

Partner in Success

# NORR HYDRO

NORRHYDRO GROUP PLC

## Financial Statement Bulletin

1.1.–31.12.2024

Business ID: FI21446562

Rafavartijankatu 2, 96100 Rovaniemi

Financial Statement Bulletin 2024 of Norrhydro Group Plc:

## Adaptation and development – ready to seize new opportunities

Norrhydro is a Finnish pioneer 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 and linear motion solutions for the needs of the forest machinery, material handling, mining, construction, and marine industries, among others. Our NorrDigi® motion control system, which combines artificial intelligence and digitalisation, represents a globally leading state-of-the-art technology that significantly reduces emissions and will revolutionize the entire industry.

Norrhydro has 40 years of experience in providing high-quality hydraulic solutions for demanding environments. The company's customers are globally operating manufacturers of mobile machinery and equipment, for whom the company is a long-term strategic partner. Our tailor-made solutions create competitive advantage for the customers and contribute to a cleaner tomorrow.

Financial Statement Bulletin has not been audited.

### July-December 2024 in brief

- Turnover decreased 7,7 % to EUR 11,118 (12,044) thousand
- EBITDA was EUR 486 (-312) thousand
- EBITDA margin was 4,4 % (-2,6 %)
- Operating profit was EUR -191 (-973) thousand
- Loss for the period was EUR -878 (-1,579) thousand
- Earnings per share were EUR -0.08 (-0.145)
- Diluted earnings per share were EUR -0,07 (-0.137)

### January-December 2024 in brief

- Turnover decreased 20.2 % to EUR 24,228 (30,365) thousand
- EBITDA was EUR 1,258 (1,055) thousand
- EBITDA margin was 5.2 % (3.5 %)
- Operating loss was EUR -85 (-258) thousand
- Loss for the period was EUR -1,321 thousand, -5.5 % of the turnover
- Earnings per share were EUR -0.120 (-0.133)
- Diluted earnings per share were EUR -0.112 (-0,125)
- Return on equity was -15.7 % (-14.7 %)
- Equity ratio was 33.2 % (35.0 %)
- Cash flow from business operations was EUR 878 (306) thousand

The Board of Directors proposes no dividend to be paid.



Thousand euros	1 July –31 Dec. 2024	1 July –31 Dec.2023	Change	1 Jan. –31 Dec. 2024	1 Jan. –31 Dec. 2023	Change
<b>Turnover</b>	11,118	12,044	-7.69 %	24,228	30,365	-20.2 %
<b>EBITDA</b>	486	-312	256 %	1,258	1,055	19.3 %
<b>EBITDA, %</b>	4.4 %	-2.6 %		5.2 %	3.5 %	
<b>Adjusted EBITDA</b>					2,327	
<b>Adjusted EBITDA, %</b>					7.7 %	
<b>Operating profit</b>	-191	-973	409.4 %	-85	-258	203.5 %
<b>Operating profit, %</b>	-1.7 %	-8.1 %		-0.3 %	-0.8 %	
<b>Result for the financial period</b>	-878	1,579		-1,321	1,443	
<b>Result for the financial period, %</b>	-7.9 %	-13.1 %		-5.5 %	-4,8 %	
<b>Adjusted result for the financial period</b>					-171	
<b>Adjusted result for the financial period, %</b>					-0.6 %	
<b>Cash flow for business operations</b>				878	306	
<b>Return on investment, %</b>				-0.5 %	-1.3 %	
<b>Return on equity, %</b>				-15.7 %	-14.7 %	
<b>Equity ratio, %</b>				33.2 %	35,0 %	
<b>Current ratio</b>				1.09	1.14	
<b>Quick ratio</b>				0.21	0.29	
<b>Earnings per share, undiluted €</b>	-0.08	-0.145		-0.120	-0.133	
<b>Earnings per share, diluted, €</b>	-0.07	-0.137		-0.112	-0.125	
<b>Adjusted EPS, €</b>					-0.016	
<b>Personnel at the end of the period</b>				151	168	

## Estimate of probable future development and guidance for 2025

Estimating the development of the Group's net sales in the current, still uncertain global economic situation is challenging. The market and demand situation for Norrhydro's customers and consequently for the company, remains highly uncertain, making predictability challenging. The general economic uncertainty continues to cause caution in end customers' investment decisions, which affects the development of the company's order backlog.

The Group aims to continue its growth-oriented strategy and to expand its business by increasing its market share in the hydraulic cylinder market and by launching new digital, energy-efficient and intelligent products and services into the market.

The Group's target for 2028 is net sales of over EUR 70 million, digital products and services accounting for more than 30 per cent of net sales, and EBITDA for at least 16 per cent of net sales.

Investments in product development and commercialization of digital solutions will continue during the current financial year. For digital products, the focus will shift from product development to marketing and sales.

The company expects net sales in 2025 to be higher than in 2024 (EUR 24,518 thousand) and reported EBITDA to be better than in 2024 (EUR 1,258 thousand).

