

INTERIM REPORT

Q2/2024



AGENDA



**Safety and
Sustainability**

**Operational
and Financial
Performance
in Q2/2024**

**Strategic
Focus
Areas**

SECURING A SAFE AND SUSTAINABLE FUTURE

Normet's ambition is to achieve "zero harm" through helping our customers to build and operate the safest places underground. Safety is one of the top priorities across mining, tunnelling and civil construction industries and for our customers – Tunnels and mines are places where there is no room for error.

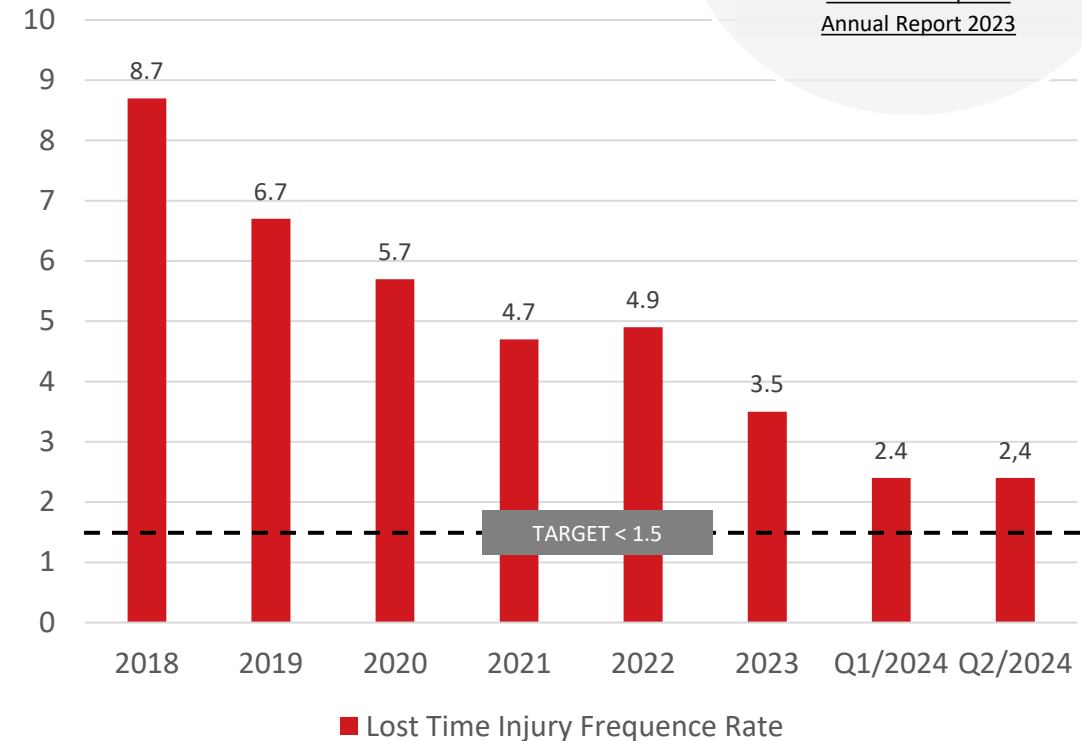
In Q2 2024, we continued to develop a stronger safety culture throughout the company. We are particularly proud of Normet's contribution achieved in reducing accidents and injuries across our customers' operations.

Normet has continued actions to improve safety performance and concluded the reporting period with a Lost Time Injury Frequency Rate of 2.4 (Q2/2023: 4.8).

We achieved record numbers of lost time injury free days in several of our Sales Areas in the quarter. Key safety themes included general underground safety, travel and security risk and a refocus on Normet lifesaving rules.

Normet's Annual Report 2023 presents our sustainability approach, how we have executed our sustainability strategy and how we plan on developing it further.

[Normet Group Ltd. Annual Report 2023](#)



2022 and 2023 including acquisitions Aliva Equipment, Garock Pty Ltd., Marakon Oy and Rambooms Oy. Rolling 12 months. Calculated per 1,000,000 hours worked.



OPERATIONAL AND FINANCIAL PERFORMANCE IN Q2/2024

MAIN HIGHLIGHTS IN Q2/2024

MAJOR ORDERS

Demand in Latin America improved, our mining customers placed several orders to renew and expand their fleet.

Equipment fleet with digital connectivity agreement continued to grow.

