2023

ANNUAL REPORT

NORMET GROUP LTD.

CONTENTS

NORMET IN 2023

NORMET IN BRIEF

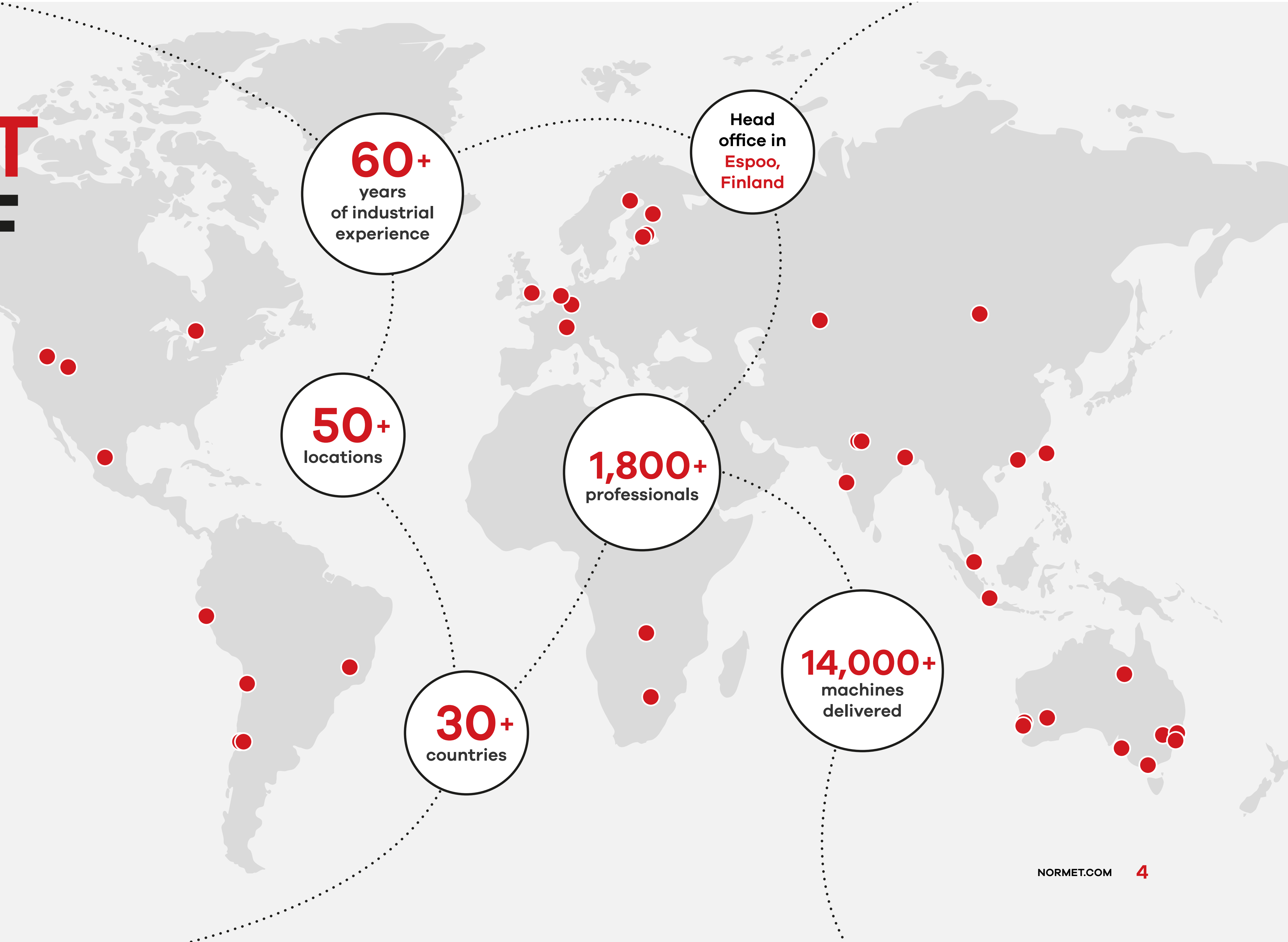
NORMET IS A GLOBALLY OPERATING INNOVATIVE TECHNOLOGY COMPANY

WE DEVELOP and deliver continuous improvements to underground mining, tunnelling and civil construction customer processes with a focus on maximising safety, sustainability, and productivity.

WE MANUFACTURE underground equipment and applications and provide aftermarket services, construction chemicals, and rock support equipment and expertise.

WE ARE COMMITTING to long-term, mutually beneficial partnerships that create value in our industry and society as a whole.

VISION → Building the safest places underground



REVIEW BY THE CHAIR OF THE BOARD OF DIRECTORS

In this first annual review by Normet's Chair, I would like to expand upon the key targets set by the Board and owners of Normet. These targets guide the long-term development of Normet.

NORMET'S ROLE AND RESPONSIBILITY IN SOLVING MAJOR INDUSTRY CHALLENGES

In our own customer segments, we have achieved a strong global market position, helping our customers transition to automated and mechanised mining processes. This transition brings productivity, safety, and environmental improvements with the help of electric vehicles, optimisation of raw materials usage, and more. We consider it our responsibility to continuously develop our customer processes further and make the best and most sustainable solutions available as widely as possible. In this way, we can help industry and society as a whole solve major global challenges.

TECHNOLOGY LEADERSHIP

We must ensure that we remain the world's foremost expert in our own customer processes. This requires technology leadership in selected areas. Continuous and sufficient investment in technology as well as product and service development is essential to maintain our own and our customers' competitiveness.

BEING A GROWTH COMPANY

In order to take maximum advantage of new emerging opportunities, Normet must be a growth company. This means we engage in continuous and bold renewal. In other words, we must firstly actively search for new technological and business opportunities and secondly have the courage to bravely experiment with fresh ideas in those areas. We know that trying new things sometimes lead to failures, so we have to have a management culture that accepts that. A growth culture like that is very inspiring and helps in attracting top talent in the industry.

HIGH PROFITABILITY

We strive to strongly invest in renewal and growth. To do this we must be profitable and increase our EBITA permanently to 15-20%. This requires an ability to continuously improve operational efficiency and react quickly to challenges. This is not always easy, but we have chosen "for tough jobs" and "defining the future underground" as our slogans for a reason. The more difficult things we succeed in, the more we improve and the harder it is for our competitors to keep up.

I am extremely grateful to all Normet professionals around the world. Your genuine commitment to common goals and your enthusiastic attitude towards innovation is inspiring. I hope that this short review will help you make the right decisions regarding your focus and prioritisation. Many thanks also to our customers for their trust and faith in our ability to support their own renewal. Finally, much appreciation to the members of the Board for contributing their deep expertise to the various proposals on the agenda throughout the year and also, when necessary, challenging them. I look forward to the coming years and the new opportunities they bring!

AARO CANTELL, CHAIR

REVIEW BY THE PRESIDENT AND CEO

CHARTING THE COURSE THROUGH 2023

2023 has been a year of operational landmarks, strategic acquisitions, and continuing exciting innovations. Despite facing considerable headwinds, we were able to make significant progress through our forward-looking investments and market expansion.

I am pleased that our safety performance and safety culture improved. Our Lost Time Injury Frequency Rate (LTIFR) improved to 3.5 from 4.9 the previous year and the quality of our risk assessments, investigations and observations improved considerably. I am particularly pleased that our safety focus and safety efforts extended beyond our own operations and into our customers' projects and sites where we are committed to contributing to a higher standard of safety performance and awareness.

In 2023, our net sales totalled EUR 484 million (EUR 439 million in 2022), EBITDA amounted to EUR 73 million (EUR 71 million in 2022) and EBITA stood at EUR 56 million (EUR 58 million in 2022). Normet's EBITA % was 12% (13% in 2022). Our EBITA margin for the full year was below our over-the-cycle ambition level (15–20%), impacted primarily by currency and a longer period of higher inflation that we did not manage to completely off-set. This is an area of our business that must improve, and we therefore have an intense focus on operational performance and execution improvements across all of our Business Lines and Sales Areas moving into 2024.

Our early investments that support future growth, such as rental fleet expansion and new expanded local facilities in Coventry UK; Johannesburg South Africa; and Jaipur India, increased our CAPEX investments compared to the previous year (EUR 29 million; EUR 15 million in 2022).

Inventory (EUR 174 million; EUR 155 million in 2022) was significantly impacted by a number of new equipment product launches and ongoing unreliable supply chain impacts where Normet decided to maintain higher levels of component stocks required to fulfil our equipment back-log and to support our customers. As the supply chain situation improves these inventory levels are expected to normalise throughout 2024.

While we expect some of the aforementioned challenges to carry over to 2024, we also see significant growth opportunities in many areas including Africa, North America, Latin America, and Australia. Improved results over the past years, as well as ongoing investments in specialised local skills, new technologies, and an expanded portfolio increases our confidence in achieving our 2024 plans. Our business mix remains more resilient with a continuing growth in our aftermarket and consumables share.

ACQUISITIONS AND INNOVATIONS

2023 was a year where we laid more groundwork for the future. To strengthen our position and expertise in scaling, breaking, automation, electrification, digital portfolios and connectivity services, we acquired:

» **RAMBOOMS OY**, a manufacturer of rock-breaker boom systems
» **MARAKON OY**, a supplier of hydraulic hammers and excavator attachments for the construction, crusher, and mining industries
» **REMION OY**, a specialist in industrial internet and advisory services.

These mission-critical acquisitions are crucial enablers for Normet's expansion into electrification, automation, and digitalisation of the mining, tunnelling and civil construction industries.

We further strengthened our resolve to lead the electric transformation by strategically investing in Lekatech, a Finnish start-up focused on revolutionising electric hammering technology, and the Swiss company Motics, a specialist in electric drive and battery storage solutions for off-highway applications.

SOLUTIONS THAT DEFINE OUR FUTURE UNDERGROUND

2023 saw the introduction of a number of promising product innovations. Following the acquisition of Rambooms and Marakon, which enhanced our technology expertise, we entered a new market segment with the launch of Normet Xrock® stationary breaking portfolio and the Xrock® Automation system technology.

We also introduced Normet SmartDrive® mobile equipment applications for concrete spraying, lifting and installations and material transportation solutions. We launched the ElectroDynamic® (ED) architecture that combines the latest low-emissions engine technology with an XL ED platform for underground transportation. The first application focuses on high-capacity concrete transportation in underground mines and is the first of its type in the industry. The initial batch of these new units is operating in one of the largest underground mines in Australia. The first phase of our automated explosives charging technology, the Charmec Revo®, was released and highly anticipated by our customers.

Our many exciting product launches offer smarter underground solutions with minimised environmental impact, demonstrating our commitment to supporting our customers with cleaner, safer, healthier, more sustainable, and more productive mining and tunnelling solutions.

BROAD MARKET REACH AS A KEY DIFFERENTIATING FACTOR

Besides launching ground-breaking products, we also expanded direct customer reach and global market coverage.

In 2023, our new global technology and production hub, the Centre of Excellence in Jaipur, India, opened and became fully operational. The new facility houses an equipment production facility, a service rebuild centre, an R&D centre, a remote monitoring centre, and a technology training centre for operations and maintenance.

Normet UK relocated its headquarters to a new expanded facility in Coventry, UK, to strengthen its position as the leading provider of sustainable construction and mining solutions in the country. With this move, Normet UK has taken significant steps towards providing high-quality services to our customers by expanding our service capabilities, local production volumes and local skills base.

"We are proud to contribute to the shift towards cleaner and more sustainable practices through our pioneering technology in electrification, digitalisation and automation, and to continue supporting our customers on their sustainability journeys."

In South Africa, we moved to an all-new purpose-built facility in Johannesburg, designed to support our growth and expansion across Africa. The establishment of a new Normet entity in the Democratic Republic of the Congo was completed enabling us to establish a local presence in support of our rapidly expanding DRC business. In support of growth in Europe and specifically for the tunnelling and civil construction market, Normet established a new entity in Austria. This base, strategically located close to major tunnelling projects will enable Normet to bring our exciting portfolio of products and services to our Austrian customers via the new entity and operational facility. Our new entities and efficient supply chain help us to better serve our customers all over the world, anytime and anywhere, demonstrating our commitment to our strategic global expansion.

MORE POWER BEHIND ELECTRIC

Mining and underground operations are undergoing a transformative shift towards cleaner and more sustainable practices. Through Normet's pioneering technology in electrification, digitalisation and automation, we are proudly contributing to this shift. We see electrification and automation becoming increasingly important to our customers and to our industry. Considerable benefits are already being realised through the increased adoption of battery-electric vehicles and the removal of diesel engines from underground. The benefits include considerable reductions in greenhouse gas emissions, fuel savings, improved worker safety and wellbeing, reduced heat and noise generated, optimised mining operations, and long-term cost efficiency improvements.

As an example of future emission-reducing innovations in 2023, we worked closely with Motics to design and retrofit a diesel-powered Normet 8100 Spraymec into a SmartDrive® battery-powered vehicle, thereby eliminating diesel emissions. This initiative shows our commitment to lead the way in sustainable mining and tunnelling practices with many different options and solutions for different applications.

As we navigate challenges and celebrate achievements, our ambition to define the future underground remains unwavering. The challenges of 2023 have only strengthened our resolve. We received a very good response rate and important feedback from our employee engagement survey in 2023. This reinforces how privileged we are at Normet to have the level of support and commitment of our employees that we do. Our people are essential to our success and with that in mind, I would like to conclude by thanking each and every Normet employee for their hard work in 2023 and I look forward to their ongoing contributions to our future success! Equally, I would like to thank all of our customers for your support and trust in Normet and look forward to continuing our journey together in pursuit of a safer, more efficient and more productive industry.

ED SANTAMARIA
PRESIDENT AND CEO

KEY FIGURES 2023

MEUR
170
(192)
Order intake, Equipment

MEUR
484
(439)
Net sales

MEUR
73 (71)
EBITDA

63% (67%)
Share of aftermarket and consumables sales[1]

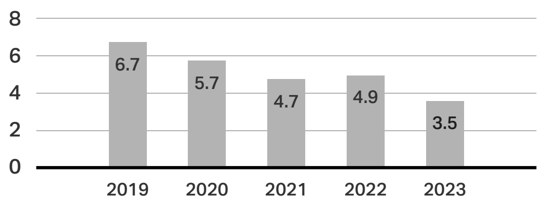
LTIFR
3.5 (4.9)
Lost Time Injury Frequency Rate[2]

[1] Share of combined Services Business Line and GCCT Business Line sales of Group sales after elimination.
[2] Calculated per 1,000,000 hours worked. Rolling 12 months. 2023 data includes 2023 acquisitions Rambooms Oy and Marakon Oy.