## Chief Executive Officer's report

After the annual general meeting the Board of Directors held its organizational meeting and elected Juhani Kangas as Chairman of the Board. Kauppaneuvos (Finnish honorary title) Juhani Kangas has previously been the Chairman of the Board of Norrhydro Group Oyj for a long time and is the company's second-largest shareholder. The company's majority owner and Member of the Board Yrjö Trög continued as CEO during the 2024 financial year.

"Despite the company's exceptionally challenging year, we have remained committed to investing in the product development of our digital business and have successfully acquired new customers in both our traditional and digital cylinder business.

We have reached the maturity phase for our NorrDigi MCC and EMA products and will transition to their commercialization in 2025, as interest in these products has been strong, and we have great confidence in their growth potential. This transition enables us to shift from intensive product development toward more accelerated marketing and sales.

At the same time, we remain a trusted partner for our customers, supporting their success in an evolving business environment. Our outlook for the future is positive, and we are ready to seize the opportunities ahead." says CEO Yrjö Trög.

## Norrhydro's financial targets and strategy

Norrhydro's aim is to increase turnover organically and through acquisitions. The target is to achieve profitable growth and a turnover above EUR 70 million by 2028. Growth is sought in the expanding international cylinder business as well as by increasing the share of digital solutions to over 30 per cent of turnover. In terms of the cylinder business turnover, the company aims to achieve a compound annual growth rate (CAGR) of approximately 10 per cent between 2020 and 2028.

### EXPANSION INTO NEW GEOGRAPHICAL MARKETS

Norrhydro's business consists of two pillars: the profitable hydraulic cylinder business with steady cash flow and innovative digital solutions that include both the NorrDigi® MCC and NorrDigi® EMA motion control systems. According to the company's strategy, Norrhydro will seek opportunities to expand into new geographical markets, particularly through the commercialization of digital solutions. Additionally, new markets for traditional hydraulic cylinders are being pursued, mainly in Scandinavia and in Northern and Central Europe.

The global launch of the NorrDigi product family will require resources, which the company is also seeking from outside the Group. The search for potential partners, initiated in 2024, is progressing well and supports the company's growth strategy.

Norrhydro seeks strong growth through the company's digital solutions. The NorrDigi MCC, which combines artificial intelligence and digitalisation, represents a global and advanced technology that saves energy and significantly reduces operational expenses and emissions. The digital solutions are complemented by the nearly oil-free, energy-efficient, and environmentally friendly NorrDigi EMA electric cylinder, which provides a sustainable alternative to traditional hydraulic cylinders.

The development of digital products focuses on the energy efficiency of linear motion, precise system control, and seamless integration into customers' systems. The industrial-scale launch of NorrDigi products is planned for 2025, when the company will expand the offering of the NorrDigi® MCC to new customers and segments.

According to the company's assessment, the NorrDigi MCC system, together with the NorrDigi EMA - electromechanical cylinder, has potential to revolutionise the entire industry.

### EXPANDING TECHNOLOGICAL KNOW-HOW AND PRODUCTION CAPACITY

Norrhydro aims to renew the mobile machinery and equipment industry with its innovations. The company's goal is to be the technology leader in its field, for whom patented solutions and in-house product development bring a decisive competitive advantage. The company continues its close development cooperation with leading equipment manufacturers and research institutes. Norrhydro's goal is to expand its technological expertise and production capacity through potential acquisitions and further investments in the production facility in Rovaniemi.

The company has safeguarded its technological expertise through patents, among other measures, and allocates a significant portion of its investments to the development of new technology, particularly the NorrDigi MCC and NorrDigi EMA products. These products represent environmentally friendly and sustainable motion control solutions that the company's customer base will increasingly require in the future."

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

A significant part of Norrhydro's turnover comes from customer relationships lasting up to decades. A key aspect of Norrhydro's strategy is maintaining strong customer relationships and driving the company's growth alongside its customers. Expanding technological expertise and production capacity are both means to move higher in the customer value chain, thereby strengthening the company's position as a supplier.

Norrhydro wants to continue to be more than a component supplier to its customers: the company's goal is to be a long-term strategic partner that develops solutions together with its customers. The company provides services throughout the whole product life cycle: from design to manufacturing, service and maintenance. In addition, the sales to mobile machine manufacturers takes place without intermediaries. Norrhydro's new energy-efficient solutions, such as NorrDigi MCC® and NorrDigi® EMA, create a competitive advantage for customers in industries with significant potential for emission reduction. The company's goal is to commercialise digital products globally during the current strategy period (2020-2028).

#### SUSTAINED EXECUTION OF NORRHYDRO'S STRATEGY

Norrhydro's key factors for the strategy implementation have remained nearly unchanged for years, with only minor adjustments needed to refine and update the strategy. The strategy has been successfully designed to suit the company, providing a solid foundation for long-term development.

In addition to maintaining strong customer relationships and growing alongside with its customers, expansion into new geographical areas is an important part of the company's long-term strategy.

Revenue growth is pursued both organically and through potential acquisitions. Particularly the global launch of the NorrDigi product family will require resources, which the company is also seeking from outside the Group.