Normet SmartDrive® equipment continues to perform safely, reliably and productively in the field with extensive operating hours accumulated.

The new range of Normet XRock® stationary breakers and boom assemblies continue to win new markets.

OPERATIONS

Normet operational presence and warehouse was established in Democratic Republic of Congo. First direct spare parts orders now received.

INNOVATION AND TECHNOLOGY

Development of new range of Concrete Set Accelerators for low carbon concrete mixes was completed.

Redpath having its full fleet of diesel-electric Utimec XL 1100 ElectroDynamic® agitators operational at Olympic Dam mine.



The new diesel-electric XL 1100.

PRESIDENT AND CEO COMMENT



NORMET INNOVATION

We are pleased that several new Normet technologies have advanced from testing phase to acceptance and successful integration in our customer's operations. Our fleet of ElectroDynamcic® XL1100 high-capacity agitators is expanding from the initial introduction in Australia into new overseas markets.

PERFORMANCE

The general business environment continued to be impacted by longer decision making on capital expenditure decisions and some hesitancy in forward looking investment decisions from our customers. However, the underlying demand, especially in services and consumables remained stable.

All three Business Lines showed a positive margin development in Q2 leading to an improved comparable operating profit compared to Q2 2023.

This was achieved through a combination of streamlining our operations and efficiency improvements.

We will maintain a high focus on improving our profitability and capital efficiency throughout the year.

OUTLOOK

Demand for Normet's products and expertise, customer process improvements, services and consumables is expected to remain stable.

We expect a stronger operational performance during H2 2024.

ED SANTAMARIA
President and CEO

KEY FIGURES

	YTD H1 24	YTD H1 23	2023
Order intake, MEUR*	230	236	474
Net sales, MEUR	233	237	484
EBITDA	37	31	73
EBITDA %	15.9%	13.2%	15.0%
EBITA	29	24	56
EBITA %	12.3%	10.1%	11.6%
Operating profit, MEUR	25	20	49
Operating profit %	10.7%	8.6%	10.1%
Comparable EBITA, MEUR	30	25	57
Comparable EBITA %	13.0%	10.6%	11.8%
Comparable Operating profit, MEUR	27	21	50
Comparable Operating profit %	11.4%	9.0%	10.3%
Net profit, MEUR	14	11	30
Net profit %	5.9%	4.7%	6.1%
Total assets, MEUR	508	495	493
Interest bearing liabilities, net	143	122	136
Number of personnel (12-month rolling average)	1,825	1,753	1,807
Return on equity %	19%	22%	19%
Gearing %	83%	76%	83%
Equity to asset ratio %	35%	33%	35%

* Order intake of comparative periods adjusted to include all Business Lines.
28 AUGUST 2024

Order intake -3% at MEUR 230. New orders remained at the similar levels as earlier in the year. In Equipment strong development in Americas continued and compensated the softness in Asia and Australia. Services developing well in India and Australia.

Achieved **MEUR 233 in net sales**, a 1,6% y-o-y decline was driven by lower net sales in GCCT and Equipment whereas Services top line grew from the comparison period. Geographically the development was particularly strong in EMEA and Latin America Sales Areas.

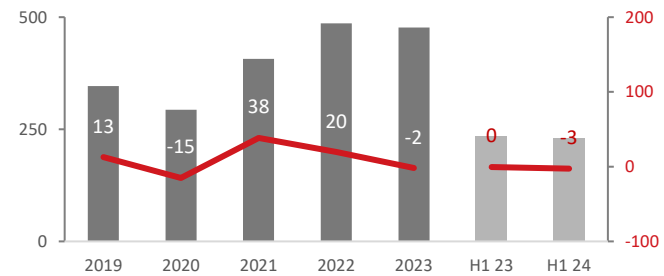
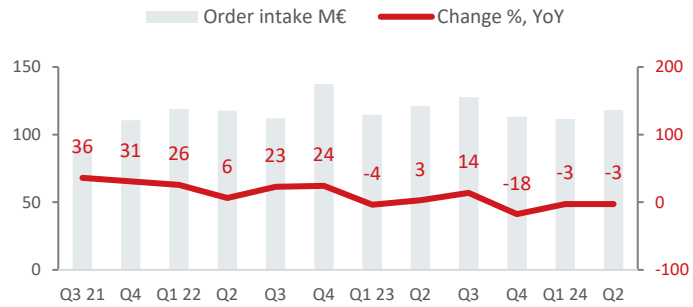
Comparable Operating profit 11.4% (9.0%) and MEUR 27 (21). All the Business Lines continued to improve their operating margins, this particularly in Services and GCCT. The efficiency measures to address the cost base resulted in improved operating leverage which together with a beneficial sales mix contributed to a stronger profitability.