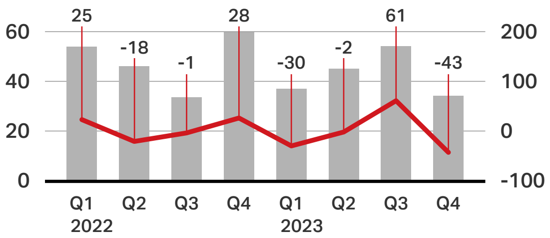
KEY RATIOS

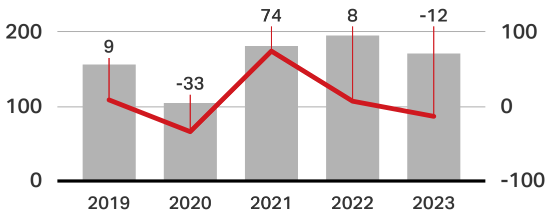
Normet Group IFRS	2023	2022	2021	2020
Order intake, Equipment, MEUR	170	192	178	102
Net sales, MEUR	484	439	359	306
EBITDA, MEUR	73	71	61	43
EBITDA %	15	16	17	14
EBITA, MEUR	56	58	50	33
EBITA %	12	13	14	11
Operating profit, MEUR	49	51	36	28
Operating profit %	10	12	10	9
Total assets, MEUR	493	404	335	286
Interest bearing liabilities, net, MEUR	136	66	42	56
Number of personnel (FY average)	1,807	1,699	1,577	1,475
Return on equity %	19	26	22	13
Gearing %	83	43	33	45
Equity to asset ratio %	35	40	40	44

LOST TIME INJURY FREQUENCY RATE[2]

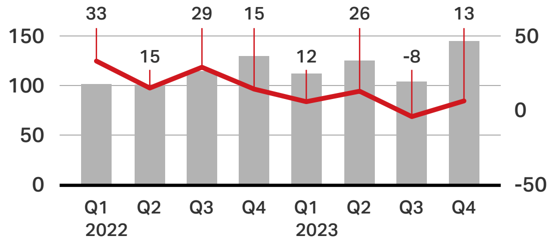


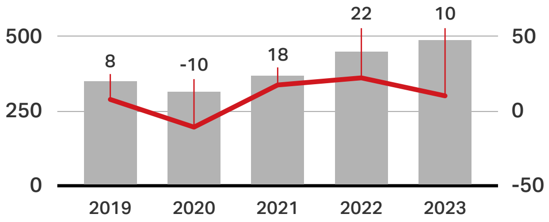
ORDER INTAKE, EQUIPMENT



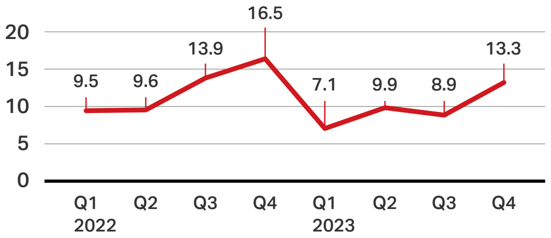


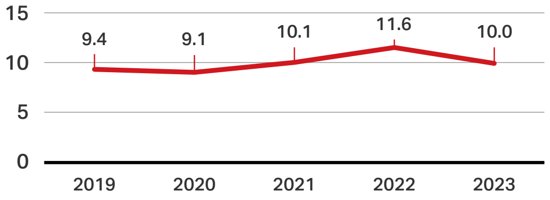
GROUP NET SALES DEVELOPMENT





OPERATING MARGIN %





HIGHLIGHTS 2023

NORMET'S CONSTRUCTION CHEMICAL FACILITY IN THE UK RELOCATED TO NEW, LARGER PREMISES. The investment is a key part of the region's growth strategy for both Ground Control and Construction Chemicals and Services businesses focusing on safety, efficiency, and employee wellbeing.

NORMET ACQUIRED FINLAND-BASED BOOM-SYSTEMS MANUFACTURER RAMBOOMS AND THE HYDRAULIC ATTACHMENTS SUPPLIER MARAKON. With the acquisition Normet will bolster its position in the fields of scaling, breaking, automation and electrification.

NORMET ACQUIRED REMION, a specialist in industrial internet solutions and advisory services based in Finland. Remion's capabilities in analytics and software development provide a foundation for us to utilise related skillsets in developing the Normet digital services offering.

NORMET LAUNCHED NEW UTIMEC XL SERIES CARRIER MODELS designed for heavy-duty underground transportation applications with a remarkable payload capacity, in addition to the Utimec XL Agitator for concrete transportation. These new applications feature the Electro-Dynamic® low-emission diesel/electric powertrain, which is first in its class. The first units of the new model were sold in Australia.

NORMET MADE A MINORITY INVESTMENT IN LEKATECH, a Finnish start-up company that has developed a groundbreaking fully electric hammer. This investment is in line with our overall strategy for expanding our electric offering portfolio and demonstrates our search for related, mutually beneficial technologies. The fully electric hammer combined with Normet SmartDrive® battery-electric architecture will shape the future of underground scaling and breaking.

NORMET ENTERED A NEW MARKET BY LAUNCHING NORMET XROCK®, a line of hydraulic breakers and booms, as well as the boom automation system Xrock® Automation.

NORMET LAUNCHED A NEW SCALING SIMULATOR, which provides a sustainable way to train and improve the skills of scaling machine operators. The simulator was developed in conjunction with the new Normet Scamec Thor.

NEW NORMET SMARTDRIVE® BATTERY-ELECTRIC APPLICATIONS ENTERED THE MARKET, including the Spraymec MF 050 VC SD for cleaner, safer and more productive concrete spraying in underground mining. SmartDrive® is a modular battery-electric equipment architecture designed to optimise energy consumption and performance in underground mining and tunnelling applications, with zero local emissions.

WE EXPANDED OUR EXPLOSIVES CHARGING OFFERING WITH THE LATEST INNOVATION – CHARMEC REVO®, a remote-controlled robotic arm. The remote-controlled arm places initiating system into the borehole and, in conjunction with the emulsion kit, dispenses emulsion, allowing operators to remain in a supported tunnel area away from the danger zone. Explosives charging is one of the most hazardous work processes in underground mining.

NORMET'S REMOTE MONITORING CENTRE WAS ESTABLISHED IN JAIPUR, INDIA. The facility enables Normet to monitor the utilisation of all its connected equipment globally to enable the prevention and prediction of breakdowns before they happen. There were more than 1,200 intervention cases identified and actioned in 2023.

NORMET BECAME A MINORITY SHAREHOLDER IN SWISS COMPANY MOTICS, a specialist in electric drive solutions for off-highway applications, with a particular focus on underground mining and the tunnelling industry. Aliva Equipment, which was acquired by Normet in 2022 from Sika AG, and Motics' collaboration goes back to 2020 with the development of an electric powertrain for the mobile Aliva 520 concrete sprayer as its spearhead solution. With Motics' technology expertise, Normet gains knowledge and scales up its end-to-end electrification solutions.

WE MOVED TO AN ALL-NEW FACILITY IN JOHANNESBURG, SOUTH AFRICA, designed for growth in all areas of business business, and we have achieved BBB-EE status recognition in South Africa. We also established new entities in Austria and Democratic Republic of the Congo.

OUR NEW GLOBAL TECHNOLOGY AND PRODUCTION HUB, THE CENTRE OF EXCELLENCE IN JAIPUR, INDIA, OPENED AND BECAME FULLY OPERATIONAL. The new facility houses an equipment production facility, a service rebuild centre, an R&D centre, a remote monitoring centre, and a technology training centre for operations and maintenance.

THE NORMET E-COMMERCE PLATFORM BECAME FULLY OPERATIONAL. Customers can order Normet spare parts and check parts availability via an easy-to-use online portal.

KEY ORDERS IN 2023:

- A large mining equipment order from **Democratic Republic of Congo**.
- Several breakthrough orders for the **new XS Variomec** units in **Australia**, **USA**, and **Europe**.
- A breakthrough order for the **under-ground Limestone sector in the USA**, which is a new customer segment to Normet.
- Sales successes with **new Tunnel Boring Machines products** in several markets.
- Sales successes of our **Normet SmartDrive®** from several major mining companies for their operations in **Mongolia**, **Canada**, **Australia** and **Chile.**

STRATEGY AND BUSINESS

STRATEGY AND OPERATING ENVIRONMENT

INDUSTRY FUNDAMENTALS, TRENDS, AND DRIVERS

Normet's strategy is informed by our understanding of the fundamentals driving our industry:

- **Mines are getting deeper** – The long-term trend of declining ore grades is forcing mines to move deeper
- **Increased focus on safety** – Safety is one of the top priorities across mining, tunnelling and civil construction industries and for our customers. The mining industry is increasingly focused on eliminating its high fatality rate by improving the safety of the working environment.
- **Automation leading to faster processes** – Automation is not only improving productivity but also removing workers from harmful underground environments.
- **Focus on improving efficiency** – Automation and digitalisation are paving the way for process efficiency and productivity improvements.
- **Demand for electrification** – The green transition and its focus on decarbonising global heavy industries is a significant opportunity for mining and tunnelling. Minerals are an essential component of this transition, and demand for metals is expected to increase e.g. for batteries and energy storage, renewable energy sources, electric vehicles and green infrastructure. Additionally, sustainability is a licence to operate, driven by customers' environmental commitments and investors' push for sustainability targets.

Normet is a globally operating innovative technology company committed to continuous improvements in underground mining, tunnelling, and civil construction processes, with a focus on safety, sustainability, and efficiency. We design and build underground equipment and applications and provide aftermarket services, construction chemicals, and rock support expertise.

AS ORE GRADES DECLINE AND MINES GO DEEPER, our customers must prioritise and invest in technologies that will enable them to achieve operational excellence while navigating safety, efficiency, and sustainability.

Our value proposition, defining the future of underground, means advancing our customers' sustainability agenda with innovative solutions for safer, cleaner, more intelligent, and more profitable underground operations.

Our devotion to progress, safety, sustainability, and efficiency define our role in the industry. Our technology leadership allows us to address the fundamentals shaping our operating environment. Central here is electrification paving the way for a more sustainable future. We promote electrification because battery-electric equipment is designed to optimise energy consumption and performance in underground mining and tunnelling applications, with zero local emissions. By continuously developing, for example through our Normet SmartDrive® battery-electric vehicle (BEV) architecture, we assist our ambitious customers in reducing their environmental impact and achieving their sustainability targets.

We also aim to strengthen our technology-leader position in electrification through strategic partnerships. To enable lower energy use and carbon emissions in the industry, we are collaborating with key partners such as the Finnish start-up Lekatech, whose electric hammering technology for scaling and breaking sets the industry standard.

As we drive electrification, our dedication to innovating for performance goes beyond supporting our customers' product development and exploring, among others, the opportunities of low-carbon cement and innovative tunnel designs. We are also fortifying our technological leadership with innovations in digitalisation, fleet connectivity, analytics, and automated spraying.

OUR STRATEGY PILLARS

IN 2023, WE CONTINUED TO EXECUTE OUR STRATEGY FOR 2022–2025 AND OUR VALUE PROPOSITION 'DEFINING THE FUTURE UNDERGROUND' CONTINUES TO DESCRIBE OUR AMBITIONS WELL. UNDERPINNING THE VALUE PROPOSITION IS OUR STRATEGY, BUILT ON FIVE PILLARS:

PROFITABLE GROWTH

We aim for organic growth and growth through acquisitions and partnerships. Partnerships can help us to extend our reach towards customers and share in specific areas of expertise that complement what we do. This can be in areas of technical expertise or local knowledge and geographical position.

TECHNOLOGY AND INNOVATION

We accelerate decarbonisation in the industry through innovation, investments, and partnerships while also aiming to reduce the carbon footprint of our own operations and that of our value chain. The significance of a well-curated and expanding portfolio cannot be understated either; it is the key to addressing the diverse needs of our customers.

CUSTOMER VALUE

Our direct business with customers and proximity to them is a key differentiating factor. We continue to expand our business geographically, investing in a strong local presence to work directly with and provide a highly personal service to our customers. Thanks to our strategically located service centres, global reach of service technicians, and an efficient supply chain, we support our customers anytime and anywhere.

SAFETY AND SUSTAINABILITY

We continue to deliver on our vision of building the safest places underground and contributing to our customers' sustainability goals. Sustainable operations are critical to customers' success – and we can only be successful if our customers are successful. Our expertise with customer processes gives us a unique position to help our customers reach their sustainability targets and ambitions.

PEOPLE

To deliver leading business performance we aim to have the right people in the right places at the right time. Creating an inspirational work environment where employees feel motivated and content by providing competence development opportunities, creating positive relationships, and providing flexibility is key for us. Our leaders provide direction and support, empowering people to act.

BUSINESSES

We serve mining, tunnelling and civil contractor customers with a complete range of equipment, services and consumables.

We act as an expert partner throughout core customer processes, providing product choice, technical advice, extensive support, audits, risk assessments, optimisation, problem-solving, and training. Having end-to-end knowledge of customer processes is a key differentiator for Normet.

With a wide offering and customers all over the world, Normet's Business Lines are:

» **Equipment**
» **Services**
» **Ground Control and Construction Technologies (GCCT)**.

Business Lines are responsible for performing their strategies and achieving their set operational and financial targets, contributing to the overall company strategy through their business-specific initiatives.

SALES AREAS

Normet's seven Sales Areas are responsible for the management of customer relationships and sales and service operations in their own geographical areas. The Sales Area organisation also ensures cooperation between Group and local activities. The Sales Areas are:

» **APAC**
» **China**
» **EMEA**
» **EURASIA**
» **India**
» **Latin America**
» **North America**.

To some degree sales are carried out by dealers, and dealer management and development is the responsibility of the Sales Areas.

MORE POWER BEHIND ELECTRIC

5 CASE

Through Normet's pioneering technology in electrification, automation, and digitalisation, we are driving the transformation towards cleaner and more sustainable practices in mining and underground operations.

In 2023, Normet made a minority investment in Lekatech, a Finnish start-up company that has developed a groundbreaking fully electric hammer. It uses linear electric technology in hammering applications and is up to 60% more efficient than a conventional hydraulic hammer, providing significant energy savings while doubling impact force.

Normet also became a minority shareholder in Swiss company Motics in 2023. Motics are specialists in electric drive solutions for off-highway applications, with a particular focus on underground mining and the tunnelling industry.

Normet's investment supports the continued growth of Motics and provides Normet with the opportunity to expand electrification in its existing and future products. With Motics' technology expertise, Normet can expand our knowledge and scale up efforts.

OUR CUSTOMER SEGMENTS

UNDERGROUND MINING

70% of sales

NORMET'S mining customers include large and medium-sized mining companies and contractors, and global and local operators with whom Normet has long-lasting relationships. Normet's underground equipment is used in hundreds of mines and tunnel worksites globally. We work closely with our customers to develop equipment and technologies that meet and exceed customers' most challenging requirements. Our extensive offering and process expertise for mining customers includes concrete spraying, concrete transportation, charging, scaling, logistics, lifting and installations, and rock breaker booms.

Ensuring that Normet equipment performs at the highest level requires extensive expertise and a presence close to where our customers operate. We offer a wide range of innovative aftermarket solutions, including spare parts and consumables, field services, equipment connectivity, automation and other digital solutions, remanufacturing of equipment, training solutions, and equipment rental agreements.

TUNNELLING AND CONSTRUCTION

30% of sales

WE SUPPLY the underground mining, tunnelling and civil industries with construction chemicals and ground support equipment and expertise. Our solutions are constantly developed to meet industry needs safely and sustainably. Our tunnelling customers are large companies and consortiums as well as local and global operators. Projects typically have a lifecycle of 2-3 years. Our civil construction customers are small and medium-sized companies to whom we supply, among other things, dynamic rock reinforcement, ground control injection resins, admixtures for concrete, Tunnel Boring Machine lubricants, tunnelling process technical support, and tunnel design advisory services.

ACCELERATING EXPLOSIVES CHARGING AUTOMATION

CASE

Explosives charging is one of the most hazardous work processes in modern underground mining. Easily available ore deposits are depleting – forcing mining companies to go deeper underground where risks of rockfalls and rock burst accidents are increasing. Improving operator safety means removing the operator from the high exposure danger zone, meaning the unsupported area of the tunnel, like Charmec Revo® does.