Implementing the company's growth strategy also requires continuous development of production. The quality and efficiency of production have been improved by focusing on cleanliness, consistency, and expertise.

Investments in hydraulic processes have been made throughout the production chain, from the storage of individual components to assembly. The final assembly of cylinders takes place in a dedicated, isolated area, where all components without exception pass through a washing process before entering.

Additionally, the company has invested in a friction welding machine, which provides the key advantage of ensuring uniform quality, particularly in large production batches.

The company continues its close development cooperation with globally operating mobile machinery manufacturers, but collaboration with higher education and other public institutions is also important. The company has safeguarded its technological expertise through patents, among other measures, and allocates a significant portion of its investments to the development of new technology, particularly the NorrDigi MCC and NorrDigi EMA products.

## Turnover, profitability, and performance

### July-December 2024

In July-December 2024 turnover was EUR 11,118 (12,044) thousand, a decrease of 7.7 per cent. The EBITDA was EUR -486 (312) thousand, representing -4.4 (-2.6) per cent of turnover.

Personnel expenses during the second half of 2024 amounted to EUR 3,225 (3,558) thousand. Other operating expenses amounted to EUR 1,497 (1,759) thousand. Net financial expenses amounted to EUR 688 (624) thousand.

Profit for the period was EUR -878 (-1,579) thousand. Earnings per share were EUR -0.08 and diluted earnings per share were -0.07.

### January-December 2024

In January-December 2024 turnover was EUR 24,228 (30,365) thousand, a decrease of 20.2 per cent. EBITDA was EUR 1,258 (1,055) thousand, representing 5.2 (3.5) per cent in the period under review. Group's return on capital employed (ROCE) was -0.45 (-1.26) per cent.

Personnel expenses during the period amounted to EUR 6,442 (8,754) thousand. Other operating expenses amounted to EUR 3,402 (4,056) thousand. Net financial expenses amounted to EUR 1,236 (1,185) thousand. Exchange rate gains and losses due to changes in exchange rates have been recognised in financial items, with a net effect of EUR 13 (0.2) thousand.

Profit for the period was EUR -1,321 (-1,443) thousand. Undiluted earnings per share were EUR -0.120 (-0.133) and diluted earnings per share were EUR -0.112.

## Balance sheet and financial position

Balance sheet total at the end of the financial period was EUR 23,955 (25,365) thousand. Current assets amounted to EUR 7,406 (7,962) thousand. Short-term receivables amounted to EUR 1,160 (1,156) thousand and liquid assets to EUR 569 (1,395) thousand. Group equity amounted to EUR 7,937 (8,872) thousand and parent company's equity amounted to 14,696 (14,672) thousand.

Interest-bearing liabilities amounted to EUR 10,162 (11,033) thousand. 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 loan terms, mainly the interest rate payable. The review date of the covenants is at the end of the financial year on 31 December 2024. Some of covenant terms were broken at the end of financial year 2024 and after the reporting period the company has received waivers from financiers stating that loans are not subject to premature collection and term will not be changed. The Group's net debt amounted to EUR 9,594 (9,638) thousand, and the net gearing ratio was 120.9 (108.6) per cent. Equity ratio was in the end of period 33.2 (35.0) per cent. Cash flow from operating activities in 2024 amounted to EUR 878 (306) thousand. Cash flow from investing activities amounted to EUR -927 (-242) thousand.

## Personnel and management

At the end of the financial period, the Group had 151 employees and at the beginning of the financial period, 168 employees. On average, the Group employed 160 people during the financial period. In addition, the Group had an average of 1 leased employee during the financial period.

31.12.2024 the company's Executive Management Team consists of CEO Yrjö Trög, Head of Rovaniemi Unit and Vice President Sales and Marketing Anniina Piira-Wendeler, Digital Business Director Carl Mattson, CFO and Head of HR Johanna Kaikkonen, Production Director Mikko Välitälo and Director of Quality, Sustainability and Product Management Heidi Sederholm.

## Annual General Meeting and current board authorisations

The Annual General Meeting held on 26th of March 2024 unanimously authorized the Board of Directors to decide on the issuance of shares, option rights and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act in one or more tranches so that a maximum of 2,000,000 new shares or existing shares held by the company may be issued on the basis of the authorization. Based on the situation on the date of this notice, the maximum number of shares covered by the authorization corresponds to approximately 18.04 per cent of all the shares in the company. Based on the authorization, the Board of Directors may also decide on a directed share issue, i.e. in deviation from the shareholders' pre-emptive subscription right. The Board of Directors may decide on the issuance of shares free of charge or against payment and on all other terms and conditions of the share issue.

The Board of Directors may use the authorization to carry out mergers and acquisitions or other arrangements related to the company's business operations, to implement a personnel incentive scheme or for other purposes decided by the Board of Directors. The authorization is valid until the next Annual General Meeting, however no longer than until 30 June 2025.

Norrhydro's Board of Directors is formed by Juhani Kangas (Chairman of the Board), Pekka Helle (Vice Chairman of the Board), Yrjö Trög (CEO), Tapio Lehti and Antto Trög.