Net profit 5.9% (4.7%) and MEUR 14 (11). The impact of currency revaluation and increased financing cost burdened the profit during the period.

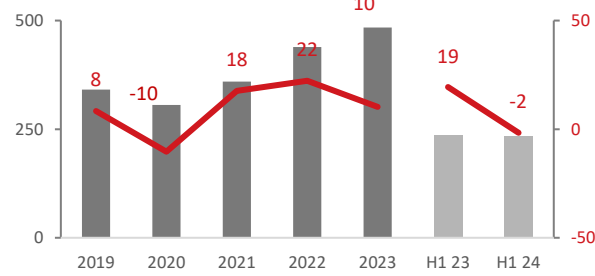
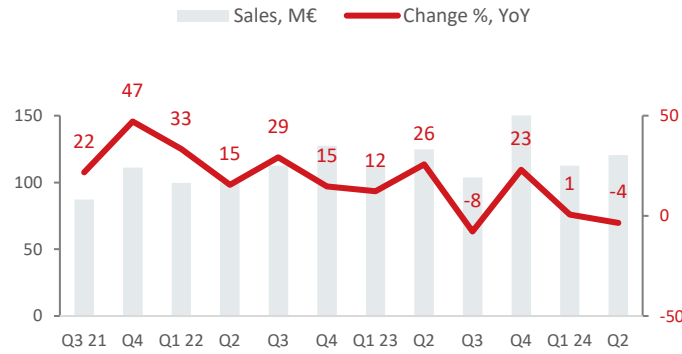
Gearing 83% (76%) grew slightly from year ago but remained at the same level as at the end of 2023. Growth in Net working capital continued though the actions to turn the development are starting to become visible.

KEY FIGURES

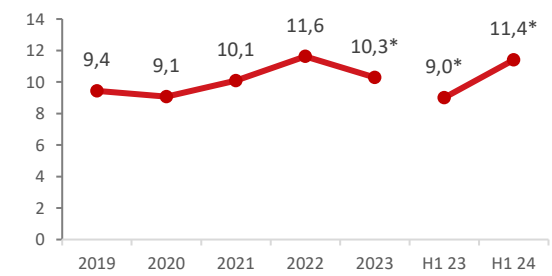
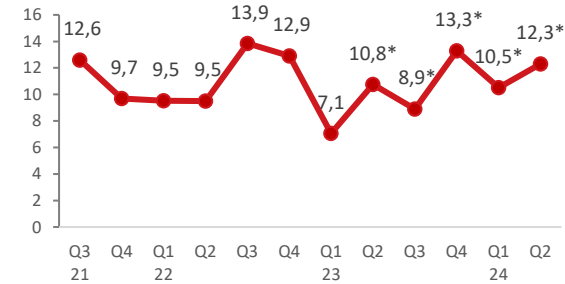
ORDER INTAKE



NET SALES



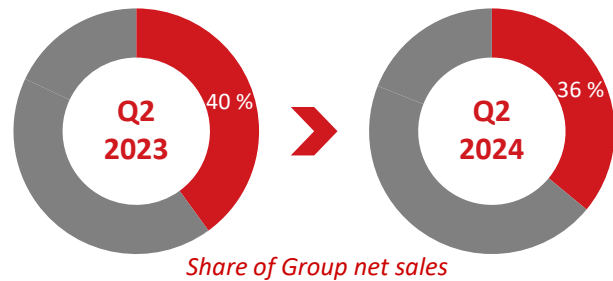
COMPARABLE OPERATING PROFIT* (EBIT %)



*Comparable Operating Profit % (excluding the items affecting comparability).