The remote-controlled robotic arm places the initiating system into the borehole and, in conjunction with the emulsion kit, dispenses emulsion, allowing the operator to remain in a supported tunnel area away from the danger zone. The system is developed for tunnels from 4 x 4 meters up to 6 x 6 meters, which covers most of the underground mining tunnels. The Charmec Revo® system offers agility and precision and can be adapted to use any commercially available wired, semi-wireless or wireless initiating systems.

TECHNOLOGY DEVELOPMENT

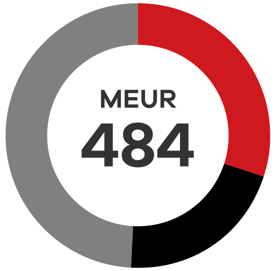
Technology and innovation are in Normet's DNA, and technological development plays an important role in our industry's path towards a more sustainable future. For us, this means staying ahead of the curve through technological advancements which focus on sustainability, electrification, automation, and digitalisation. In turn, these improve our customers' resource efficiency and productivity, reduce carbon emissions, noise pollution and harm to the environment – with uncompromised safety.

Normet wants to be recognised as a technology leader. Our development efforts emphasise sustainability in relation to energy, emissions, circularity, and safety. We are constantly developing intelligent and connected equipment and processes that support this development. Normet SmartDrive® is our spearhead offering – the modular battery-electric equipment architecture is designed to optimise energy consumption and performance in underground mining and tunnelling applications, with zero local emissions.

Normet also researches and has heavily invested in other electrification technology, and automation, such as Lekatech's electric hammer for breaking and scaling, the Xrock® automated boom solution, and Motics' electric drive solutions. Through these technologies and more, we place ourselves fully at the forefront of sustainable underground optimisation and automation. Our full-process offering, constantly being refined and improved, provides our customers with the equipment and services necessary for a cleaner, safer and more productive work environment.

We have two R&D hubs at our Centres of Excellence in Finland and India.

NET SALES BY SALES AREA



- EMEA and Eurasia .... MEUR 147 (30%)
- Latin America and North America.... MEUR 99 (21%)
- Asia Pacific, China, and India........ MEUR 239 (49%)

A NEW ERA FOR ROCK BREAKING

CASE

Following the acquisition of Rambooms and Marakon in 2023, Normet's long-standing technology experience and customer support network is now reinforced with the world-leading products and solutions for rock breaking.

Normet Xrock® is a comprehensive product lineup that includes versatile and efficient hydraulic breakers and pedestal breaker booms, designed to meet the demands of a variety of applications in underground and surface mining, as well as the construction business. Additionally, the intelligence of Xrock® Automation technology optimises operating processes in a responsible way, boosting productivity and improving safety and sustainability. The comprehensive range of products blends advanced technology with sector-specific expertise and delivers exceptional value to a diverse clientele.

SUSTAINABILITY AT NORMET

OUR APPROACH TO SUSTAINABILITY

Sustainability is a key priority in our company strategy. We want to be a business that leads through the ethical standards it sets and the performance it achieves.

For Normet, sustainability means addressing global issues such as resource scarcity and climate change, safeguarding the health and safety of our employees, as well as ensuring good governance in our operations. Our future as a company depends on acting with integrity at all times and in all areas.

MANAGING SUSTAINABILITY

Normet's Board of Directors and Leadership Team (NLT) are committed to advancing sustainability. The Board of Directors regularly reviews updates of the progress of practices related to sustainability, and the President and CEO is responsible for ensuring that sustainability is part of the company's strategy. Business Lines and facilities are responsible for their specific targets, and most material topics have nominated target owners who prepare action plans, oversee their implementation, and report on progress made.

The sustainability function is responsible for providing necessary guidance to NLT, Business Lines and material topic owners, identifying development needs, managing sustainability reporting, and preparing instructions. The function collaborates with occupational health and safety, human resources, legal and compliance, business line supply chain management, R&D, finance and other key functions.

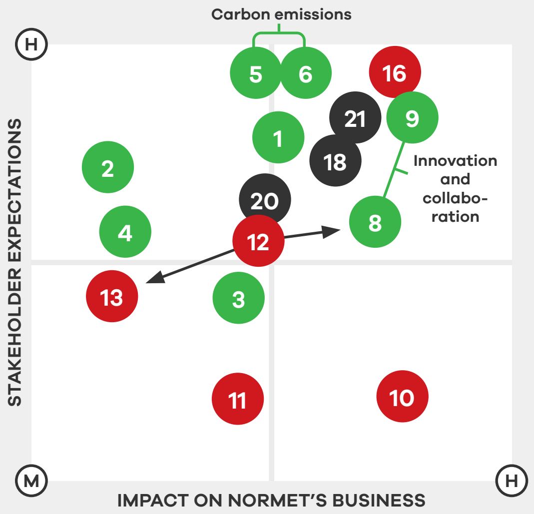
MATERIAL SUSTAINABILITY TOPICS

Normet conducted a materiality assessment in 2021 and identified its most relevant material sustainability topics and three priorities – carbon emissions, innovation and collaboration, employee engagement. The assessment was carried out by reviewing and analysing external and internal stakeholder expectations (including Normet senior leaders and selected customers), industry-wide priorities, and compliance requirements. See **Annual Report 2022** for more information on how the assessment was conducted.

The identified material sustainability topics were divided into groups related to environmental responsibility, social responsibility, and governance, and these are the pillars of Normet's sustainability approach. The approach reflects the importance of minimising risk but creating trust within and between our stakeholders and recognising opportunities in alignment with Normet's value propositions: Securing a safe and sustainable future; Partnering for lifetime value; and Innovating for performance. The identified material topics were validated by NLT and approved by the company's Board of Directors.

The company assumes continuous assessment of its material topics and seeks to conduct a double materiality analysis in 2024 to further assess how its operations impact both people and the planet, but also how sustainability issues affect financial wellbeing.

MATERIALITY MATRIX



1 Energy efficiency
2 Water & wastewater management
3 Air quality
4 Waste & hazardous materials management
5 GHG emissions
6 Carbon neutrality
8 Customer process improvements
9 Product development & lifecycle management
10 Employee engagement
11 Employee diversity
12 Partnership & collaboration
13 Community involvement
16 Occupational health & safety
18 Supply chain sustainability
20 Data governance
21 Business ethics

NORMET'S SUSTAINABILITY APPROACH

Sustainability agenda

ENVIRONMENTAL

- Reducing carbon footprint both of our own operations and the entire value chain. Eventually aiming for carbon neutrality aligned with the Paris Agreement
- Promoting process and product innovation through products, materials, and research, and creating long-term partnerships to drive innovation and a more sustainable future
- Striving to extend the life of used resources, enabling more efficient use of materials, and ensuring proper management and record of waste and hazardous materials
- Improving energy efficiency in operational processes and in product design
- Reducing air emissions and thereby contributing to a healthier planet and a safer work environment
- Managing water and wastewater responsibly, taking scarcity into consideration

SOCIAL

- Aiming for a safe and healthy work environment – "Zero harm"
- Creating an inspirational work environment where employees feel motivated and content by providing competence development opportunities, creating positive relationships, and providing flexibility
- Embracing diversity in company culture and hiring and promotion practices at all levels
- Evaluating community impacts and participating accordingly to support local communities

GOVERNANCE

- Maintaining the highest regulatory and ethical compliance in relation to human rights, anti-corruption, bribery, tax compliance, supplier management and fair competition in line with Code of Conduct
- Managing and enhancing environmental, social and ethical business practices along the supply chain
- Processing and managing customer data with care and respect to prevent data breaches, leaks and losses

OUR SUSTAINABILITY AGENDA PRIORITISES:

CUTTING CARBON EMISSIONS OF BOTH OUR OWN OPERATIONS AND THE ENTIRE VALUE CHAIN TO EVENTUALLY ALIGN WITH THE PARIS AGREEMENT

INCREASING INNOVATION AND COLLABORATION THROUGH MATERIALS AND PRODUCTS AND BY CREATING LONG-TERM PARTNERSHIPS

IMPROVING SAFETY AND BUILDING AN INSPIRATIONAL WORK ENVIRONMENT WITH GREATER EMPLOYEE ENGAGEMENT.

Sustainability is managed through policies, management systems and practices in place for material sustainability topics. Detailed information is included in the Environment, Social and Governance sections on pages 24, 28 and 34.

STAKEHOLDER ENGAGEMENT

Engagement with key stakeholders and responding to their expectations is key to delivering on our sustainability agenda. Engagement should create value for all parties involved, and is focused on exchanging information, building long-lasting relationships, and contributing to society as a whole. We have defined our most important stakeholders as being our customers, suppliers, industry, employees, communities and the wider society, as well as the financial community.

Interaction happens in different platforms and forums, such as in joint industry initiatives, national and international conferences and seminars, and with participating or holding memberships in associations that are key to Normet.

Below is a selection of the key industry organisations and initiatives that we were involved in during 2023:

- SubSpace Energy Hub
- International Tunnelling Association
- Australian Shotcrete Society
- Australian Tunnelling Society
- Concrete Institute of Australia
- Australasian Institute of Mining and Metallurgy
- Australian Centre for Geomechanics
- Sprayed Concrete Association (UK)
- British Tunnelling Society
- Swedish Rock Engineering Association
- Finnish Tunnelling Association
- Supply Chain Sustainability School (UK)
- EFNARC
- Society for Mining, Metallurgy & Exploration (USA)
- Nevada Mining Association
- American Shotcrete Association
- Canadian institute of Mining, Metallurgy and Petroleum
- Tunnelling Association of India
- SIX, Sustainable Industry X

STAKEHOLDER ENGAGEMENT

Stakeholder	Expectations and requirements	Key collaboration	Channels	Assessment
CUSTOMERS	» Meet tightening compliance requirements and support customers in their journey towards carbon neutrality » Set the bar high for safety underground	» Continuous development and introduction of new sustainable and safe solutions for mining and tunnelling. We aim to help our customers meet their sustainable development goals in reducing carbon emissions and minimising noise pollution and harm to the environment. » Our approach to tunnelling to be seen as the industry benchmark bringing end-to-end solutions for a low carbon, high efficiency sprayed concrete process and optimised tunnel designs.	» Regular meetings » Joint projects » Trade fairs » Workshops, events and seminars » Dedicated marketing » Normet.com, social media channels	» Customer satisfaction survey
SUPPLIERS	» Participation in sustainable development and engaging closely to share information and knowledge	» Continuous collaboration	» Engagement with suppliers on supplier performance » Supplier Days » Regular information letters to critical suppliers	» Supplier assessments
INDUSTRY	» Assumes systematic sustainability management	» We are committed to exceeding industry standards » We are committed to extending the life of used resources to enable a more efficient use of materials » We will optimise processes to better: our energy efficiency; use of water and management of wastewater; reduce the amount of cement in production; the carbon footprint of tunnelling and mining projects	» Regular contact with trade and industrial associations » Meetings, seminars, conferences and other events	» Internal review of memberships
EMPLOYEES	» Future employees are looking to work in a company with high sustainability standards	» A safe workplace is the first priority for every Normet employee, and we strive for zero accidents. » We build a culture of responsible safety, because tunnels and mines are places where there is no room for error.	» Internal events, communication channels and daily interaction » People In Focus development discussions » Town hall meetings » Training » Occupational health and safety committees	» Employee Engagement Survey
COMMUNITIES AND THE WIDER SOCIETY	» Meet or exceed tightening compliance requirements » Address climate change and social change	» We aim to drive or participate in community sustainability projects that cover training, innovations, and health and safety areas to ensure a cleaner, healthier and safer community environment	» Local, public initiatives » Thesis support and internships » Events, seminars and lectures » Sponsorships	» Feedback from collaborative partners, and from student and research projects
FINANCIAL COMMUNITY	» Assumes systematic sustainability management and target setting	» Continuous collaboration	» One-on-one and group meetings » Press releases » Annual and interim reports	» Feedback

ENVIRONMENTAL RESPONSIBILITY

ENVIRONMENTAL MANAGEMENT

Normet's operations are guided by Normet's Health, Safety, Environment, and Quality (HSEQ) policy which contains directives to minimise negative environmental impact and optimise the use of natural resources. All our facilities operate within the framework of site-specific environmental permits issued by the local authorities.

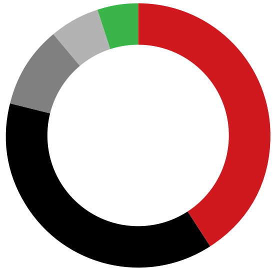
Normet complies with the ISO 14001 environmental management standard. At the end of 2023, nine of our largest facilities representing 26% of sites, were operating with a certified ISO 14001 management system in place. This covers 60% of our equipment manufacturing facilities. Our ten smaller facilities, covering 29% of sites, follow an internal environmental management system based on ISO 14001. This promotes environmental protection and allows the reduction of adverse impacts to be carried out on a wide front.

MINIMISING CARBON EMISSIONS

The total energy consumption includes the electricity, heat and fuels used in our facilities.

In 2023, the total use of energy in Normet's operations was 12,947 GWh (12,042 GWh in 2022) and the share of renewable energy was 40% (54% in 2022). For Normet, energy reduction opportunities are continuously assessed at the country and/or facility level and include analysing, for example, the opportunities to reduce electricity and heat consumption and other energy savings initiatives. Opportunity assessments also include the purchase of green electricity, utilisation of solar power at our sites, and the feasibility of using electric heat pumps for heating purposes instead of natural gas.

ENERGY CONSUMPTION BY SOURCE 2023



Theme	KPI	2023[1] Performance
MINIMISING HARM TO THE ENVIRONMENT	Greenhouse gas (GHG) emissions, Scope 1[2], tCO_2e	**400** (334 in 2022)
	Greenhouse gas (GHG) emissions, Scope 2, market based[2], tCO_2e	**2,100** (1,400 in 2022)
	Greenhouse gas (GHG) emissions, Scope 2, location based[2], tCO_2e	**2,000** (2,100 in 2022)
	Total energy use[2], GWh	**12,947** (12,042 in 2022)
	Share of renewable energy[2], %	**40%** (54% in 2022)
	Water consumption, cubic meters (m^3)[3]	**43,000** (no data in 2022)
	Total waste, tonnes[4]	**1,235** (1,273 in 2022)
	Hazardous waste, tonnes[4]	**330** (444 in 2022)
	Recycling rate, % (including energy recovery)[4]	**75%** (76% in 2022)

1) 2023 data includes 2023 acquisitions Rambooms Oy and Marakon Oy.

2) 2023 data excludes sites: Australia Wangara and Kurri-Kurri; Chile Calama; Switzerland Lüdinghausen; Mexico Zacatecas; Mongolia Ulan Bator; and Zambia Kitwe.

3) 2023 data excludes sites: Australia: Mt Isa, Orange, Perth, Kalgoorlie, Wetherill Park, Wangara, Kurri-Kurri; Chile Calama; Switzerland Lüdinghausen; India Bijai Nagar; Mexico Zacatecas, Mongolia Ulan Bator; USA Elko and Salt Lake City; and Zambia Kitwe.

4) 2023 data excludes sites: Australia: Melbourne, Orange, Kalgoorlie, Wangara, Kurri-Kurri; Canada Lively; Chile Calama; Switzerland Lüdinghausen; India Bijai Nagar; Kazakhstan; Mexico Zacatecas, Mongolia Ulan Bator; USA Elko and Salt Lake City; and Zambia Kitwe.

Normet's direct emissions from fuel combustion in owned or controlled boilers, furnaces and vehicles (Scope 1) were 400 tCO_2e (334 tCO_2e in 2022) and the indirect emissions from purchased energy (Scope 2, market based) were 2,100 tCO_2e (1,400 tCO_2e in 2022) in 2023.