The minutes of the Annual General Meeting are available on Norrhydro's investor website at [www.norrhydro.com/en/investors-agm](http://www.norrhydro.com/en/investors-agm).

## Shares and shareholders

Norrhydro Group Plc held 11,086,119 shares at the end of the financial period. The average number of shares issued in the market during the financial period was 11,026,119. Each share entitles its holder to one vote at the company's Annual General Meeting, and they confer an equal right to dividends.

At the end of the financial period, the company's share capital amounted to EUR 4,252,200. At the end of the review period, the company does not hold any of its own shares. The subsidiary Norrhydro Oy owns 60,000 shares of the parent company Norrhydro Group Plc.

Between 1 January and 31 December 2024, a total of 1,723,729 Norrhydro shares were traded, representing 15.6 % of the total number of shares. The value of the exchange was approximately EUR 2.9 million.

The closing price of the share on the last trading day of the review period was EUR 1.62 per share. The lowest trading price during the review period was EUR 1.31 per share, the highest EUR 2.25 per share and the average price during the period EUR 1.71 per share. Norrhydro Group's market capitalization at the end of the review period was EUR 18 million.

At the end of the financial period on 31 December 2024, the company had 5,385 (5,860) shareholders.

### Largest shareholders on 31 December 2024

	Shares, pcs	Ownership, %
Economica Yrityspalvelut Oy	3,933,171	35.48 %
Helle-Kangas Consulting Oy	1,660,362	14.98 %
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	595,238	5.37 %
Kari Juha Elias	329,293	2.97 %
Myllymäki Invest Oy	285,714	2.58 %
Penttinen Hannu Sakari	220,759	1.99 %
Triton Seasafety Oy	176,492	1.59 %
Reinzen Oy	119,048	1.07 %
Westmäki Invest Oy	100,000	0.90 %
Saana Partners Oy	79,752	0.72 %
<b>10 largest, total</b>	<b>7,499,829</b>	<b>67.65 %</b>

## Near-term risks and business uncertainties

Global economic forecasts have stayed largely the same, but regional differences have emerged. While growth in Europe has further weakened, growth in the United States has been stronger than before.

The European Central Bank lowered its key interest rate three times in 2024, but there are still no signs of a turnaround for the better. Interest rates are declining, and inflation is stabilizing; however, end customers' investment capacity and willingness to invest remain very low.

The industrial downturn has persisted for a long time with a gradual decline. Similarly, the forthcoming recovery is expected to be slow, with no sharp upturns anticipated in 2025.

In addition to the preceding uncertainties, the expected rise in labor costs poses a risk to profitability development in the coming financial year.

Political instability and conflicts also show no signs of decreasing in the near future. In particular, Trump's re-election as President of the United States and its global impact creates significant uncertainty for the development of 2025.

Price competition, supplier capacity and supplier delivery reliability have a direct impact on the Group's business, profitability and scope of operations. Although the raw material markets have stabilized, the price development of raw materials and components remains difficult to predict.

Norrhydro has closely monitored technological and market developments. The company's strategy has remained strong and long-term, with only minor adjustments needed over the years, despite the continuously changing world. The prolonged market uncertainty has posed challenges to the company's operations, but the consistency and adaptability of the strategy have supported stability.

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 ensure a stable financial position, secure liquidity in all market conditions, and minimize potential financial risks in the long term. However, the availability and terms of financing may limit the company's operations and financial flexibility.

To ensure liquidity, the company has EUR 1,750 thousand credit limit, where EUR 1,072 used in the end of the period. A new agreement regarding the credit limit was made during the financial year, stating that the limit of 1,750 thousand euros will remain in effect until September 30, 2025. From October 1, 2025, the credit limit will continue at 1,250 thousand euros and will be valid until January 31, 2026.

The impact of adverse changes in interest rates is minimised by using 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.

Cybersecurity risks today are both complex and dynamic, with the potential to have far-reaching impacts on the company's operations. Norrhydro has invested in cybersecurity and its development at various levels. A comprehensive approach ensures that the company can effectively respond to both current and future threats.

### Proposal for the distribution of profit

The parent company's distributable funds on 31 December 2024 were EUR 10,443,565.25 where loss of financial year 2024 was EUR -367,642.56. The Board of Directors proposes that no dividend shall be distributed.

### Financial reporting and the Annual General Meeting 2025

The Financial Statement Bulletin for the financial year of 2024 will be published on Thursday, February 20, 2025.

The Annual Report including the financial statements for 2024 on Tuesday, March 11, 2025.

Half-year report January–June 2025 will be published on 15 August 2024.

Rovaniemi, 20 February 2025

Norrhydro Group Plc

Board of Directors

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<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 40 years of experience in developing and manufacturing customised hydraulic cylinders and liners motion control systems for the most demanding conditions and environments. In 2024, the company generated revenues of EUR 20.2 million, EBITDA of EUR 1.3 million (adjusted) and operating profit of EUR -0.09 million.