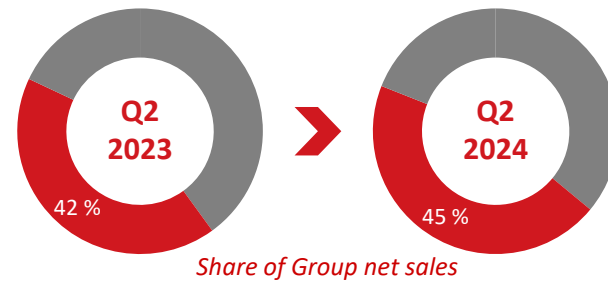
BUSINESS LINE PERFORMANCE Q2/2024

EQUIPMENT, net sales



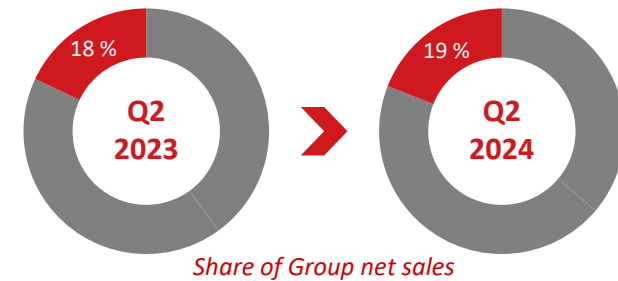
- Net sales decreased y-o-y by 10%.
- Proposal activity remains at good level but delays in customers decision making continued.
- Sales improved from Q1 level but was behind the strong comparison in previous year.

SERVICES, net sales



- Net sales increased y-o-y by 1%.
- Strong services business growth in India and in APAC
- Signed a remote monitoring agreement with major mining customer and multiple fleet connectivity and analytics agreements.

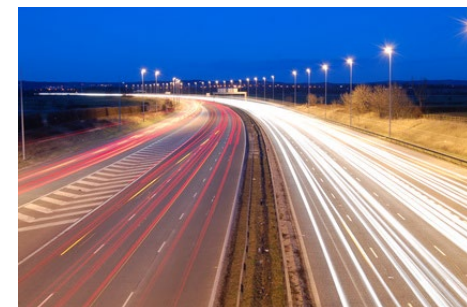
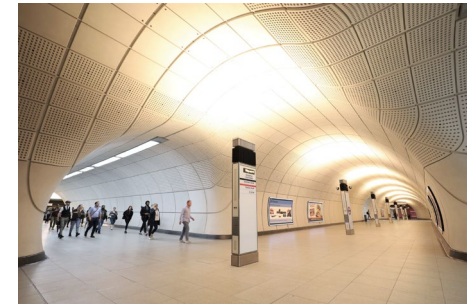
GCCT, net sales



- Net sales decreased y-o-y by 2%.
- Successful establishment of new tunnelling projects in European markets, increasing local manufacturing capacity.
- New patented rock reinforcement technologies showing positive demand in deep mining applications.

BUSINESS LINE DEVELOPMENT – NET SALES

(MEUR)	Q2 24	Q2 23	Change %	H1 24	H1 23	Change %	2023
EQUIPMENT	44	48	-10%	83	86	-4%	180
SERVICES	54	53	+1%	105	103	+2%	210
GCCT	23	23	-2%	45	48	-6%	94

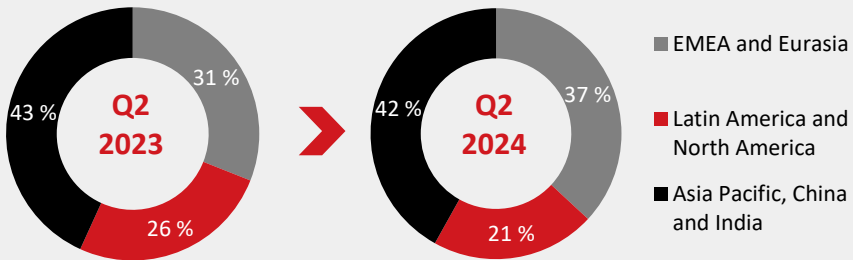


GEOGRAPHICAL REACH IS A KEY DIFFERENTIATING FACTOR

- NORMET EQUIPMENT MANUFACTURING SITE
- NORMET SERVICES SITE
- NORMET CHEMICALS AND ROCK BOLT SITE



SHARE OF NET SALES BY SALES AREA



STRATEGIC FOCUS AREAS

October 31, 2023

STRATEGIC FOCUS AREAS

Our value proposition of ‘Defining the future underground’ continues to support our ambitions. Underpinning this value proposition is our **strategy for 2024–2027**, built on five pillars:

- Safety and sustainability
- Delivering customer value
- Profitable growth
- Technology and innovation
- The best people delivering leading business performance