The greenhouse gas (GHG) emissions from Normet's operations arise mainly from the use of purchased electricity. In total, 43% (61% in 2022) of purchased electricity and district heating was from renewable sources.

NORMET'S APPROACH TO CIRCULARITY

CASE

Normet maximises material efficiency through rental, remanufacturing, and maintenance services, extending equipment lifespan for reduced environmental impact. We rent and sell new and refurbished vehicles in all our Sales Areas. Skilled technicians upgrade trade-in vehicles to meet safety and environmental standards, optimising and extending machine lifespan by up to five years.

Remanufacturing provides cost effective products, minimises material loss, and solves problems related to spare part availability. The parts received for reconditioning are usually the largest and most expensive, such as axles, transmissions, compressors, man lifting or spray booms, concrete pumps and hydraulic pumps or cylinders.

GREENHOUSE GAS (GHG) EMISSIONS

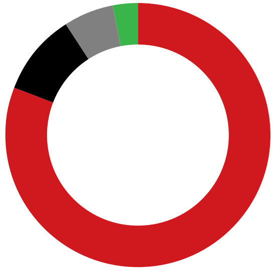
	2023	2022
Scope 1[1], tCO_2e, direct emissions	400	334
Scope 2[2], tCO_2e, indirect emissions, market based	2,100	1,400
Scope 2[3], tCO_2e, indirect emissions, location based	2,000	2,100

[1] For Scope 1 emissions, the emission factors are compliant with the fuel classification published by Statistics Finland (2023).

[2] Scope 2 GHG emissions of market-based-electricity and heat are calculated by using supplier-specific emission factors or country-specific residual mix factors. If supplier-specific or residual mix factors have not been available, the location-based factor is used. This applies to the following sites: Brazil, Canada, Chile, Kazakhstan, Peru, South Africa, Taiwan and USA.

[3] Scope 2 GHG emissions of location-based are calculated by using country-specific emission factors: The National Greenhouse Accounts (NGA) Factors 2023, Australian Government; Association of Issuing Bodies (AIB) 2023; Climate Transparency (2022); The International Renewable Energy Agency (IRENA) 2022; Department of Environment and Climate Change 2023, Canada; Bureau of energy, Ministry of Economic Affairs 2023, Taiwan and United States Environmental Protection Agency (EPA) 2023.

GHG EMISSIONS FROM NORMET'S OPERATIONS



- Electricity: 81%
- Natural gas: 10%
- Fossil fuels: 6% (LFO, HFO, Diesel)
- District heating: 3%

MANAGING WASTE, WATER USE AND WASTEWATER RESPONSIBLY

Normet's operations generate various types of waste. These are divided into two main categories: hazardous and non-hazardous waste. Hazardous wastes include cutting fluids, paints, solvents and oily wastes. Non-hazardous wastes include scrap metal, waste plastics, waste wood, domestic waste and cardboard.

The main sorting categories are waste for reuse, for recycling, for incineration, and for landfills. Waste management at our facilities is organised according to local waste handling requirements. In 2023, the total amount of waste generated in Normet's own operations was 1,235 tonnes (1,273 tonnes in 2022), of which 75 % was recycled or used as energy (76% in 2022).

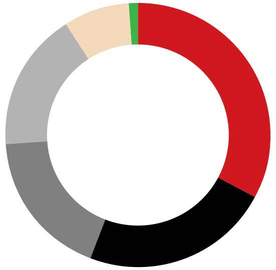
As part of the mitigation of negative environmental impacts, Normet aims to implement stricter approaches to recycling and waste management than mandated by local legislation.

We aim to optimise water use in our operations. As a globally operating company we are aware of water scarcity in some areas, and we focus efforts to maximise water efficiency in facilities located in these areas.

WASTE AND RECYCLING

tonnes	2023	2022
Non-hazardous waste		
Reuse	195	242
Recycling	191	327
Incineration with energy recovery	281	53
Incineration without energy recovery	71	31
Landfill	160	174
Hazardous waste		
Reuse	29	22
Recycling	221	312
Incineration with energy recovery	5	10
Incineration without energy recovery	21	42
Landfill	51	56
Total waste generated	**1,235**	**1,273**
Recycling rate Including energy recovery)	**75%**	**76%**

TOTAL WASTE BY DISPOSAL METHOD



- Recycling: 33%
- Incineration with energy recovery: 23%
- Reuse: 18%
- Landfill: 17%
- Incineration without energy recovery: 8%
- Other: 1%

INNOVATIONS, TECHNOLOGY DEVELOPMENT AND COLLABORATION TO SUPPORT SUSTAINABLE FUTURE

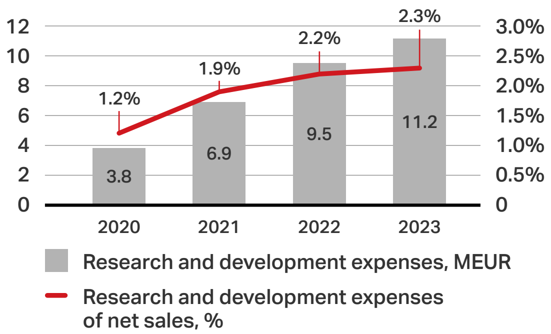
Instead of maximising the volumes of sold and remanufactured equipment, Normet continues to see further potential in business models that focus on minimising material use or utilising alternative low-carbon materials and thus lowering the environmental footprint of mining and tunnelling projects. These types of business models support co-operation and shared problem-solving. Margins are motivated by efficiency instead of maximising material use.

Technology and innovation are in Normet's DNA, and we see many possibilities present themselves via the promotion of product and process innovation through materials, research, and creating long-term partnerships. Technological development plays an important role in our industry's path towards a more sustainable future. For us, this means staying ahead of the curve by realising the opportunities inherent in electrification, automation, and digitalisation. Access to data, analytical tools, automated services, and artificial intelligence leads to process optimisation, which in turn results in the improvement of our customers' resource efficiency and productivity, and the reduction of carbon emissions, noise pollution, and harm to the environment.

Our R&D spending has steadily increased, and efforts are underway to further emphasise sustainability in relation to energy, emissions, circularity, and safety. For example, we are constantly developing intelligent and connected equipment and processes that support this development. Additionally, our investments in battery-electric vehicle technologies have a positive impact on our customers' climate commitments.

Through these technologies and more, we place ourselves at the forefront of sustainable underground optimisation. Our full process offering, constantly being refined and improved, provides our customers with the equipment and services necessary for a cleaner, safer and more productive work environment.

RESEARCH AND DEVELOPMENT EXPENSES



EMISSIONS ACROSS THE VALUE CHAIN

CASE

In 2023, Normet's relevant value chain emissions (Scope 3) were calculated on top of Scope 1 and 2 emissions covering 2022 data. Following a relevance assessment 11 Scope 3 categories (value chain emissions) were included for the calculation:

UPSTREAM VALUE CHAIN EMISSIONS

- CAT. 1 Purchased goods and services
- CAT. 2 Capital goods
- CAT. 3 Energy upstream
- CAT. 4 Upstream transportation and distribution
- CAT. 5 Waste
- CAT. 6 Business travel
- CAT. 7 Employee commuting

DOWNSTREAM VALUE CHAIN EMISSIONS

- CAT. 9 Downstream transportation and distribution
- CAT. 10 Use of sold products
- CAT. 11 End-of-life treatment of sold products
- CAT. 12 Downstream leased assets

Based on the calculations, Scope 3 indirect emissions amounted to 767,798 tCO_2e in 2022. When looking at the entire organisational carbon footprint, the major share >95% of Normet's 2022 emissions came from the Scope 3 categories. A significant part of this originated from purchased goods (mainly the purchase of semi-finished parts) and from the use of sold products (mainly resulting from energy consumption in Normet vehicles).

Our Scope 1-3 carbon footprint acts as a solid foundation for identifying and concretising impactful fact-based emission reduction measures in the future. We adopt a long-term perspective but also commit to actions in the short-term in line with our goal of minimising harm to the environment.

SETTING THE PACE ON SUSTAINABLE TUNNELLING

CASE

Our tunnelling work is creating solutions for our customers to reduce their own carbon emissions. We approach sustainable tunnelling holistically to build smarter and more efficiently, considering everything from tunnel design to operator skills.

When we use Normet technology and materials early in the design, we can save 20-40% of carbon on a project.

Cement production produces about 8% of global CO_2 emissions. Concrete is rich in cement and one tonne of cement used releases about one tonne of CO_2. We formulate 'low carbon' sprayed concrete to reduce the amount of cement used on a project. We can also make the concrete tunnel structure thinner by developing unique spray membrane waterproofing technologies. With our design partners, we've designed a sprayed concrete tunnel project in London, UK, and they've been able to reduce the carbon in the design by 65% compared to previous projects, like London's Crossrail for example.

We are also supporting reduced emissions by using electric tunnelling equipment, such as our Normet SmartDrive® battery-electric vehicles. Replacing diesel powered equipment with SmartDrive® is a relatively easy, low carbon solution for our tunnellers. International tunnelling contractor OHLA Group has adopted a SmartDrive® Spraymec 8100 for the main sprayed concrete operations on the new Gullmarsplan project on the Blue Line of the Stockholm Metro in Sweden. Their commitment is to reduce carbon by 15% from the tender baseline and this kit is supporting that.

Big wins to reduce carbon usage will come from making small incremental changes, and to do this effectively we need suitable means of monitoring and evaluation as we build. To support this, we are fast tracking digitalisation of the sprayed concrete process. During 2023 we started development of our carbon calculator application to show customers where the carbon, cost and time savings are. This is what the industry needs and Normet will be launching the first leading edge application during 2024 that will pave the way for others in the industry.

SOCIAL RESPONSIBILITY

AIMING FOR A SAFE AND HEALTHY WORK ENVIRONMENT

Safety is one of the top priorities across mining, tunnelling and civil construction industries and for our customers and is thus taken strongly into consideration in the company strategy. Tunnels, mines and construction sites are places where there is no room for error. To control possible negative impacts and to ensure safety in work environments, we strive for zero injuries through building a positive safety culture. In developing this culture, the top priorities continue to be strengthening the safety mindset, increasing safety awareness, and adhering to policies and developing effective safety management systems and practices.

MANAGING SAFETY

Normet's occupational health and safety principles are defined in the company's Code of Conduct, its Health, Safety, Environment, and Quality (HSEQ) policy, and Life Saving Rules. Our facilities are required to have management systems in place that conform to the HSEQ policy.

At the end of 2023, nine of our largest facilities representing approximately 42% of Normet employees and 26% of sites were operating with a certified ISO 45001 occupational health and safety management system in place. Our ten smaller facilities, covering 29% of sites, follow an internal health and safety management system based on ISO 45001, and other own management system is in use in 16 facilities, covering 45% of sites.

In addition to management systems, Normet has systematic occupational health and safety practices in place. Business Lines and Sales Areas led by health, safety, and quality directors and local safety managers and experts are responsible for implementing the management system, safety risk assessments and continuous improvement plans in each facility. This is to ensure that all our facilities meet or exceed local laws and practices and customer expectations. The practices cover manufacturing, Normet employees, and contractors and visitors at facilities. Employees deployed at customer facilities are required to follow Normet's management system to meet or exceed health and safety objectives together with complying with the customer's own policies and procedures.

Theme	KPIs	2023 Performance	2025 target
HEALTH & SAFETY Aiming for a safe and healthy work environment with a long-term goal of zero injuries	Lost Time Injury Frequency rate (LTIFR)	Performance 3.5[1] (4.9 in 2022)	<1.5
	Total Recordable Injury Frequency rate (TRIFR)	Performance 8.2[1] (9.6 in 2022)	<3.5
	Total safety observations	38,900[2]	~20,000

1) Calculated per 1,000,000 hours worked. Rolling 12 months. 2023 data includes 2023 acquisitions Rambooms Oy and Marakon Oy.
2) Normet has reached an acceptable level in the observations and has set a target to focus more on improving the quality of submitted observations.

Theme	KPIs	2023 Performance	2025 target
EMPLOYEE ENGAGEMENT Creating an inspirational work environment	Employee Engagement Survey response rate	Performance 82% (82% in 2022)	Target >80%
	Employee Engagement Index	Performance 80% (82% in 2022)	Target >80%
	Leadership Index	Performance 74% (76% in 2022)	Target >75%

We apply a risk-based approach to managing health and safety hazards. Employees are encouraged to report all potential work-related incidents and risks promptly and directly to their supervisor or manager, and through a common safety reporting application. Employees are encouraged to remove themselves from work situations that they believe could cause injury.

Normet assumes root cause analysis procedures for incidents and severe near-miss cases. This root cause process consists of clarifying what happened, deciding upon and implementing preventive and corrective actions, and following up on those actions. Facilities systematically implement safety reviews and audits and share lessons from incidents and near misses. Additionally, bi-annual internal safety webinars and monthly safety development reporting for all employees foster a positive safety culture and targets for minimising incidents and near-miss cases.

Employee participation and consultation ensures the successful implementation of our health and safety management system and practices. At most facilities, Normet has local health and safety committees with representation from leadership, health and safety professionals, and employees, which provide excellent forums for local dialogue. The committees review injuries, near misses and any outstanding corrective actions. The committees also make proposals regarding the organisation of occupational health and safety training, work guidance and induction, and participation in activities that contribute to maintaining employees' ability to work.

Product and customer safety is also of crucial importance. We carry out regular and systematic product safety and quality inspections. We have a clear process where product related safety and quality concerns are reported back to equipment development and manufacturing. Issues are reviewed on a weekly basis based on which corrective and preventive actions have been implemented. Customers report any cases to Normet country representatives, which are added then to a Group-level incident reporting application. At the end of 2023, 31% of sites had ISO 9001 management system in place. Employees visiting our suppliers' premises are tasked to assess safety in working conditions and to report safety observations to their hosts.

SAFETY TRAINING KEY TO DEVELOPING SAFETY CULTURE

Safety-related training plays a key role in developing a positive safety culture at Normet. Training is provided as part of the induction process and on an ongoing basis for all employees. Training courses with business area-specific safety content are available under the umbrella of Normet Academy – our competence development academy.

In 2023, we continued to develop all areas including workstation, fire safety, battery handling, forklift driving, road safety, and chemical handling safety. Normet also frequently organises first aid training. Requirement for mandatory job specific training and licenses are specified in job descriptions and completion of training and licenses is monitored by supervisors and managers.

STANDARDISED, LOCALLY-DRIVEN OCCUPATIONAL HEALTH SERVICES FOR EMPLOYEES

We require all our facilities to conduct occupational health risk assessments covering all activities.

Normet employees working in customer worksites follow Normet's occupational health practices. The occupational health services that Normet provides are contracted locally and facilities have contracts with a nearby health service centre.

Because they are delivered locally, non-occupational health services at Normet may vary. Our facilities tailor voluntary health promotion campaigns and programmes for employees to promote non-work-related health and wellbeing such as access to flu vaccinations and sports, culture, and fitness benefits.

MONITORING SAFETY PERFORMANCE

To measure our progress in health and safety, Normet tracks three priority metrics: Lost Time Injury Frequency Rate, Total Recordable Injury Frequency Rate, and the number of safety observations. The LTIFR for 2023 was 3.5, which

ENSURING FUTURE TALENT AND COMMUNITY INVOLVEMENT

In 2023, Normet became a founding partner of kood/Sisu, a modern and international coding school in Finland. The association's mission is to offer a free education programme that provides students from different backgrounds the skills required to work in developer and other IT roles.