## Tables 1 January-31 December 2024

### Consolidated income statement

Thousand euros	1.7.- 31.12.2024	1.7.- 31.12.2023	1.1.- 31.12.2024	1.1.- 31.12.2023
<b>Turnover</b>	11,118	12,044	24,228	30,365
Stocks of finished goods and work in progress increase (+) or decrease (-)	76	-1,281	-545	-711
Other operating income	-7	220	27	653
Materials and services	-5,978	-5,977	-12,608	-16,443
Personnel expenses	-3,225	-3,558	-6,442	-8,754
Depreciation and impairment	-677	-661	-1,343	-1,312
Other operating expenses	-1,497	-1,759	-3,402	-4,056
<b>Operating profit</b>	-191	-973	-85	-258
Financial income	1	-17	1	10
Financial expenses	-689	-624	-1,237	-1,195
<b>Profit (loss) before taxes</b>	-878	-1,613	-1,321	-1,443
Income taxes	0	34	0	0
<b>Consolidated result</b>	-878	-1,579	-1,321	-1,443

## Consolidated balance sheet

Thousand euros	31 Dec. 2024	31 Dec. 2023
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible rights	8,959	8,371
Material goods	5,861	6,480
Investments	1	1
<b>Fixed assets, total</b>	<b>14,821</b>	<b>14,852</b>
<b>Short-term assets</b>		
Current assets	7,406	7,962
Short-term receivables	1,160	1,156
Liquid assets	0	0
Cash and cash equivalents	569	1,395
<b>Short-term assets, total</b>	<b>9,134</b>	<b>10,513</b>
<b>ASSETS, TOTAL</b>	<b>23,955</b>	<b>25,365</b>
<b>LIABILITIES</b>		
<b>Equity</b>		
Share capital	4,252	4,252
Invested unrestricted equity	10,379	9,994
Profit/loss from previous financial periods	-5,374	-3,931
Profit/loss for the financial period	-1,321	-1,443
<b>Total equity</b>	<b>7,937</b>	<b>8,872</b>

**Current Liabilities**

<b>Long-term liabilities</b>		
Convertible bond	1,500	1,400
Loans from financial institutions	6,114	5,851
Long-term liabilities, total	7,614	7,251
<b>Short-term liabilities</b>		
Loans from financial institutions	2,549	3,782
Deferred income	36	0
Trade payables and other current liabilities	5,820	5,460
Short-term liabilities, total	7,979	9,242
<b>Current liabilities, total</b>	<b>16,019</b>	<b>16,493</b>
<b>LIABILITIES, TOTAL</b>	<b>23,955</b>	<b>25,365</b>

During the 2024 financial year, the company implemented a practice in which in-transit inventories are recorded in a separate inventory account as part of the total inventory value. This change aims to improve inventory tracking and provide a more accurate representation of the company's assets and the state of the supply chain.

In the financial statements for the comparative period of 2023, in-transit inventories were not recorded separately, which may affect the comparability of inventory values between different financial years.

This accounting practice change does not impact the company's financial result, but it enhances reporting on inventory and supply chain management.

## Cash flow statement

Thousand euros	31 Dec. 2024	31 Dec. 2023
<b>Cash flow from operating activities</b>		
Profit (loss) before accounting transfers and taxes	-1,321	-1,443
<b>Adjustments:</b>		
Depreciation according to plan	1,343	1,312
Financial income and and expenses	1,236	1,185
<b>Cash flow before working capital changes</b>	<b>1,258</b>	<b>1,055</b>
<b>Working capital changes:</b>		
Increase (-) / decrease (+) in short-term non-interest-bearing accounts receivable	-4	807
Increase (-) / decrease (+) in current assets	556	885
Increase (+) / decrease (-) in short-term non-interest-bearing liabilities	262	-1,360
<b>Cash flow from operating activities before financial items and taxes</b>	<b>2,073</b>	<b>1,387</b>
<b>Financial items and taxes:</b>		
Interest paid and payments on other financial expenses for operating activities	-1,196	-1,189
Direct taxes paid	0	109
<b>Cash flow from operating activities (A)</b>	<b>878</b>	<b>306</b>

**Cash flow from investing activities:**

Investments in tangible and intangible assets	-1,312	-1,580
Investments in other financial securities	0	1,000
Acquisition of subsidiaries	386	0
Investment grants received	0	339
Sale of shares	0	0
Investments in other investments	0	0
<b>Cash flow from investing activities (B)</b>	<b>-927</b>	<b>-242</b>

**Cash flow from financing activities:**

Sale of (+) acquisition (-) of treasury shares	0	0
Dividends paid and other distributions	0	-331
Loan disbursements	1,173	10995
Loan repayments	-1,951	-1,587
<b>Cash flow from financing (C)</b>	<b>-777</b>	<b>77</b>
Change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	-827	-141
Cash and cash equivalents at the beginning of the period	1,395	1,254
<b>Cash and cash equivalents at the end of the period</b>	<b>569</b>	<b>1,395</b>