INDUSTRY FUNDAMENTALS CONTINUE TO DRIVE GROWTH

Increased focus on health and safety

Environment, social and governance is more prominent

Mines increasingly moving underground and going deeper

Geopolitical and nationalization risks increasing

Shift to digitalisation, electrification and automation

Drive for productivity and efficiency

Remote locations and declining ore grades

Increased investment in green energy transition

CORPORATE GOVERNANCE – AS OF 30 JUNE 2024

NORMET GROUP OY BOARD OF DIRECTORS

Aaro Cantell Chairman of the Board

Lars Engström Member of Board

Sanna Hokkanen Member of Board

Mikko Keto Member of Board

Tom Melbye Member of Board

Mikko Puolakka Member of Board

Normet Group Oy is owned 100% by Cantell Oy.

NORMET LEADERSHIP TEAM

Edoardo Santamaria CEO

Timo Koponen CFO

Kalle Sipilä SVP, Equipment Business Line

Riku Helander SVP Service Business Line

Alan Pengelly SVP, GCCT Business Line

Kari Hämäläinen EVP, Strategic Business Development

Marc Sinclair, VP, APAC Sales Area

Subhasis Mohanty VP, India Sales Area

Jukka Kurhinen SVP, Eurasia Sales Area

Ville Haatainen VP, EMEA Sales Area

Jean-Guy Coulombe VP, North America Sales Area

Odilon Mendes (interim) SVP, Latin America Sales Area

Daniel Yang VP, China Sales Area

Kimmo Karihtala General Counsel

Niina Pesonen VP, Human Resources

KEY FINANCIALS INTERIM REPORT Q2/2024

(IFRS, UNAUDITED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q2 2024	Q2 2023	Change %	1.1.-30.6.2024	1.1.-30.6.2023	Change %	1.1.-31.12.2023
REVENUE	120 491	124 859	-3 %	233 033	236 762	-2 %	484 323
Materials, supplies and subcontracting	-55 621	-60 052	-7 %	-106 709	-115 997	-8 %	-239 652
Personnel cost	-29 708	-29 759	0 %	-59 571	-57 462	4 %	-108 833
Depreciation and amortisation	-5 870	-6 116	-4 %	-11 925	-10 941	9 %	-23 851
Other operating expenses and income, net	-15 278	-16 571	-8 %	-29 801	-32 107	-7 %	-63 279
OPERATING PROFIT	14 014	12 361	13 %	25 028	20 256	24 %	48 706
Financing income	1 133	881	28 %	2 438	1 490	64 %	6 531
Financing expenses	-3 014	-3 388	-11 %	-9 071	-6 425	41 %	-14 935
Share of profit/loss accounted for using the equity method	487	-26	-1948 %	286	-211	-236 %	-25
PROFIT/LOSS BEFORE TAX	12 619	9 829	28 %	18 682	15 109	24 %	40 276
Tax on income from operations	-3 280	-2 525	30 %	-4 856	-3 929	24 %	-10 574
PROFIT/LOSS FOR THE PERIOD	9 339	7 304	28 %	13 826	11 180	24 %	29 702
EUR thousand	Q2 2024	Q2 2023	Change %	1.1.-30.6.2024	1.1.-30.6.2023	Change %	1.1.-31.12.2023
OTHER COMPREHENSIVE INCOME							
Items that will not be reclassified to profit or loss							
Remeasurement of defined benefit plan	0	-1	-100 %	0	-65	-100 %	-67
Items that may be reclassified subsequently to profit or loss							
Exchange differences on translating foreign operations	1 539	-395	-489 %	1 532	-1 208	-227 %	-3 921
Other comprehensive income for the period, net of tax	1 539	-397	-488 %	1 533	-1 273	-220 %	-3 989
Total comprehensive income	10 878	6 907	57 %	15 358	9 907	55 %	25 713
Profit attributable to:							
Owners of the parent company	9 008	7 081	27 %	13 263	10 780	23 %	28 873
Non-controlling interests in net income	331	223	-43 %	563	401	40 %	829
Total	9 339	7 304	22 %	13 826	11 180	24 %	29 702
Total comprehensive income attributable to:							
Owners of the parent company	10 516	6 693	57 %	14 764	9 532	55 %	24 966
Non-controlling interests	362	214	73 %	594	375	58 %	748
Total	10 878	6 907	57 %	15 358	9 907	55 %	25 713

