand euros	30 June 2022	30 June 2021	31 December 2021
Cash flow from operating activities:			
Profit (loss) before accounting transfers and taxes	1,036	821	366
Adjustments:			
Depreciation according to plan	380	386	792
Financial income and expenses	246	278	1,810
Cash flow before working capital changes	1,662	1,485	2,969
Working capital changes			
Increase (-) / decrease (+) in short-term non-interest-bearing accounts receivable	-567	-412	-98
Increase (-) / decrease (+) in current assets	-1,671	42	-326
Increase (+) / decrease (-) in short-term non-interest-bearing liabilities	1,008	334	-697
Cash flow from operating activities before financial items and taxes	431	1,449	1,848
Financial items and taxes:			
Interest paid and payments on other financial expenses for operating activities	-246	-246	-588
Direct taxes paid	-74	-26	-504
Cash flow from operating activities (A)	112	1,177	756
Cash flow from investing activities:			
Investments in tangible and intangible assets	-2,769	-337	-1,607
Investments in other financial securities	0	0	-2,000
Acquisition of subsidiaries	0	0	-146
Investment grants received	0	0	0
Sale of shares	0	0	2
Sale of fixed assets	0	0	109
Investments in other investments	0	0	0
Cash flow from investing activities (B)	-2,769	-337	-3,642
Cash flow from financing activities:			
Sale of (+) acquisition (-) of treasury shares	0	0	20
Share issue	0	0	8,000

Share issue costs	0	0	-830
Dividends paid and other distributions	-653	-494	-494
FinnFund guarantee payment	0	0	-1,319
Loan disbursements	1,694	0	828
Loan repayments	-2,722	-543	-1,095
Cash flow from financing (C)	-1,680	-1,028	5,110
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	-4,337	-189	2,224
Cash and cash equivalents at the beginning of the period	4,653	2,429	2,429
Cash and cash equivalents at the end of the period	316	2,241	4,653

Statement of changes in equity

Thousand euros 1 January–30 June 2022	Share capital	Invested unrestricted equity reserve	Retained earnings	Total equity
Equity at the beginning of the period	4,252	10,398	-3,312	11,338
Dividend payments			-653	
Profit for the financial period			777	
Other changes, acquisition of own shares		-36		
Equity at the end of the period	4,252	10,362	-3,188	11,426

Thousand euros 1 January–30 June 2021	Share capital	Invested unrestricted equity reserve	Retained earnings	Total equity
Equity at the beginning of the period	4,252	2,230	-3,176	3,306
Dividend payments			-494	
Profit for the financial period			631	
Other changes, acquisition of own shares		-36		
Equity at the end of the period	4,252	2,194	-3,039	3,407

Thousand euros 1 January–31 December 2021	Share capital	Invested unrestricted equity reserve	Retained earnings	Total equity
Equity at the beginning of the period	4,252	2,230	-3,172	3,310
Initial public offering		8,000		
Dividend payments			-494	
Profit for the financial period			353	
Other changes, acquisition of own shares		-36		
Other changes, disposal of treasury shares		204		
Equity at the end of the period	4,252	10,398	-3,312	11,338

Calculation of key figures

$$\text{Change in turnover, \%} = \frac{\text{turnover} - \text{previous year's turnover}}{\text{previous year's turnover}} \times 100$$

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

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

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

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

$$\text{Cash flow from operating activities} = \text{Profit (loss) before accounting transfers and taxes} + \text{depreciation according to plan} + \text{financial income and expenses +/- working capital changes} - \text{interest paid} + \text{interest received from operations} - \text{direct taxes paid}$$

Return on invested capital	$\frac{= \text{Net operating profit before tax + financial expenses}}{\text{equity (average over the year) + interest-bearing financial liabilities (average over the year)}} \times 100$
Net interest-bearing liabilities	= interest-bearing liabilities – cash and cash equivalents
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
Equity ratio, %	$\frac{= \text{equity}}{\text{total capital on the balance sheet - deferred income}} \times 100$
Net gearing	$\frac{= \text{interest-bearing liabilities – cash and cash equivalents}}{\text{equity}} \times 100$
Earnings per share	$\frac{= \text{profit for the period}}{\text{weighted average number of shares outstanding during the period}} \times 100$
Current ratio	$\frac{= \text{current assets + short-term receivables + liquid assets + cash and cash equivalents + unused limit}}{\text{short-term liabilities}} \times 100$
Quick ratio	$\frac{= \text{short-term receivables + liquid assets + cash and cash equivalents + unused limit}}{\text{short-term liabilities}} \times 100$

Norrhydro Group Plc

Ratavartijankatu 2
FI-96320 Rovaniemi
FINLAND