The first batch of 250 future tech talents start in March 2024 when the school launches and the two-year programme is based on an English language peer-to-peer learning model. The coding school model is an accessible route to the IT industry and is highly valued by companies and prospective students alike. Normet's new remote offices in Kuopio are located at KPY Novapolis, the home of the coding school.

was 33% lower than in the previous year. The total recordable injury frequency rate for 2023 was 8.2, which was 15% lower than in the previous year. We believe that all accidents are preventable and that "zero harm" is achievable. This is our long-term goal.

The most common types of work-related injuries result from fingers being caught between objects and/or in machinery, being hit by moving objects or pressure, manual overloading, hitting a body part against a solid structure, and contact with sharp objects.

As part of the risk-based approach to managing health and safety hazards, employees are encouraged to report all potential work-related incidents and risks promptly. We believe that early prevention reduces risks and the possibility of harm. The total number of safety observations means that each employee has on average submitted 21 safety observations in 2023.

ESTABLISHING AN INSPIRATIONAL WORK ENVIRONMENT WITH MOTIVATED AND CONTENT EMPLOYEES

Normet's people strategy is structured under three pillars that form our workforce related ambitions – Scalability, Resilience, and Uniqueness. These ensure that human resources, together with the Business Lines, Sales Areas, and functions, strategically develops workforce effectiveness and company culture in order to execute the company strategy and bring our values – Caring, Committed and Courageous – to life.

SCALABILITY looks at our ways of working. We rely on real data to gain insights into where we are currently and develop the processes that will allow us to grow more efficiently.

RESILIENCE means knowing our skills and planning ahead by putting structures in place that mean we have the right people in the right places at the right time.

UNIQUENESS is about Normet's culture and values, and how we make these visible both internally and externally. As part of our uniqueness, developing our strategic competencies differentiates us in the market and delivers new opportunities in the industry.

LEVELLING UP ON OUR DEVELOPMENT

In 2023, Normet continued its commitment to employee development, initiating programmes to enhance their capabilities and contribute to company growth. 'Normet Leader' is dedicated to fostering distinctiveness within the leadership culture while emphasising its values and targets facility managers and mid-to-senior-level leaders across all functions, with 28 participants so far.

The 'Shaper' programme, Normet's on-the-job rotation programme, sent senior leaders on assignments to different countries or business functions for knowledge transfer and skill development. Normet also added the 'Explorer' programme to the training portfolio in 2023, focusing on the green transition. 16 experts in global customer-facing roles such as sales and product management services took part in this initiative.

Normet assumes the annual People in Focus (PIF) process to guide and document discussions and plans for employee performance and development. In 2023, 70% (1,275 persons) of employees were covered by the PIF process. PIF conversations provide an opportunity for feedback, setting mutually agreed goals, and growth – empowering our employees and helping them to recognise opportunities for further development.

In more detail, company strategy, targets and plans provide the framework for the Learning and Development targets and actions. The Business Lines, Sales Areas, and functions are responsible for defining their key competence areas to meet current business needs and to foresee those needs in the future.

In addition, Normet Job Architecture gives a framework to identify and view the competence, requirements and skills for the most typical jobs at Normet.

Normet utilises a 70-20-10 approach which encourages employees to take ownership of their own development. This approach means that learning takes place mostly on the job (70), such as through problem-solving and challenging projects, observations and self-study, contributing to forums, and sharing best practices. A notable amount of learning also comes from "social learning" (20), that is, drawing on the knowledge of others in the workplace including coaching, mentoring, and networking with experienced colleagues. Formal learning (10), whether classroom training, workshop or e-learning, accounts for a minor part of our approach to learning.

At the end of 2023, there were over 90 courses available in our competence development academy. The Normet Academy offers mandatory training courses, among others, on Code of Conduct, safety, and competition law, and non-mandatory courses on leadership, ICT, product related, sustainability, and on other strategic competence areas. Through these efforts, our target is to build capabilities across teams to advance business, social, and environmental results throughout Normet. Only by investing in the growth and engagement of our employees can we meet evolving challenges and take advantage of new opportunities in a changing, global environment.

In 2023, we launched the sustainability awareness training course with the aim to update employees on our sustainability focus areas and future targets with the ultimate target that every employee will know their role in Normet's sustainability work.

MONITORING EMPLOYEE ENGAGEMENT

We believe that engaged employees enjoy their work, can give their best, and are willing to support their colleagues. Engaged employees are productive, creative, and radiate good spirit.

CORPORATE SOCIAL RESPONSIBILITY ACTIONS IN INDIA

Normet India actively engages in community projects to uplift society and create a positive impact, with a focus on inclusion, health, wellbeing, and infrastructure development in areas where Normet operates.

Initiatives include the Green Village Upliftment Programme which empowers over 500 beneficiaries in rural areas through sustainable entrepreneurship, the Inclusion Programme that is supporting 300+ disabled children in 67 of the most underprivileged communities, and family-based care for 16 orphaned children in two cities. Normet also invests in developing infrastructure for underprivileged children by partnering with schools, constructing classrooms, courts, rehabilitating washrooms, and enhancing outdoor spaces.

When the company strategy is clear, goals and targets are aligned, and the work environment is supportive, positive business results will follow.

Our employee engagement survey is a tool for us to understand our employees' wellbeing and improve our work environment and ways of working. In 2023, we had a good response rate with 82% (1,511 persons; 82% in 2022) answering the survey. The response rate has been high for several consecutive years. This high rate of participation shows that our people want to make a difference, and at Normet we aim to provide an inspiring work experience for our employees.

The survey focuses on two key indexes: Engagement and Leadership, and benchmarks how Normet compares to the sector norm. The results showed that engagement is at the same level as in previous years; we have a positive and stable attitude towards our work, the company and our values, as well as our willingness to apply discretionary effort to contribute to the success of the company. Overall, our engagement score was 80% (82% in 2022), which means we reached our target of 80%. The Leadership Index which reflects the quality of the leadership through the employees' experiences of trust, respect and feedback stood at 74% (76% in 2022). We fell slightly short of our 75% target and will continue our efforts to develop leadership skills further.

In 2023 we added questions touching on harassment and bullying topics to the survey and assume a continuous assessment of the survey also in the future. The next survey will be conducted during autumn 2024.

KEEPING THE CONVERSATION GOING ON DIVERSITY

At the end of 2023, Normet's entire workforce was 2,419 people.

With several different nationalities, operating in three Business Lines, and seven Sales Areas in over 50 locations and 30 countries around the world, Normet values, Code of Conduct and leadership principles guide us in how we operate and help develop a company culture where diversity is understood and valued. We continue to proactively support gender equality, and in 2023 we started to monitor gender representation in our total workforce. In this way we can evaluate our success in reducing the gender gap in, for example, recruiting, hiring, and promotions. Eventually the focus will be on ensuring that we integrate diversity into the company strategy and across all areas of the business. In our employee engagement survey a vast majority of close to 90% of employees see employee diversity positively in the company – providing a solid foundation for continued efforts in promoting diversity.

In 2023 the gender representation for Normet employees was 84% men and 16% women.

PROUDLY SPONSORING FINNISH ATHLETES

CASE

Normet is the official sponsor of sailors **SINEM KURTBAY**, **AKSELI KESKINEN**, and **NOOA LAUKKANEN** as well as sailor and kiter **NOORA RUSKOLA**, as they aim to represent Finland at the Paris Olympic games in 2024. Normet is proud to support and sponsor goal-oriented athletes who also are courageous, caring and committed.

EMPLOYEE DATA

	2023	2022	2021
Total workforce	**2,419**	**2,279**	**2,103**
Normet employees	1,821	1,734	1,623
Workers not Normet employees - Contingent labour[1]	598	545	480
Employees by Business Line			
Equipment	611	569	530
Services	809	775	741
GCCT	221	217	190
Functions	180	173	162
Employees by employment contract type			
Permanent	1,670	1,567	1,474
Temporary	151	167	149
Employees by time type			
Full-time	1,786	1,708	1,602
Part-time	35	26	21
Employee net growth	**87**	**111**	**182**

Employee data is reported as at the end of the reporting period, 31 December 2023, and includes 2023 acquisitions Rambooms Oy and Marakon Oy.

[1] Workers who are not employees and whose work is controlled by the organisation e.g., contractual workers/external workforce.

Number of employees by gender in 2023	
Total	1,821
Male	1,531
Female	290

Number of employees by employment contract type and gender in 2023	**Permanent**	**Temporary**
Total	1,670	151
Male	1,404	127
Female	266	24

Number of employees by time type and gender in 2023	**Full-time**	**Part-time**
Total	1,786	35
Male	1,509	22
Female	277	13

GOVERNANCE (SUSTAINABILITY)

Governance, like other material sustainability topics at Normet, is managed through Group-level policies, systems, and practices. They add to the obligations outlined in applicable laws, which all Normet employees and contingent workers are expected to follow.

In order to have good governance practices, internal controls, and management processes throughout the company, the same governance policies apply to all Normet Group companies.

The key governance and compliance policies are:

- **APPROVAL POLICY**, which aims to ensure Normet's operations are efficient and maintain the fiscal integrity of its Group companies through good governance and careful delegation of authority. The Approval Policy includes governance guidelines such as segregation of duties and authorisation management. It also includes rules and controls for external commitments.
- **SUBSIDIARY GOVERNANCE INSTRUCTION**, which includes harmonised instructions for Normet Group's subsidiary governance. Its purpose is to establish means of adequate oversight, manage risks, and promote transparency and compliance in Normet Group's companies.
- **CODE OF CONDUCT (CoC)**, which outlines the fundamental principles and practical guidelines for all Normet employees. The CoC covers a wide range of issues such as conflicts of interest, corruption, health, safety, human rights, and the environment. The CoC has been approved by the President and CEO of Normet Group.
- **ANTI-CORRUPTION POLICY**, which supplements the CoC in combating and detecting corruption. Normet is fully dedicated to stopping corruption and complies with all anti-corruption treaties and laws in the countries where it operates.
- Other important policies on governance and compliance are Normet's Trade Compliance Policy, Data Privacy Policies, Contract Management Policy, HSEQ Policy, Supplier Code of Conduct (SCoC), and Purchasing Policy.

Theme	KPIs	2023 Performance	2025 target
MAINTAINING REGULATORY AND ETHICAL COMPLIANCE	CoC training completion rate	**94%** for non-production employees and **82%** for other employees (86% in total in 2022)	100% coverage
	Number and breakdown of reported incidents or suspected misconduct	**6** reported incidences (6 in 2022)	Ongoing process

Theme	KPIs	2023 Performance	2025 target
MANAGING AND ENHANCING ENVIRONMENTAL, SOCIAL, AND ETHICAL BUSINESS PRACTICES ALONG THE SUPPLY CHAIN	Coverage of SCoC among direct material suppliers	**91%** of direct material suppliers by spend to Normet Oy, Normet International, Normet Chile and Normet India, and **62%** of large indirect suppliers had met this requirement	>95%
	Coverage of SCoC among significant indirect suppliers		>80%
	New material suppliers screened using social and environmental criteria	Health and safety related criteria were strengthened during 2023 and rolled out to all new significant material suppliers	>95%

ENFORCING GOOD BUSINESS PRACTICES

Supplier expectations and SCoC integration
Normet expects its suppliers to conduct their businesses ethically and responsibly. To promote our ethical standards and adherence to them, we codified our principles of ethical business practices in our SCoC. The SCoC explains our expectations towards suppliers in terms of health, safety, labour and human rights, the environment, anti-corruption, conflicts of interest, and conflict minerals.

All direct material suppliers and the largest indirect suppliers must either sign our SCoC or have their own CoC of the same or higher standards. At the end of 2023, 91% of direct material suppliers by spend to Normet Oy, Normet International, Normet Chile and Normet India, and, 62% of large indirect suppliers to Normet Group Oy and Normet Oy had met this requirement.

The requirement to commit to our SCoC is now also part of our new Purchasing Policy, approved in 2022. The Purchasing Policy defines our requirements for all our direct material suppliers as well as major indirect suppliers. Small indirect suppliers are exempt. It focuses on governance in procurement, supplier approval, purchase orders, and segregation of duties. In 2023, we fully implemented the new Purchasing Policy.

Normet monitors safety, human rights, and environmental risks through supplier audits. During the audits, we evaluate suppliers on how well they identify risks, opportunities, and improvements. Currently, we only conduct selective audits for new and existing suppliers. In the future, we want to conduct more regular audits. In addition, we aim to communicate our sustainability ambitions and requirements to suppliers in a proactive manner, emphasising sustainability in supplier dialogue.

In September 2023, an event was arranged by Normet for subcontractors in Finland. One of the themes of the event was sustainability and sustainability reporting. Other themes included Normet's growth plans and the importance of quality and delivery performance.

Raising awareness with CoC e-learning
To increase our employees' understanding of good business practices and awareness of compliance, we launched an e-learning refresher course on our CoC in 2023. In 2023, the cumulative completion rate was 94% for non-production employees and 82% for all other employees. Our target is a 100% completion rate by 2025. By completing the training, our employees commit to our CoC.

Establishing internal controls for governance
Most recently, a new internal controls development programme was implemented to strengthen our mechanisms for maintaining good governance and compliance throughout the company. The internal controls are a set of rules, processes, and related controls which govern the operations of Normet Group companies. As such, the internal controls hold the companies accountable and require them to demonstrate compliance. The companies will also undergo audits. The implementation of internal controls varies between countries.

To further improve our governance, in 2023, we reviewed the Approval Policy and matrix governing authority, enhanced our internal communication of various related policies, and improved our transparency by consolidating our main supply agreements into a single database.

Whistleblowing and reporting
The whistleblowing channel is intended for our employees, suppliers, customers and other stakeholders to report any suspected criminal offences or misconduct or actions against the Normet CoC. The channel is maintained by Legal and Compliance function.

Six issues were reported in 2023 that were all evaluated, investigated, or otherwise addressed without further investigation in case the issue did not involve policy violations or unlawful behaviour. The company encourages its employees and other stakeholders to report issues through the whistleblowing channel, not

only because they show that our employees and stakeholders are observant but also because they help us right wrongs and enforce adherence to our ethical business principles.

During the year, no material non-compliance with laws and regulations was detected, and no fines or sanctions were imposed on Normet.

Lobbying and influencing
Normet does not participate in political activities or support political parties. We are members of industrial associations, such as the Confederation of Finnish Industries, which carry out lobbying on their own. Furthermore, we do not actively employ individuals from public administration, including regulators.

Adapting to external sanctions
Normet complies with applicable laws and regulations governing Normet Group's global import and export activities and does not deal with customers, suppliers, or other business partners designated as sanctioned persons by the applicable sanctions, rules, and regulations. In 2023, Normet responded to new EU sanctions against Russia by defining and communicating a new Group policy on how to comply with sanctions on specific iron or steel products. The new policy, which goes beyond the statutory requirements, includes supplier declaration templates as well as solutions for storing them.

COMPLIANCE – ZERO DEVIATION

- CODE OF CONDUCT
- ANTI-BRIBERY & CORRUPTION
- COMPETITION LAW
- INTERNAL CONTROLS
- TRADE COMPLIANCE

RISKS AND RISK MANAGEMENT

Normet, like any other company, is exposed to various risks through the normal course of its activities. By maintaining a risk-aware culture and practising risk mitigation, Normet aims to ensure that it can effectively execute its strategy, perform its operations, reach its financial targets, and be prepared for potential external hazards.