CONSOLIDATED BALANCE SHEET

EUR thousand	30.6.2024	30.6.2023	31.12.2023
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	29 710	38 847	29 241
Goodwill	35 658	28 094	35 656
Right of use assets	20 723	19 090	19 861
Property, plant, equipment	46 867	47 193	49 217
Investments accounted for using the equity method	5 602	4 028	5 350
Other non-current financial assets	364	721	365
Non-current trade and other receivables	3 371	3 890	3 650
Deferred tax asset	19 715	16 985	16 638
NON-CURRENT ASSETS	162 008	158 848	159 978
CURRENT ASSETS			
Inventories	183 236	175 534	173 885
Trade receivables and other receivables	125 612	113 156	117 417
Tax Receivable, income tax	4 823	5 902	4 353
Cash and cash equivalents	32 570	41 341	37 085
CURRENT ASSETS	346 241	335 934	332 739
ASSETS	508 249	494 782	492 718
EQUITY AND LIABILITIES			
Owners of the parent company			
Share capital	3 423	3 423	3 423
Share premium	3 350	3 350	3 350
Unrestricted equity reserve	3 013	2 953	3 013
Hybrid bond	29 693	36 520	29 693
Reserves	310	293	316
Translation differences	-7 226	-4 284	-7 928
Retained earnings	137 638	116 412	130 618
Owners of the parent company	170 201	158 667	162 486
Non-controlling interests	3 393	2 855	2 795
EQUITY	173 594	161 522	165 281

EUR thousand	30.6.2024	30.6.2023	31.12.2023
NON-CURRENT LIABILITIES			
Non-current liabilities, interest-bearing	156 598	155 835	155 875
Non-current interest-free liabilities	15 729	17 122	14 677
Non-current provisions	878	354	852
Liabilities from defined benefit plan	1 332	1 301	1 297
Deferred tax liability	5 537	7 795	5 678
NON-CURRENT LIABILITIES	180 074	182 405	178 379
CURRENT LIABILITIES			
Current interest-bearing liabilities	19 238	7 600	18 070
Trade Payables and Other Liabilities	113 074	125 871	113 585
Tax liability, income tax	17 435	13 186	14 285
Current provisions	4 833	4 197	3 117
CURRENT LIABILITIES	154 581	150 854	149 057
Liabilities	334 655	333 259	327 436
EQUITY AND LIABILITIES	508 249	494 782	492 718

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR Thousand	1.1-30.6.2024	1.1-30.6.2023	1.1-31.12.2023
Cash flow from operating activities			
Profit for the period	13 826	11 180	29 702
Depreciation, amortisation and impairment	11 925	10 941	23 851
Unrealised foreign exchange gains and losses	-1 305	0	1 159
Share of profit/loss accounted for using equity method	-286	211	25
Other items without cash flow impact	4 409	5 624	7 196
Financial income and expenses	6 632	4 936	8 405
Taxes	4 856	3 929	10 574
Change in provisions	1 777	1 175	-2 281
Other adjustments	731	-271	80
Operating income before change in net working capital	42 566	37 724	78 712
Change in inventories	-9 468	-13 891	-15 162
Change in interest-free current receivables	-7 535	-7 868	-12 881
Change in interest-free current liabilities	-1 203	11 682	-2 441
Change in net working capital	-18 206	-10 076	-30 483
Financial expense	-7 072	-3 679	-9 865
Financial income	803	-813	1 207
Income taxes paid	-5 569	-4 245	-8 847
Net cash from operating activities	12 522	18 910	30 723

EUR Thousand	1.1-30.6.2024	1.1-30.6.2023	1.1-31.12.2023
Cash flow from investing activities			
Purchase of tangible and intangible assets	-9 263	-13 516	-29 414
Proceeds from sale of tangible and intangible assets	606	95	6 586
Other investments	1	0	-810
Acquisition of a subsidiary and business acquisitions, net of cash acquired	0	-47 368	-47 965
Net cash used in investing activities	-8 656	-60 789	-71 603
Cash flow from financing activities			
Share issue	0	0	153
Proceeds from loans	11 276	54 792	66 428
Loan repayments	-10 000	0	0
Repayment of lease liabilities	-3 222	-3 335	-6 362
Hybrid bond repayments	0	-27 840	-35 000
Proceeds from hybrid bond	0	30 000	30 000
Hybrid bond interest and expenses	-2 775	-1 773	-2 242
Dividends paid	-4 205	-4 002	-9 222
Net cash from financing activities	-8 925	47 842	43 754
Change in cash and cash equivalents, increase (+) / decrease (-)	-5 059	5 963	2 874
Cash and cash equivalents, at beginning	37 085	36 896	36 896
Change in cash and cash equivalents, increase (+) / decrease (-)	-5 059	5 963	2 874
Effects of exchange rate fluctuations on cash held	545	-1 518	-2 685
Cash and cash equivalents, at end	32 570	41 341	37 085