## Statement of changes in equity

1 January – 31 December 2024	Share capital	Invested unrestricted equity reserve	Retained earnings	Total equity
<b>Equity at the beginning of the period</b>	<b>4,252</b>	<b>9,994</b>	<b>-5,374</b>	<b>8,872</b>
Return of equity				
Profit for the financial period			-1,321	
Other changes, acquisition of own shares		-6		
Other changes: Motiomax share issue		392		
<b>Equity at the end of the period</b>	<b>4,252</b>	<b>10,379</b>	<b>-6,695</b>	<b>7,937</b>

1 January – 31 December 2023	Share capital	Invested unrestricted equity reserve	Retained earnings	Total equity
<b>Equity at the beginning of the period</b>	<b>4,252</b>	<b>10,362</b>	<b>-3,922</b>	<b>10,692</b>
Adjusting Motiomax Oy's result 2022			-9	
Return of equity		-326		
Profit for the financial period			-1,443	
Other changes, acquisition of own shares		-42		
<b>Equity at the end of the period</b>	<b>4,252</b>	<b>9,994</b>	<b>-5,374</b>	<b>8,872</b>

## Principles of preparation of financial statements

Financial statement bulletin, including periods 1 July–31 December 2024 and 1 July–31 December 2023, has been prepared in accordance with good accounting practice and Finnish legislation. The figures are unaudited and have been prepared according to the Finnish Accounting Standards (FAS). The consolidated financial statements have been prepared using the acquisition cost method. 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.

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 2024.

Acquisition cost method is applied when preparing consolidated financial statements. Consolidated statements include Norrhydro Llc (acquired 30 August 2007) and NH Norrdigi Llc, 100 % owned by Norrhydro Llc and Motiomaxx Llc, subsidiary of Norrhydro Group Plc. Norrhydro Llc has not prepared consolidated financial statement. Chinese associate company Norrhydro Hydraulic System Changzhou Co. Ltd has not been included in consolidated financial statements.

## Turnover

When calculating turnover, indirect taxes, discounts granted, and exchange differences related to sales are deducted from sales revenue. Sales revenue is recognized when all the material risks and rewards of ownership have been transferred to the buyer.

The Group's turnover also includes sales revenue related to the assignment of the rights to use NorrDigi technology developed and patented by the company as well as the continuous development of the technology. The part of the consideration relating to the transfer of rights to use the technology to the customer has been recognized as income in connection with the transfer. Revenues related to continuous improvement are recognized either over time or according to the degree of completion, based on the work stages specified in the agreements. Advances received are recorded under the item Deferred income.

## Grants received

Grants received by the company are recognized in other operating income for the same period for which the company recognizes the expenses that the grants cover. In the balance sheet, amounts receivable relating to grants are recorded under Accrued income and prepaid expenses. Grants received in advance are entered in the balance sheet under the item Deferred income. Grants related to assets in the balance sheet have been recognized to reduce the balance sheet value of the asset. In the cash flow statement, grants paid that relate to assets in the balance sheet are presented in the cash flow of investing activities and other grants are included in the cash flow from operating activities.

## Fixed assets

Fixed assets have been valued at acquisition cost. The acquisition cost of the current fixed assets owned by the company are depreciated according to plan.

Intangible and tangible assets are recognized in the balance sheet at acquisition cost less depreciation in accordance with the plan. Planned depreciation has been calculated based on the economic life of the intangible and tangible assets as straight-line depreciation or declining-balance depreciation.

The depreciation plan for product development expenses is linked to the revenue target of the digital business. As the set revenue target was not met, the depreciation rate was not increased by the decision of the Board but remained at the 2023 level.

### Basis for depreciation according to the plan

Category of commodities	Estimated holding period in years	Depreciation rate	Depreciation method
Intangible rights/patents	10		straight-line depreciation
Consolidated goodwill	10		straight-line depreciation
Development expenses	10		back-loaded depreciation
Other long-term expenditure	10		straight-line depreciation
Alterations to production facilities	10		straight-line depreciation
Machinery and equipment		25 %	declining-balance depreciation
Production equipment	12		straight-line depreciation

### Current assets

Current assets are valued in accordance with the weighted average price method or at a lower replacement price or a probable sales price. The acquisition cost of current assets includes the variable and fixed costs incurred in the manufacture and acquisition of the product.

### Transactions denominated in foreign currencies

Foreign currency transactions are converted into EUR at the exchange rate prevailing on the date of the transaction, foreign currency assets and liabilities are converted into EUR at the exchange rate of the reporting date. Exchange differences are recorded in financial income and expenses.