Risk is an element of uncertainty on objectives resulting in, if materialised, a deviation from the expected, representing either a threat or an opportunity. The focus of risk management activities is to identify risks that have the potential to restrain the company from reaching its targets, and to determine whether such risks are at an acceptable level. If not, corrective actions are taken to avoid, mitigate, transfer, or monitor the risks. Alternatively, if possible and feasible, risks may be converted into opportunities.

MANAGING RISKS

Normet's Board of Directors has the responsibility for oversight of Normet's risk profile, reviews the most crucial risks, and oversees the annual enterprise risk management process.

The President and CEO, together with the Normet Leadership Team (NLT), is responsible for setting the premise for a risk awareness culture and ensuring that risk management is included across Business Lines and Sales Areas. The NLT reviews the Group's risk profile, i.e. identifies potential risks, determines which are relevant and most critical, and develops their mitigation plans according to a defined process, giving guidance and setting priorities as needed to ensure the sufficiency of risk management measures.

Our Business Lines and Sales Areas are responsible for performing their strategies and achieving their set operational and financial targets. Equally, they and their management teams are responsible for the deployment of risk management actions.

RISK CATEGORIES AND DESCRIPTIONS

Our overarching practice is to categorise risks into strategic, operational, and financial risks. The way we approach risk identification is fact-based. This means that we aim to quantify risks, allowing us to make rational decisions on how they can be managed. Identified risks are evaluated according to their likelihood of realisation, their financial impact, and the level of risk treatment before mitigation plans are implemented.

Market dynamics and competition
There is a risk that competitors are strengthening their offering and geographical presence faster than Normet is able to respond, or that there are significant gaps in support or offering. Additionally, there is a risk that Normet is slow to develop and launch new technologies (e.g. digitalisation, fleet connectivity). We will reduce these risks by, for example, continuously analysing our market and developing portfolio strategies and competitive solutions for specific markets and locations.

Challenges to implementing strategic initiatives
There is a risk that Normet will fail to deploy major strategic initiatives and that the initiative's goals will not be met or results will be significantly lower than expected. To mitigate these risks, new methods for tracking and reviewing progress on critical strategic initiatives are implemented at the Board and NLT levels.

Market volatility
Commodity prices directly impact mining customers' capability to invest in their operations, which will decrease demand for Normet. As part of our business review processes, we aim to identify, monitor, analyse, and incorporate the appropriate commodity price outlook to mitigate this risk.

Supply chain vulnerabilities
Supply chain disruptions can happen easily, severely limiting the availability of major components and spare parts or even making them unavailable. A single source disruption can have far-reaching effects. This is especially true for battery-electric vehicle parts. We will counter this risk by requiring supply contingency plans from critical single source suppliers and by developing alternative sources when technically and financially feasible. We are also developing our practices for monitoring the financial health of our suppliers to identify related risks earlier. Furthermore, we are increasing our manufacturing efficiency and flexibility.

Technological disruptions
There is a risk that new technologies disrupt current business models, and that Normet is unable to react promptly to new requirements. There is a high risk with AI, automation, and analytics if third parties can take over the process knowledge and drive savings on that, significantly impacting Normet's value proposition. To stay ahead, we aim to design truly innovative products to complete our digitalisation offering. To succeed, we must rethink our product development strategy, set realistic timelines, and ensure sufficient resources. We must consider the readiness of new technology when deciding whether to develop or access it.

Compliance and integrity risks
Significant safety, compliance, or corruption breaches pose a threat to Normet's reputation and brand. As a result, Normet's brand "Safest places underground" can be compromised. Besides enforcing our "zero harm" policy for policy violations, we will offer employees courses on good business practices to reduce risks. New employees must complete these courses during onboarding. We will also continue to monitor our sales intermediaries. Internal controls and a Board Audit Committee have also been implemented.

Human capital challenges
There is a risk that we fail to deliver Normet's promise to customers, other stakeholders, and our own employees. As a mitigation measure, we aim to attract, retrain, and develop our workforce. To that end, we have, among other things, leadership development programmes in place and employee engagement surveys to learn how we can improve the wellbeing and safety of our employees.

Political and regulatory influences
There is a risk that nationalisation limits our customers' licence to operate or changes significantly the customers' operating model. Given the wide geographical dispersion of Normet's operations, we are in a good position to tackle regional variation and impacts. To stay current, we closely monitor political and economic trends in all regions, particularly in high-risk countries.

Business continuity and funding
A major business interruption event (e.g. fire at a major facility) presents a risk. Additionally, no timely access to financial resources (e.g. debt, bond, equity) to finance the growth initiatives has been identified as a risk. To avoid devastating business disruptions, we will prioritise fire safety and maintain our manufacturing capabilities. By increasing profits and capital efficiency, we will prevent funding issues from slowing growth and threatening business continuity. This will strengthen our business and attract investors.

In 2023, as part of the enterprise risk management process, NLT identified additional risks, which are:

Cyberattacks and system outages
Cyberattacks can compromise confidential data, enable financial fraud, or otherwise disrupt our operations. Cybercriminals may steal valuable data, cause technical failures, and render old hardware unusable. To improve our cyber security, we are, among other things, redesigning every aspect of our digital infrastructure. Our current Enterprise Resource Planning system, which is critical for our daily operations, may experience unexpected outages which may cause production issues at certain facilities. We have put measures in place to reduce the risk of disruption in the short and long term.

War
A major war in Europe is bound to impact our operations significantly. If Russia's war spreads to Poland or the Baltic states, the Baltic Sea shipping routes may close. This could slow global business. It would also make shipping to and from Finland costly. Thus, we are drawing up contingency plans for possible relocations and strengthening our aftermarket services offering.

Product liability
There is a risk that our products will fail or cause damage to persons or property, resulting in claims of product liability. Business and financing opportunities may be lost. To protect ourselves, we review design, manufacturing, and after-sales for product liability. Quality assurance will document product safety. Additionally, we have plans for managing product recalls and repairs and addressing customer claims.

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

REPORTING SCOPE AND PRACTICES

Normet Annual Report's sustainability sections has been prepared with reference to the Global Reporting Initiative (GRI) Standards version 2021 Universal Standard. GRI topic standards have been reported based on the evaluation of Normet's material environmental, social and governance matters. Comparison and additional information to the Standards can be found in the GRI Content Index 2023 in this section. Additionally references to pages in the Annual Report are indicated in the Index. The sustainability sections haven't been assured.

Reporting mostly follows the same rules as Normet's financial reporting 1 January – 31 December 2023. Any restrictions and omissions to the rules are reported in the sustainability sections and in the GRI Content Index.

All financial data, employee-related and environmental data have been collected from Normet's internal reporting systems. Employee-related data has been collected from the global HR management system. Regarding environmental reporting all Normet Group companies with majority ownership (50% or over) have been taken into account in the calculations. A list of the Normet Group companies can be found in the financial statements for 2023 on page 87. Methods of collecting data both Normet's systems and from suppliers are continuously being improved.

GREENHOUSE GAS EMISSIONS REPORTING

Normet calculates its emissions in accordance with the Greenhouse Gas (GHG) Protocol. GHG calculations are conducted by Normet Group based on the data collected from Normet facilities, and the facilities are responsible for the quality and completeness of the submitted data.

For Scope 1 and 2 emissions, the climate impact consists of carbon emissions, as the share of other GHG emissions is estimated to be very low and therefore irrelevant for reporting purposes. Methods of collecting GHG emissions from Normet's own systems and from suppliers are continuously being improved.

DIRECT SCOPE 1 emissions are calculated from fuels used at Normet's facilities.

DIRECT SCOPE 2 emissions include emissions from purchased electricity and heat used at Normet's facilities.

Environmental data is based on actual usage. For Scope 1 emissions, the emission factors are compliant with the fuel classification published by Statistics Finland (2023). Scope 2 GHG emissions are calculated by using country-specific emission factors (location based): The National Greenhouse Accounts (NGA) Factors 2023, Australian Government; Association of Issuing Bodies (AIB) 2023; Climate Transparency 2022; The International Renewable Energy Agency (IRENA) 2022; Department of Environment and Climate Change 2023, Canada; Bureau of energy, Ministry of Economic Affairs 2023, Taiwan and United States Environmental Protection Agency (EPA) 2023. Scope 2 GHG emissions of market-based-electricity and heat are calculated by using supplier-specific emission factors or country-specific residual mix factors. If supplier-specific or residual mix factors haven't been available, the location-based factor has been used. This applies to the following sites: Brazil, Canada, Chile, Kazakhstan, Peru, South Africa, Taiwan and USA.

GRI INDEX

		Location	Comments
GRI 2: General disclosures (2022)			
Organisational profile			
2-1	Organisational details	• Normet in brief, p. 4; • Notes to the consolidated financial statements, pp. 61–62	
2-2	Entities included in the organisation's sustainability reporting	• Reporting principles, p. 39	
2-3	Reporting period, frequency and contact point	• Reporting principles, p. 39	
2-4	Restatements of information	• GRI index	Restatements have been made concerning previous years' environmental data.
2-5	External assurance	• GRI index	Normet's sustainability reporting has not been externally assured.
Activities and workers			
2-6	Activities, value chain and other business relationships	• Normet in brief, p. 4; • Strategy and business, pp. 16–18	
2-7	Employees	• Social responsibility, p. 33	Reported partly. Regional distribution not reported.
2-8	Workers who are not employees	• Social responsibility, p. 33	Normet reports the total number of contingent labour.
Governance			
2-9	Governance structure and composition	• Corporate governance, pp. 43–48; • Board of Directors' Report, p. 55	
2-11	Chair of the highest governance body	• Board of Directors' Report, p. 55	The Chair of the Board of Directors is not a senior executive of the company.
2-12	Role of the highest governance body in overseeing the management of impacts	• Our approach to sustainability, p. 20	
2-13	Delegation of responsibility for managing impacts	• Our approach to sustainability, p. 20	
2-14	Role of the highest governance body in sustainability reporting	• Our approach to sustainability, p. 20	Normet's Board of Directors approves the entire Annual Report, including the ESG section.
2-16	Communication of critical concerns	• Governance (Sustainability), pp. 35–36	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	• Review by President and CEO, pp. 6–8	
2-23	Policy commitments	• Governance (Sustainability), p. 34; • Webpage: Code of Conduct • Webpage: Supplier Code of Conduct	Reported partly.
2-24	Embedding policy commitments	• Governance (Sustainability), p. 34; • Webpage: Code of Conduct • Webpage: Supplier Code of Conduct	
2-25	Processes to remediate negative impacts	• Our approach to sustainability, pp. 21–23	
2-26	Mechanisms for seeking advice and raising concerns	• Governance (Sustainability), pp. 35–36; • Webpage: Suppliers	
2-27	Compliance with laws and regulations	• GRI index	There have been no incidents of non-compliance with laws and regulations in 2023.
2-28	Membership associations	• Our approach to sustainability, p. 22	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	• Our approach to sustainability, pp. 22–23	
GRI 3: Material Topics (2021)			
3-1	Process to determine material topics	• Our approach to sustainability, p. 20	
3-2	List of material topics	• Our approach to sustainability, p. 20	
3-3	Management of material topics	• Environmental responsibility, p. 24 • Social responsibility, p. 28 • Governance (Sustainability), p. 34	
ECONOMIC STANDARDS			
GRI 201: Economic Performance (2016)			
201-1	Direct economic value generated and distributed	• Board of Directors' Report, pp. 50–52; • Consolidated financial statements, pp. 57–60; • Notes to the consolidated financial statements, p. 61	Reported partly. Economic value retained not reported.

	Location	Comments
GRI 205: Anti-corruption (2016)		
205-1 Operations assessed for risks related to corruption	• Risks and risk management, **p. 38**	Reported partly. Normet conducts annual identification and analysis of strategic, operational, and financial risks as part of its Group-level Enterprise Risk Management (ERM) process.
205-2 Communication and training about anti-corruption policies and procedures	• Governance (Sustainability), **p. 35**	Reported partly. Normet reports the share of employees having completed the Code of Conduct e-learning.
205-3 Confirmed incidents of corruption and actions taken	• GRI index	There have been no reported incidents of corruption in 2023.
ENVIRONMENTAL STANDARDS		
GRI 302: Energy (2016)		
302-1 Energy consumption within the organisation	• Environmental responsibility, **p. 24**	
302-2 Energy consumption outside of the organisation	• Environmental responsibility, **p. 26**	
GRI 303: Water and Effluents (2018)		
303-3 Water withdrawal	• Environmental responsibility, **p. 24**	
303-5 Water consumption	• Environmental responsibility, **p. 24**	
GRI 305: Emissions (2016)		
305-1 Direct (Scope 1) GHG emissions	• Environmental responsibility, **p. 25**	
305-2 Energy indirect (Scope 2) GHG emissions	• Environmental responsibility, **p. 25**	
305-3 Other indirect (Scope 3) GHG emissions	• Environmental responsibility, **p. 26**	Reported partly and includes the baseline for 2022. 2023 data not reported.
GRI 306: Waste (2020)		
306-2 Management of significant waste-related impacts	• Environmental responsibility, **p. 25**	
306-3 Waste generated	• Environmental responsibility, **p. 25**	
306-4 Waste diverted from disposal	• Environmental responsibility, **p. 25**	
306-5 Waste directed to disposal	• Environmental responsibility, **p. 25**	

	Location	Comments
SOCIAL STANDARDS		
GRI 401: Employment (2016)		
401-1 New employee hires and employee turnover	• Social responsibility, **p. 33**	Reported partly. Normet reports the employee net growth.
GRI 403: Occupational Health and Safety (2018)		
403-1 Occupational health and safety management system	• Social responsibility, **pp. 28–30**	
403-2 Hazard identification, risk assessment, and incident investigation	• Social responsibility, **pp. 28–29**	
403-3 Occupational health services	• Social responsibility, **p. 29**	
403-4 Worker participation, consultation, and communication on occupational health and safety	• Social responsibility, **p. 29**	
403-5 Worker training on occupational health and safety	• Social responsibility, **p. 29**	
403-6 Promotion of worker health	• Social responsibility, **p. 29**	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Social responsibility, **pp. 29–30**	
403-8 Workers covered by an occupational health and safety management system	• Social responsibility, **p. 28**	Reported partly. Normet reports the sites with a certified OHS system.
403-9 Work-related injuries	• Social responsibility, **p. 28**	Reported partly. Normet reports LTIF, TRIF and the main types of work-related injuries.
GRI 404: Training and Education (2016)		
404-2 Programmes for upgrading employee skills and transition assistance programmes	• Social responsibility, **p. 31**	Reported partly. Normet reports on the programmes for upgrading employee skills.
404-3 Percentage of employees receiving regular performance and career development reviews	• Social responsibility, **p. 31**	Reported partly.

CORPORATE GOVERNANCE

NORMET'S CORPORATE GOVERNANCE

DESCRIPTION OF NORMET GROUP LTD.'S SUPERVISORY BODIES AND THEIR COMMITTEES

General Meeting of Shareholders
The General Meeting of Shareholders is the highest decision-making body of Normet Group Ltd. ("Company"). The Annual General Meeting must be held annually by the end of June. At the General Meeting, all shareholders have the right to speak, ask questions and vote. Normet's General Meeting is convened by the Company's Board of Directors.

The General Meeting decides, among other things, on the approval of the financial statements, the use of profit shown in the balance sheet, the discharge of the members of the Board of Directors and President and CEO from liability, and the election of the members of the Board of Directors and the auditor. In accordance with the Articles of Association, the invitation to the General Meeting must be sent to shareholders no earlier than four weeks and no later than eight days before the General Meeting.