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Share premium	Paid in capital	Hybrid bond	Reserves	Translation difference	Retained earnings	Total	Non-controlling interest	Total equity
Balance at January 1, 2024	3 423	3 350	3 013	29 693	316	-7 928	130 618	162 486	2 795	165 281
Dividends paid to equity holders							-4 200	-4 200	-4	-4 205
Other changes					-6	683	-761	-84	7	-76
Hybrid bond interest and expenses							-2 775	-2 775		-2 775
Profit for the period							13 263	13 263	563	13 826
Other comprehensive income						19	1 494	1 513	31	1 544
Total comprehensive income	0	0	0	0	0	19	14 757	14 775	594	15 370
Balance at June 30, 2024	3 423	3 350	3 013	29 693	310	-7 226	137 638	170 201	3 393	173 594
EUR thousand	Share capital	Share premium	Paid in capital	Hybrid bond	Reserves	Translation difference	Retained earnings	Total	Non-controlling interest	Total equity
Balance at January 1, 2023	3 423	3 350	2 860	34 666	304	-4 007	110 838	151 434	2 465	153 900
Dividends paid to equity holders							-4 003	-4 003		-4 003
Other changes			93		-11	-276	1 536	1 342	15	1 357
Proceeds from hybrid bond				29 693				29 693		29 693
Hybrid bond repayments				-27 840				-27 840		-27 840
Hybrid bond interest payments							-1 466	-1 466		-1 466
Profit for the period							10 780	10 780	401	11 180
Other comprehensive income							-1 273	-1 273	-25	-1 298
Total comprehensive income	0	0	0	0	0	0	9 507	9 507	376	9 882
Balance at June 30, 2023	3 423	3 350	2 953	36 520	294	-4 283	116 412	158 667	2 855	161 522

NOTES TO INTERIM REPORT

BASIS OF PREPARATION

This unaudited and condensed consolidated financial statement information of Normet Group has been prepared in accordance with IAS 34 “Interim Financial Reporting” and it should be read in conjunction with the consolidated financial statements for 2023 prepared in accordance with IFRS as published by the IASB and adopted by the EU. The same accounting policies, methods of computation and applications of judgment are followed in this financial statement information as was followed in the consolidated financial statements for 2023. This financial report was authorized for issue by management on 28 Aug 2024. Percentages and figures presented herein may include rounding differences and therefore may not add up precisely to the totals presented and may vary from previously published financial information.

ACCOUNTING ESTIMATES AND JUDGEMENTS

IFRS requires management to make estimates and judgements that affect the reported amounts. The most significant accounting estimates and judgements made by management relate to customer contracts, impairment of goodwill, valuation of inventories and trade receivables, provisions and deferred tax assets and liabilities. Although these estimates are based on the management’s best knowledge of current events and actions, the actual results may differ from the estimates used in the financial statements.

NEW ACCOUNTING STANDARDS

Normet Group has applied the revised IFRS Standards that have been effective since 1 January, 2024. These amendments have not had a material impact on the reported figures.

CHANGES IN ACCOUNTING PRINCIPLES

The Group has specified the conversion of profit and loss accounts of subsidiaries outside the Euro area. As from 2024, profit and loss accounts are converted into euros according to average exchange rates for each reporting period. The Group has assessed the impact of the change in conversion method, and it does not have a significant impact on profit for the period. Comparison periods have not been adjusted.

NOTES TO INTERIM REPORT

MATERIAL DEBT INSTRUMENTS

In May 2023, Normet Group Ltd issued capital securities in the amount of MEUR 30.0. The hybrid bond bear interest at a fixed interest rate of 9.25 per cent until the reset date of 19 June 2025 and thereafter, at a floating interest rate as described in the terms and conditions of the hybrid bond. The hybrid bond does not have a specified maturity date, but the Company is entitled to redeem them for the first time on 19 June 2025, and thereafter, on each interest payment date.