## Geographical breakdown of turnover

Thousand euros	1 Jan. -31 Dec. 2024	1 Jan. -31 Dec. 2023
Domestic sales	16,944	20,674
Sales to other countries	7,284	9,691
<b>Total</b>	<b>24,228</b>	<b>30,365</b>

## Changes in intangible rights and material goods

Thousand euros	1 Jan.-31 Dec. 2024	1 Jan.-31 Dec. 2023
<b>Intangible rights</b>		
Carrying amount at the beginning of the period	388	434
Increases	35	70
Decreases	0	24
Depreciation	96	91
<b>Carrying amounts at the end of the period</b>	<b>327</b>	<b>388</b>

Thousand euros	1 Jan.-31 Dec. 2024	1 Jan.-31 Dec. 2023
<b>Consolidated goodwill</b>		
Carrying amount at the beginning of the period	345	389
Increases	398	0
Decreases	0	0
Depreciation	80	43
<b>Carrying amounts at the end of the period</b>	<b>663</b>	<b>345</b>

Thousand euros	1 Jan.–31 Dec. 2024	1 Jan.–31 Dec. 2023
<b>Other long-term expenditure</b>		
Carrying amount at the beginning of the period	1,977	2,164
Increases	0	56
Decreases: Investment grant		0
Depreciation	244	243
<b>Carrying amounts at the end of the period</b>	<b>1,733</b>	<b>1,977</b>

Thousand euros	1 Jan.–31 Dec. 2024	1 Jan.–31 Dec. 2023
<b>Development expenses</b>		
Carrying amount at the beginning of the period	5,660	4,856
Increases	700	912
Decreases	0	0
Depreciation	125	108
<b>Carrying amounts at the end of the period</b>	<b>6,235</b>	<b>5,660</b>

Thousand euros	1 Jan.–31 Dec. 2024	1 Jan.–31 Dec. 2023
<b>Machinery and equipment</b>		
Carrying amount at the beginning of the period	6,469	6,854
Increases	180	583
Decreases	0	0
Decreases: Investment grant and insurance benefit	0	141
Depreciation	799	827
<b>Carrying amounts at the end of the period</b>	<b>5,850</b>	<b>6,469</b>

Thousand euros	1 Jan.–31 Dec. 2024	1 Jan.–31 Dec. 2023
<b>Other material goods – Art objects</b>		
Carrying amount at the beginning of the period	11	11
Increases	0	0
Decreases	0	0
Depreciation	0	0
<b>Carrying amounts at the end of the period</b>	<b>11</b>	<b>11</b>

### Current assets

Thousand euros	1 Jan.–31 Dec. 2024	1 Jan.–31 Dec. 2023
Raw materials and consumables	4,167	4,596
Work in progress	2,417	2,261
Finished goods	395	1,095
In-transit inventories	426	
Deferred income	1	10
<b>Total current assets</b>	<b>7,406</b>	<b>7,962</b>

### Maturity of loans

Thousand euros	< 1 year	1–5 years	> 5 years
Convertible bond		1,500	
Long-term financial loans	2,549	5,616	498
<b>Total</b>	<b>2,549</b>	<b>7,116</b>	<b>498</b>

Some of covenant terms were broken at the end of financial year 2024 and after the reporting period the company has received waivers from financiers stating that loans are not subject to premature collection and term will not be changed. Some of covenant terms were broken at the end of the financial year 2024 and after the reporting period the company has received waivers from financiers stating that loans are not subject to

premature collection and term will not be changed. Financial loans are presented as long-term and short-term liabilities according to the original payment schedule.

## Pledges and contingent liabilities provided

### Guarantees

Thousand euros	31 Dec. 2024	31 Dec. 2023	31 Dec. 2022
Guarantees on behalf of subsidiary companies	3,511	1,356	526
Business guarantees, NH Norrdigi Oy's shares	100 pcs	100 pcs	100 pcs
Business mortgages	6,325	6,825	6,825
Business mortgages, free held by the financier	400	400	4000
<b>Business mortgages, total</b>	<b>6,725</b>	<b>7,225</b>	<b>7,225</b>

Norrhydro LLC, a subsidiary of Norrhydro Group Plc sells most of the trade receivables to the financier and the risk of credit loss is limited to 1 million euros.

Norrhydro Group Plc has given a guarantee on behalf of subsidiary company Norrhydro Oy to OP Yrityspankki Oyj for sold trade receivables. Guarantee is not limited quantitatively or timely.

### Pledges given

Thousand euros	31 Dec. 2024	31 Dec. 2023
<b>Deposited security</b>	<b>230</b>	<b>230</b>

### Off-balance sheet liabilities, VAT 0 %

Thousand euros	31.12.2024	31.12.2023
Leasing liabilities payable in the next financial period	227	235
Leasing liabilities payable later	323	499
<b>Leasing liabilities, total</b>	<b>550</b>	<b>734</b>
Residual value liabilities from leasing contracts	49	73

## Rents payable, VAT 0 %

Thousand euros	31 Dec. 2024	31 Dec. 2023
Rents payable in the next financial period	1,174	684
Rents payable later	11,653	12,386
<b>Rental liabilities, total</b>	<b>12,827</b>	<b>13,070</b>

In 2021, Norrhydro Llc, a subsidiary of Norrhydro Group Plc, has entered into a 15-year lease agreement for the production facility and its land built in Rovaniemi. The rental liability began in August 2022. Lease agreement is covered by bank guarantee where Norrhydro Llc has given counter guarantee, amounting to EUR 491,573.15.

## Related party transactions, option programmes and share-based incentive schemes

The company's related parties include the subsidiaries, CEO, members of the Board of Directors and members of the Management Team. On 31 December 2024, the company's related parties owned 5,865,140 shares, which is 52.9 per cent of the company's shares and votes (57.6 per cent on 31 December 2023). In addition, the company's related parties had 50,000 option rights granted by the company.