The 2023 Annual General Meeting was held on 20 April 2023 in Helsinki, Finland.

Board of Directors and its composition
Pursuant to the Articles of Association, the Company's Board of Directors may consist of one to six ordinary members. The Annual General Meeting decides on the members of the Board of Directors and their number. The Board of Directors elects the Chair of the Board from among its members. The period of office of the Board members ends at the next Annual General Meeting.

Duties of the Board of Directors
The Board of Directors is responsible for ensuring that the Company's administration and organisation of its operations are appropriate and that the Company's accounting and financial management are properly supervised. The Board of Directors monitors the Company's financial development through information provided by management. The Board of Directors convenes the General Meetings, and prepares and submits proposals for resolutions to the General Meeting, and makes a profit distribution proposal to the General Meeting in alignment with the owner's expectations, oversees the risk management system and internal controls, reviews and approves the report of the Board of Directors and the financial statements and other financial reports, and decides on the establishment or termination of committees and approves their rules of procedure.

In addition to the duties mentioned in the Companies Act, the Board of Directors discusses and decides on important and far-reaching matters for the Company, such as long-term vision, strategic goals and financial targets, strategic or financially significant investments, significant business expansions or reductions, corporate and business acquisitions and divestments, significant contingent liabilities and other matters significant to Normet's business and the principles within which management can make decisions on investments, acquisitions and divestments. In addition, the Board of Directors approves the Company's strategy and monitors its implementation and approves the annual action and financial plan on the basis of the strategy and monitors their implementation.

Meetings of the Board of Directors
The Board of Directors draws up an annual meeting plan for itself. This annual meeting plan includes:

1. a meeting schedule;
2. the main issues to be discussed at each meeting.

The Board of Directors meets in accordance with the schedule agreed in the annual meeting plan, normally eight times a year, and may additionally hold extraordinary meetings, if necessary. Extraordinary meetings of the Board of Directors are convened by the Chair of the Board of Directors or the President and CEO. A quorum is reached when more than half of the members of the Board of Directors are present. Additionally, the Board of Directors may decide on matters without convening a meeting by means of minutes signed by all members of the Board of Directors.

Members of the Board of Directors
At the Annual General Meeting in 2023, five members were re-elected to the Board of Directors, **Aaro Cantell**, **Tom Melbye**, **Mikko Keto**, **Lars Engström** and **Mikko Puolakka**. The Board of Directors elected **Aaro Cantell** as the Chair from among its members. **Anna Hyvönen**, stepped down from the Board of Directors at Annual General Meeting 2023.

The Board of Directors convened 11 times during 2023. The attendance rate of the members of the Board of Directors was 100%.

Member of the Board of Directors	Attendance
Aaro Cantell (Chair)	11/11
Tom Melbye	11/11
Mikko Keto	11/11
Lars Engström	11/11
Mikko Puolakka	11/11
Anna Hyvönen (until 20 April 2023)	4/4

Composition and duties of committees established by the Board of Directors
In order to increase the efficiency of its work, the Board of Directors decided on 28 June 2022 to form an Audit and Risk Management Committee (ARC). The committee, among other things, monitors and controls the financial reporting process, reviews the financial statements and interim reports, and monitors and evaluates the effectiveness of internal control, internal audit and risk management systems. The Board of Directors annually elects the members and the Chair of the committee from among its members and approves the written charters of the committee. The committee does not have independent decision-making power but reports and makes decision proposals to the Board of Directors.

The Audit and Risk Committee convened five times during 2023. The attendance rate of the members of the committee was 100%.

Member of the Committee	Attendance
Mikko Puolakka (Chair)	5/5
Aaro Cantell	5/5
Lars Engström (until 17 April 2023)	2/2
Mikko Keto (from 23 August 2023)	3/3

President and CEO and Normet Leadership Team duties
The President and CEO manages and develops the Company's business operations and is in charge of its operative management. The President and CEO manages the company's current executive matters in accordance with the Board's instructions and is responsible for ensuring that the company's accounts adhere to the law and that financial management is reliable.

Normet Leadership Team (NLT) assists the President and CEO in developing and managing the business and operations, including the management of property, assets, and financial and human resources at Normet.

In addition to the President and CEO and NLT, Normet's operative business organisation consists of Business Lines, Sales Areas and Functions. The managerial duties and authorities in Normet follow this business structure. The NLT meets monthly to review the Group's financial performance and discuss Group-wide topics. The President and CEO, along with the CFO, Head of Human Resources and General Counsel, and supporting managers, review the performance of the Business Lines and Sales Areas in quarterly operational reviews.

COMPOSITION OF THE BOARD OF DIRECTORS

AARO CANTELL
Chair of the Board of Directors

Nationality: Finnish
Education: M.Sc. (Technical Physics)
Non-independent Member
Main Occupation: Chair, Normet Group

Chair: Technology Industries of Finland, Employers federation
Chair: Technology Industries of Finland Centennial Foundation

Key Experience:
» Owner and Chair of Normet Group since 2005
» Managing Partner Fenno Management Oy, 1997–2005
» Investment Director Sitra, 1993–1997
» Positions at Cantell Oy, Fibox Oy Ab, Fiskars Oyj and Helsinki University of Technology, 1987–1993

TOM MELBYE
Board member

Nationality: Norwegian
Education: Tunnelling Engineer
Independent Member
Main Occupation: Senior Advisor and Board Professional

Board Member: Rental Group AS (Norway), PROMACOR Holding AG (Switzerland), Chair BGI Ltd. (Mongolia)

Key Experience:
» President of Normet Group Oy, COO of Normet Group Oy 2007–2016
» Director/VP Underground Division, BASF, 1990–2007
» Director, Rescon Group Norway, Sweden and Finland 1981–1990
» Head of Sprayed Concrete and Injection Division, T. Furuholmen, Tunnel Contractor Norway (now Skanska Norway) 1977–1981

MIKKO KETO
Board member

Nationality: Finnish
Education: M.Sc. (Econ.)
Independent Member
Main Occupation: Group CEO, FLSmidth

Key Experience:
» President, Mining Industry FLSmidth 2021
» President, Services and Pumps Business Areas, Metso Oyj, 2017–2020
» Senior Vice President, Spare Parts business line, Metso, 2016–2017
» Several Senior Management positions in different Service Businesses, Metso, 2010–2015
» Head of Sales, Maintenance Business Unit, KONE Corporation, 2008–2010
» Various international management and sales positions, Nokia Networks, 1994–2008

LARS ENGSTRÖM
Board member

Nationality: Swedish
Education: M.Sc. (Eng)
Independent Member
Main Occupation: Board Professional

Board member Samhall AB, Board member Alcadon Group (publ.), Board Member Boart Longyear Group Ltd. (publ.)

Key Experience:
» President, Business Area Mining & Rock Technology, Sandvik 2015–2019
» Interim President & CEO BE Group 2014–2015
» President & CEO, Munters Group 2006–2014
» Senior management and finance positions at Atlas Copco 1994–2006 and in Seco tools 1988–1994

MIKKO PUOLAKKA
Board member

Nationality: Finnish
Education: M.Sc. (Econ.)
Independent Member
Main Occupation: CFO, Cargotec Oyj since 2016

Key Experience:
» CFO, Outotec Oyj 2010–2016
» CFO, Elcoteq SE 2007–2010
» Various divisional and factory finance roles in Elcoteq Group in Switzerland, Germany and Hungary 2001–2007
» Various treasury, factory finance and group operations roles in Huhtamaki Group in Finland, Poland and Switzerland 1995–2001

ANNA HYVÖNEN, BOARD MEMBER UNTIL 20 APRIL 2023.

COMPOSITION OF THE LEADERSHIP TEAM

ED SANTAMARIA
President and CEO

Nationality: Australian
Education: MBA
Joined in **2019**
Normet Leadership Team member since **2019**
Board member: Forcit Group

Key Experience:

- President, Parts & Services Division at Sandvik Mining & Rock Technology 2016–2019
- Several Senior Leader positions at Sandvik 2006–2016
- General Manager & other management positions at SDS Corporation 1986–2006

VILLE HAATAINEN
Senior Vice President, Equipment Business Line (interim)

Nationality: Finnish
Education: M.Sc. (Tech)
Joined in **2017**
Normet Leadership Team member since **2023**

Key Experience:

- 15+ years of international business experience in consumer electronics, electrification products, machinery, and mining industries. Prior to Normet, several Manager positions at ABB and Nokia.

RIKU HELANDER
Senior Vice President, Services Business Line

Nationality: Finnish
Education: M.Sc. (Tech)
Joined in **2017**
Normet Leadership Team member since **2018**

Key Experience:

- Regional sales and business development at Cisco Systems 2014–2017
- Business Development at Juniper Network 2012–2014
- Several sales and pricing Leader positions at Nokia 2000–2012 in Finland, USA, Brazil, and the UK.

ALAN PENGELLY
Senior Vice President, Ground Control & Construction Technologies (GCCT) Business Line

Nationality: British
Education: M.Eng. (Civil Eng.), MBA
Joined in **2016**
Normet Leadership Team member since **2020**

Key Experience:

- 20+ years of experience in the management of construction chemicals businesses in mining and tunnelling, close to 10 years of experience as a Civil Engineer in civil tunnelling projects in Asia, Chartered Engineer in UK (MICE) and Hong Kong (MHKIE)

KARI HÄMÄLÄINEN
Executive Vice President, Strategic Business Development, General Manager of Aliva Equipment and CEO Rambooms

Nationality: Finnish
Education: M.Eng.
Joined in **2004**
Normet Leadership Team member since **2010**

Key Experience:

- SVP, Equipment business 2017–2023
- VP, APAC 2014–2016
- VP, Services business 2010–2013
- Production and Operations Manager 2004–2009

VILLE PASANEN
Chief Financial Officer

Nationality: Finnish
Education: M.Sc. (Acc.)
Joined in **2018**
Normet Leadership Team member since **2018**

Key Experience:

- 20+ years of experience in CFO and Business Controlling positions in several industries; telecommunications, chemicals, paper manufacturing, metal recycling, and underground mining.

DANIEL YANG
Vice President, China

Nationality: Chinese
Education: B.Eng., MBA
Joined in **2019**
Normet Leadership Team member since **2019**

Key Experience:
- Deputy General Manager at LGMRT (Sandvik and Lingong joint venture) 2017–2019
- Project and product development Leader positions at Sandvik Mining & Rock Technology 2011–2017
- Sales, marketing and project Leader positions at Terex (Noell Crane) 2001–2010

SUBHASIS MOHANTY
Vice President, India

Nationality: Indian
Education: B.Eng. (Mech.), MBA (Mktg.)
Joined in **2020**
Normet Leadership Team member since **2020**

Key Experience:
- Global Commercial role in Parts & Services and Business Line Manager for Parts & Services and Rock Tools for India at Sandvik 2014–2020
- Business Development and Regional Business Head at Hindustan Colas 2009–2014
- Prior to that several positions at Reliance Industries and Hindustan Petroleum Corporation

MARK SINCLAIR
Vice President, APAC

Nationality: Australian
Education: MBA
Joined in **2023**
Normet Leadership Team member since **2023**

Key Experience:
- Head of Sales & Business Development and Director, Global Key Account Management at Metso 2020–2023
- Director, Long Term Service Agreements & Modernizations and Vice President, Services & Regional Business Management, EMEA at Outotec 2018–2020

JUKKA KURHINEN
Senior Vice President, Eurasia

Nationality: Finnish
Education: B.Eng. (Industrial Management and Eng.)
Joined in **2017**
Normet Leadership Team member since **2018**

Key Experience:
- Head of CIS Market Area at Outotec 2009–2017
- Regional Management and sales positions at YIT Industrial and Network Services 2007–2009

JAAKKO KOPPINEN
Vice President, EMEA

Nationality: Finnish
Education: M.Sc. (Mining and Rock Eng.)
Joined in **2021**
Normet Leadership Team member since **2021**

Key Experience:
- President, Underground Drilling at Sandvik Mining & Rock Technology 2017–2020
- Managing Director at Orica Finland 2016–2017
- Managing Director at Witraktor-CAT 2012–2015
- Business Unit Director at Konecranes 2008–2011

JEAN-GUY COULOMBE
Vice President, North America

Nationality: Canadian
Education: B.Sc. (Mining Eng.), MBA
Joined in **2022**
Normet Leadership Team member since **2022**

Key Experience:
- President, Velco Machining 2021–2022
- CEO, Mansour Mining Technologies 2011–2021
- Vice President, MacLean Engineering 2010–2011

MARCELO ANABALON
Senior Vice President, Latin America

Nationality: Chilean
Education: Mech. Eng.
Joined in **2008**
Normet Leadership Team member since **2018**

Key Experience:
» 20+ years in Underground construction industry, initially focused on concrete spraying equipment and services, followed by construction chemicals and wider UG equipment offering.
» Managing Director at Semmco 1997–2008, since then with Normet in several positions in Latin America.

NIINA PESONEN
Vice President, Human Resources

Nationality: Finnish
Education: M.Sc. (Social and Behavioural Science)
Joined in **2017**
Normet Leadership Team member since **2017**

Key Experience:
» SVP, Human Resources at Comptel 2007–2017
» Several Leader positions in Human Resources at Nokia 1992–2007

KIMMO KARIHTALA
General Counsel

Nationality: Finnish
Education: LL. M., eMBA
Joined in **2017**
Normet Leadership Team member since **2017**

Key Experience:
» Several Leader positions in legal, compliance and procurement at Outokumpu 2007–2017
» Senior Associate, attorney-at-law at Fennica Attorneys 2004–2007
» Legal Counsel at Finnish National Fund for Research and Development 2001–2004

JUHA TUOMINEN
Chief Information Officer

Nationality: Finnish
Education: M.Sc. (Industrial Eng. and Management)
Joined in **2023**
Normet Leadership Team member since **2023**

Key Experience:
» VP, Information Management at McGregor Group (part of Cargotec) 2014–2023
» VP, Information Technology at Metso 2012–2014
» Several Senior Leader positions in information management at Andritz, Konecranes and SAP 1994–2012

FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT

ABOUT NORMET

Normet is a private Finland-headquartered, global, innovative technology company. The company manufactures underground equipment and applications and provides aftermarket services, construction chemicals, and rock support products and expertise for customer processes in underground mining and tunnelling as well as for civil construction industries. Normet net sales in 2023 was EUR 484 million, it employs over 1,800 professionals, and operates globally in over 50 locations and 30 countries. Normet has three Business Lines: Equipment (40% of net sales), Services (43% of net sales) and Ground Control and Construction Technologies (20% of net sales, GCCT).

OPERATING ENVIRONMENT IN 2023 AND MARKET OUTLOOK

Increased interest rates and overall economic uncertaintly led to cautiousness in investment decisions, especially in the first half of 2023. However, the underlying underground equipment market demand remained healthy, driven by technological advancements, and gradually increasing capital expenditure from the mining companies. Normet addressable underground equipment market[1] is expected to grow by 6% annually for the next five years. The mining industry is experiencing deeper mines due to declining ore grades, with a simultaneous emphasis on safety to address high fatality rates. Automation is driving faster processes and improving efficiency, while the demand for electrification is growing as part of the global green transition, driven by sustainability goals and the need for minerals in renewable energy, electric vehicles, and green infrastructure.

STRATEGY OVERVIEW AND FINANCIAL TARGETS

In 2023, Normet continued to execute its 2022-2025 strategy revolving around five key pillars: safety and sustainability, delivering customer value, profitable growth, technology, and innovation, and nurturing a workforce of the best people for leading business performance.