The Group has MEUR 200 facility agreement. The final maturity date for the facility agreement is January 2026. The loan has a variable interest rate. As of 30 June 2024, the Group has approximately MEUR 49 of undrawn credit facility at its disposal.

The company's borrowing arrangements include security instruments and covenants. The company's borrowing arrangements also involve pledge restrictions. At the end of the reporting period, the Group has interest-bearing liabilities amounting to MEUR 151 whose conditions included covenants which are based on the Groups net liabilities/EBITDA and the Groups equity ratio. The covenants are tested on a quarterly basis.

The fair values of financial assets and liabilities are materially consistent with their carrying amounts. For this reason, they are not presented separately in the report.

NOTES TO INTERIM REPORT

ACQUISITIONS

Acquisitions 2024

There has not been any acquisitions in 2024.

Acquisitions 2023

Acquired unit	Business unit	Acquisition type	Acquisition period	Number of employees
Marakon Oy	Equipment	Share	January	12
Rambooms Oy	Equipment	Share	January	23
Koy Lahden Yrittäjänkatu 10	Equipment	Share	January	0
Remion Oy	Services	Share	February	28

ACQUIRED NET ASSETS AND GOODWILL

EUR thousands	30.6.2024	30.6.2023
Intangible assets		14 310
Tangible assets		7 431
Inventories		7 453
Trade and other receivables		3 879
Cash and cash equivalents		1 019
Total assets		34 100
Trade payables		2 352
Loan payables		2 174
Deferred tax liabilities		2 887
Other liabilities		548
Total liabilities		7 961
Net assets		26 139
Acquisition cost paid in cash during the fiscal period		48 387
Contingent consideration, to be paid during future fiscal periods		514
Goodwill arising from the acquisition		22 762

NOTES TO INTERIM REPORT

NET WORKING CAPITAL

EUR thousand	30.6.2024	30.6.2023	31.12.2023
Inventories	183 236	175 534	173 885
Trade receivables	84 947	78 560	84 829
Other non-interest bearing receivables	47 008	38 177	38 043
Trade payables	-47 849	-60 443	-58 514
Other non-interest bearing payables	-46 307	-33 118	-37 947
Advances received	-18 457	-32 238	-16 757
Total	202 578	166 473	183 539

PERSONNEL

	30.6.2024	30.6.2023	31.12.2023
Personnel, 12 months rolling average	1 825	1 753	1 807

NOTES TO INTERIM REPORT

Return on Equity %	=	$\frac{\text{Net Income}}{\text{Average Shareholders' Equity}}$
Equity to Asset Ratio %	=	$\frac{\text{Total Shareholder Equity}}{\text{Total Assets}}$
Gearing	=	$\frac{\text{Net interest bearing liabilities}}{\text{Equity}}$
EBITA	=	Operating result ./ Amortization of intangible assets
EBITDA	=	Operating result ./ Amortization of intangible assets and depreciations
Comparable adjusted EBITA	=	Operating result before interest, tax and amortization ./ Items affecting comparability
Comparable Operating result	=	Operating result ./ Items affecting comparability

ALTERNATIVE PERFORMANCE MEASURES

Normet uses and discloses the following alternative performance measures (APM) to better illustrate the operative development of its business.

Items affecting comparability (IAC)

Certain income and expenses are presented as items affecting comparability when they have significant impact on the consolidated statement of income. Items affecting comparability consist of income and expenses, which result from restructuring activities aiming to adjust the capacity of Normet's operations. They may also include other income and expenses incurred outside Normet's normal course of business, such as impairment charges, M&A related costs (e.g. acquisitions, liquidations), settlements recognized as a result of legal proceedings with third parties or unforeseen obligations from earlier discontinued businesses.

EUR thousand	30.6.2024	30.6.2023
Operating profit (EBIT)	25 028	20 256
Amortization of intangible assets	3 685	3 767
EBITA	28 712	24 022
Transactions costs from business combinations		1 040
Retructuring costs	1 649	
Comparable EBITA	30 362	25 062
Operating profit (EBIT)	25 028	20 256
Amortization of intangible assets	3 685	3 767
Depreciations	8 240	7 174
EBITDA	36 953	31 197