A medium-term commitment scheme has been created for the Group's key employees and external Board members, within which key employees have acquired shares in the parent company Norrhydro Group Plc. The maximum number of shares to be issued under the rights offering is 61,000 shares. The stock option program is targeted at key personnel responsible for the development of the company's business operations. The implementation of the stock option program is conditional upon business growth and profitability, as well as the successful market launch of the digital business. For the acquisition of the shares, Norrhydro Ltd has granted key personnel a 5-year loan. The interest on the loan is 1% per annum and the loan is annually repaid at 10% of the outstanding principal. Of any dividends paid by the company, 50 per cent is used to repay the loan. The remaining loan is due five years after its disbursement. The loan is secured by the acquired shares. The loan terms were amended during the financial year to extend the repayment period by two years. All other loan terms remain as before.

In addition, key personnel have received option rights. The subscription price for the option right subscription is EUR 0.10 per share. However, the subscription of shares with option rights requires that the company's strategic objectives have been met. If these objectives are not met in the manner required by the Board of Directors of the company, the option rights do not entitle you to share subscription. Related parties that have subscribed for shares and option rights have committed to comply with the Minority Shareholder Agreement, according to which the key employee is not entitled to transfer, sell or otherwise dispose option rights or shares without the written approval of the company. The Minority Shareholder Agreement includes the usual so-called Good Leaver and Bad Leaver conditions related to the termination of the employment or service contract as well as non-compete and non-solicitation clauses. The Minority Shareholder Agreement is in force despite the listing.

The Board of Directors of Norrhydro Group Plc has decided in 2022 on the introduction of a share-based incentive scheme for key employees to encourage and commit them. The purpose of the scheme is to combine the objectives of the company's shareholders and key employees to increase the company's value in long term



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and to commit the key employees to the company and to offer them a competitive reward system based on the earnings and accumulation of shares. Earning is determined primarily on the basis of the company's turnover and profitability development and, secondarily, on the proportion of digital solutions in relation to the Group's turnover. The fee is paid in shares and in cash. The earnings concern financial periods 2024–2026.

Thousand euros	1 Jan. -31 Dec. 2024	Jan. -31 Dec. 2023
Purchases from related parties	0	42
Related-party sales	0	0
Loan receivables from related parties	35	38
Liabilities to related parties	200	100
Salaries and fees paid to related parties	891	980

During the financial year, CEO Yrjö Trög sold 100,000 shares of the company, owned by his company Economica Yrityspalvelut Oy, to Digital Business Director Carl Mattson's company, Triton Seasafety Oy, for €150,000. The sale was made at market price based on the stock exchange rate and did not include any special conditions. Both parties are related to the company. The transaction did not affect the company's governance or voting rights.

## Calculation of key figures

<b>Change in turnover, %</b>	$\frac{\text{= turnover} - \text{previous year's turnover}}{\text{previous year's turnover}} \times 100$
<b>Operating profit</b>	<p>= turnover + change in stocks of finished goods and work in progress (+/-) + other operating income – materials and services – personnel expenses – depreciation, amortisation and impairment – other operating expenses</p>
<b>Operating profit, %</b>	$\frac{\text{= Operating profit}}{\text{turnover}} \times 100$
<b>EBITDA</b>	<p>= turnover + change in stocks of finished goods and work in progress (+/-) + other operating income – materials and services – personnel expenses – other operating expenses</p>
<b>EBITDA, %</b>	$\frac{\text{= EBITDA}}{\text{turnover}} \times 100$
<b>Cash flow from operating activities</b>	<p>= Profit (loss) before accounting transfers and taxes + depreciation according to plan + financial income and expenses +/- working capital changes – interest paid + interest received from operations – direct taxes paid</p>
<b>Return on investment</b>	$\frac{\text{= Operating profit before tax} + \text{financial expenses}}{\text{equity (average over the year)} + \text{interest-bearing financial liabilities (average over the year)}} \times 100$

<b>Net interest-bearing liabilities</b>	= interest-bearing liabilities – cash and cash equivalents
<b>Return on equity</b>	$\frac{\text{= net result}}{\text{equity (average over the year)}} \times 100$
<b>Profit for the financial period</b>	= Operating profit +/- financial expenses + taxes
<b>Equity ratio, %</b>	$\frac{\text{= equity}}{\text{total capital on the balance sheet - deferred income}} \times 100$
<b>Net gearing</b>	$\frac{\text{= interest-bearing liabilities – cash and cash equivalents}}{\text{equity}} \times 100$
<b>Earnings per share</b>	$\frac{\text{= profit for the period}}{\text{weighted average number of shares outstanding during the period}}$
<b>Current Ratio</b>	$\frac{\text{= current assets + short-term receivables + liquid assets + cash and cash equivalents}}{\text{short-term liabilities}}$
<b>Quick Ratio</b>	$\frac{\text{= short-term receivables + liquid assets + cash and cash equivalents + overdraft limit}}{\text{short-term liabilities}}$

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