Safety and sustainability are the priority for Normet, aligning with its vision to build the safest underground spaces. Leveraging expertise in customer processes, Normet helps clients to achieve their sustainability targets. Emphasising direct engagement and a strong local presence, the company aims to deliver personalised services globally through strategically located service centres. Seeking profitable growth Normet focuses on organic expansion, acquisitions, and partnerships to extend its reach and complement expertise. Dedicated to technology and innovation, the company accelerates industry decarbonisation, reducing its own carbon footprint. The commitment to a well-curated portfolio addresses diverse customer needs. With a focus on people, Normet aims to create an inspirational work environment, fostering motivation, competence development, positive relationships, and flexibility for employees. Leadership provides direction and support, empowering individuals for leading business performance.

Normet financial targets in 2022–2025 are an annual net sales growth of 15%, and to increase EBITA permanently to 15-20%.

FINANCIAL PERFORMANCE

Normet succeeded navigating well in a year that was marked by great economic uncertainty and low visibility. The industry fundamentals of Normet's future growth continued to remain strong, driven by electrification and automation, as well as a continuous strive for improved operational excellence.

KEY RATIOS

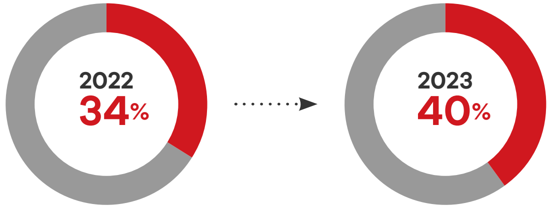
Normet Group IFRS	2023	2022	2021	2020
Order intake, Equipment, MEUR	170	192	178	102
Net sales, MEUR	484	439	359	306
EBITDA, MEUR	73	71	61	43
EBITDA %	15	16	17	14
EBITA, MEUR	56	58	50	33
EBITA %	12	13	14	11
Operating profit, MEUR	49	51	36	28
Operating profit %	10	12	10	9
Total assets, MEUR	493	404	335	286
Interest bearing liabilities, net, MEUR	136	66	42	56
Number of personnel (FY average)	1,807	1,699	1,577	1,475
Return on equity %	19	26	22	13
Gearing %	83	43	33	45
Equity to asset ratio %	35	40	40	44

In 2023, Normet net sales increased by 10.3% to EUR 484 million (EUR 439 million) supported by acquisitions. Operating profit declined to EUR 49 million (EUR 51 million) with a margin of 10.1% (11.6%).

[1] Source: Aranca Global Market Study on Underground Equipment Market March 2023, Company Information

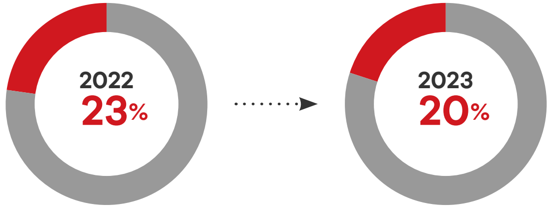
Performance of Business Lines
The Business Lines include Equipment, Services and Ground Control and Construction Technologies (GCCT).

EQUIPMENT, SHARE OF NORMET NET SALES



SERVICES, SHARE OF NORMET NET SALES

GCCT, SHARE OF NORMET NET SALES



NET SALES, BUSINESS LINE

MEUR	2023	2022
Equipment	195	148
Services	210	195
GCCT	94	99
Elimination	-15	-3
Total	**484**	**439**

The net sales of the Equipment business increased by 32% to EUR 195 million (EUR 148 million) in 2023. Normet order intake decreased by 12% due to slower customer decision making. In order to secure its delivery commitments and to mitigate disruptions in its supply chain, Normet invested in its inventory.

Services net sales increased by 8% to EUR 210 million (EUR 195 million), driven by solid growth in remote monitoring and connected machine solutions as well as increase in rental machine demand. Spare parts sales remained at previous year's level and amounted to EUR 113 million (EUR 112 million).

GCCT's net sales decreased by 5% to EUR 94 million (EUR 99 million). Our rock reinforcement product segment was impacted by headwinds in the mining industry through some mine closures and a more cautious approach to investments by our mining customers. The construction chemicals segment however grew specifically in resins, tunnel boring machine and tunnel waterproofing products demonstrating Normet's strength in providing solutions to the underground construction industry.

ACQUISITIONS

During the first quarter of 2023, Normet acquired the Finland-based boom systems manufacturer Rambooms and the hydraulic attachments supplier Marakon. These two companies will bolster its position in scaling, breaking, automation and electrification. In addition, Normet acquired Remion, a specialist in industrial internet solutions and advisory services based in Finland. Remion's capabilities in analytics and software development provide a foundation for Normet to utilise related skillsets in developing the Normet digital services offering.

RESEARCH AND DEVELOPMENT

In 2023, Normet opened its Centre of Excellence in Jaipur, Rajasthan in India. A global technology and production hub will be home to a global equipment production facility, global service rebuild centre, global R&D centre, remote monitoring centre, and a technology training centre for operations and maintenance. The Centre of Excellence is the largest greenfield project of its kind for Normet.

Normet invested in electrification technology and became a minority shareholder of Finland-based start-up Lekatech in January 2023. The investment supports continued growth of Lekatech and commercialisation of their groundbreaking fully electric hammers. Lekatech's ambition supports Normet's continued progress in mining electrification. The fully electric hammer combined with Normet SmartDrive® battery-electric architecture will shape the future of underground scaling and breaking.

In August 2023, Normet became a minority shareholder in Swiss company Motics, a specialist in electric drive solutions for off-highway applications, with a particular focus on underground mining and the tunnelling industry. With Motics' technology expertise, Normet gains knowledge and scales up its end-to-end electrification solutions.

RESEARCH AND DEVELOPMENT EXPENSES

MEUR	2023	2022
Research and development	11.2	9.5

INVESTMENTS

In 2023, the Group's investments totalled EUR 29.4 million (EUR 15.1 million). The most significant individual investments were made towards ERP projects, and to the Group's leased equipment inventory.

FINANCING

Hybrid bond
In September 2020, Normet Group Oy issued a bond treated as equity (hybrid bond) in the amount of EUR 35 million. The annual interest in accordance with the agreement is 7.5%. In May 2023, Normet issued EUR 30 million capital securities. The new hybrid bond bear interest at a fixed interest rate of 9.25% until the reset date of 19 June 2025 and thereafter, at a floating interest rate as described in the terms and conditions of the new hybrid bond. The new hybrid bond do 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 net proceeds of the issuance were used for financing the tender offer of the Company's outstanding EUR 35 million 7.5% capital securities issued in September 2020, to proactively manage upcoming maturities and strengthen the Company's balance sheet.

In May 2023, Normet Group Ltd. repurchased, by a public tender offer, EUR 27.8 million of the 2020 hybrid bond. Redemption price equal to the nominal amount of the note together with any accrued interest to but excluding the redemption date.

In July 2023, Normet Group Ltd. redeemed the outstanding share of EUR 7.2 million of the EUR 35 million hybrid bond.

Facilities agreement
In December 2021, the Group signed a new four-year EUR 130 million facility agreement. In December 2022, a new credit facility of a maximum of EUR 50 million was added to the facility agreement. The loan has a variable interest rate. The facility agreement includes EUR 40 million revolving credit facility. The final maturity date for the facility agreement is January 2026.

On 31 December 2023, the agreed term loans and credit commitments of EUR 150 million in total are fully raised for use and Group has approximately EUR 30 million of undrawn revolving credit facility at its disposal.

LIQUIDITY AND EQUITY RATIO

Management has prepared scenarios based on the anticipated development of various external factors and will deploy the necessary mitigation actions promptly to maintain profitability in line with strategic targets. Based on the scenarios, the conclusion is that in the foreseeable operating environment the Group will remain capable of operating and that the covenants of the financial instruments will not be breached.

The Group's debt financing facility, in total EUR 180 million, include financial covenants which are tied to the Group's leverage ratio and equity ratio. These covenants do not directly restrict the use of capital but may affect the Group's financing in the future or, accordingly, require negotiations on some aspects with the financing entity.

The cash assets recorded in the balance sheet of Normet's Russian subsidiary are not available to the parent company and other subsidiaries. The cash assets amount to RUB 540.9 million (EUR 5.5 million) on 31 December 2023, and they are in the cash and cash equivalents in the consolidated balance sheet. The funds of the Russian subsidiary can currently be repatriated to the parent company through the dividend payments or capital returns within the framework of the legislation in force in Russia. The assets of the Russian subsidiary are freely available for use by the local Russian subsidiary, subject to the aforementioned restrictions.

The Group's cash flow is being constantly monitored, and the required corrective action is taken without delay to ensure the company's liquidity.

The Group operates globally, and its business operations are associated with risks arising from exchange rate fluctuations, which are generated by cash flows from sales and financing activities. The Group uses the operational technique for hedging certain trade receivables denominated in foreign currency but does not apply hedge accounting in accordance with IFRS. Foreign exchange risk related to the intra-Group loan receivables is reduced by the fact that the receivables are allocated between several geographical areas.

NON-FINANCIAL PERFORMANCE

Sustainability governance and management
The Board of Directors regularly reviews updates of the progress of practices related to sustainability, and the President and CEO is responsible for ensuring that sustainability is part of the company's strategy. Business Lines and facilities are responsible for their specific targets, and most material topics have nominated target owners who prepare action plans, oversee their implementation, and report on progress made.

The sustainability function is responsible for providing necessary guidance to NLT, Business Lines and material topic owners, identifying development needs, managing sustainability reporting, and preparing instructions. The function collaborates with occupational health and safety, human resources, legal and compliance, business line supply chain management, R&D, finance, and other key functions.

Material topics
Normet has identified its most material sustainability topics by reviewing and analysing its external and internal stakeholder

expectations and industry-wide priorities. The work has included setting baselines, goals, and KPI's. The company assumes continuous assessment of its material topics and seeks to conduct a double materiality analysis in 2024 to further assess how its business impacts both people and the planet, but also how sustainability issues can affect financial wellbeing.

The 14 material topics are carbon emissions, innovation and collaboration, circularity, energy efficiency, air quality, water and wastewater management, occupational health and safety, employee satisfaction, diversity, supply chain sustainability, community involvement, business ethics, and data security. For Normet, education and training also play an intrinsic role. This is why sustainable training was included in the key topics of the sustainability work.

These form three priorities:

» Cutting carbon emissions of both our own operations and the entire value chain to eventually align with the Paris agreement

» Increasing innovation and collaboration through materials and products and by creating long-term partnerships

» Improving safety and building an inspirational work environment with greater employee engagement.

ENVIRONMENTAL MATTERS

Environmental management
Normet is committed to minimising its environmental impact and optimising natural resource use. Guided by the Health, Safety, Environment and Quality (HSEQ) policy, Normet's operations align with ISO 14001 standards, with 60% of equipment manufacturing facilities certified. This strategic approach ensures broad coverage, promoting environmental protection on multiple fronts.

Minimising carbon emissions
Normet actively addresses its carbon footprint by assessing energy use and exploring reduction opportunities. In 2023, Normet's operations consumed 12,947 (12,042 in 2022) GWh of energy, with 40% (54% in 2022) sourced from renewable energy. Direct Scope 1 carbon emissions were 400 tCO_2e (334 in 2022) and indirect Scope 2 emissions were 2,100 tCO_2e (market-based; 1,400 in tCO_2e 2022) and 2,000 tCO_2e (location-based; 2,100 tCO_2e in 2022), with over 95% of Normet's emissions originating from value chain emissions. A comprehensive roadmap is underway to define efficient emission reduction measures, aligning with the company's eventual commitment to SBTi and the Paris Agreement.

Managing waste, water use, and wastewater responsibly
Normet categorises waste into hazardous and non-hazardous types, implementing strict recycling measures. In 2023, Normet operations generated 1,235 tonnes (1,273 tonnes in 2022) of waste, of which 75% was recycled or used as energy (76% in 2022). Normet is dedicated to optimising water use, especially in areas facing water scarcity. As part of the mitigation strategy, Normet aim to implement stringent recycling approaches and focus on water efficiency.

Technology and innovation
Normet recognises the pivotal role of technological development in achieving sustainability. By prioritising electrification, automation, and digitalisation, the company enhances resource efficiency, productivity, and reduces environmental harm. Increased research and development spending emphasise sustainability in energy, emissions, circularity, and safety. Normet's intelligent and connected equipment, coupled with investments in battery-electric vehicle technologies, positions the company at the forefront of sustainable underground optimisation, providing customers with cleaner, safer, and more productive solutions.

PERSONNEL AND SOCIAL MATTERS

Commitment to safety excellence
Safety is a top priority for the industry and Normet, acknowledging its significance for both the company and its customers. The unique challenges presented by tunnels, mines, and open pits demand a meticulous approach to minimise negative impacts. Normet aims for zero injuries by fostering a positive safety culture, emphasising a safety mindset, increasing awareness, and implementing effective safety management systems. Certified ISO 45001 systems cover approximately 45% of the workforce, ensuring adherence to local laws and customer expectations. Normet employs a risk-based approach, encouraging reporting, root cause analysis, and continuous improvement, supported by safety training and regular internal safety reviews.

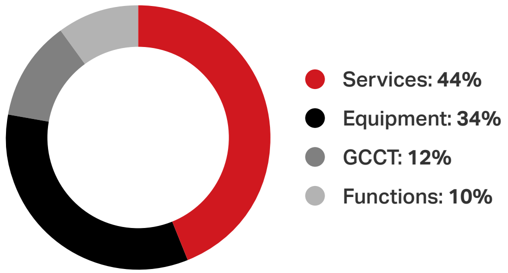
Theme	KPIs	2023 Performance	2025 target
HEALTH & SAFETY Aiming for a safe and healthy work environment with a long-term goal of zero injuries	Lost Time Injury Frequency rate (LTIFR)	Performance 3.5[1] (4.9 in 2022)	<1.5
	Total Recordable Injury Frequency rate (TRIFR)	Performance 8.2[1] (9.6 in 2022)	<3.5
	Total safety observations	38,000[2]	~20,000

[1] Calculated per 1,000,000 hours worked. Rolling 12 months. 2023 data includes 2023 acquisitions Rambooms Oy and Marakon Oy.
[2] Normet has reached an acceptable level in the observations and has set a target to focus more on improving the quality of submitted observations.

Workforce development and engagement
Normet's people strategy is structured under three pillars that form our workforce related ambitions – Scalability, Resilience, and Uniqueness. The annual People in Focus process empowers employees through feedback, goal setting, and growth discussions, covering 70% of the workforce in 2023. Normet's approach to learning, the 70-20-10 model, emphasises on-the-job learning (70%), social learning (20%), and formal learning (10%). Normet Academy offers over 90 courses, contributing to capability development across teams. Sustainability awareness training was introduced in 2023, reinforcing employees' understanding of Normet's sustainability focus and targets. Various development programmes, such as 'Normet Leader', 'Shaper', and 'Explorer', demonstrate Normet's commitment to fostering leadership excellence, knowledge transfer, and supporting the green transition. Normet monitors employee engagement through an annual survey, achieving an 80% engagement score in 2023. The Leadership Index, though slightly below target at 74%, reflects continuous efforts to enhance leadership skills. Normet remains committed to diversity, with a focus on gender representation and proactive measures to integrate diversity into the company strategy. The 2023 gender representation was 84% men and 16% women, reflecting Normet's ongoing commitment to diversity.

Personnel
On average, the number of personnel totalled 1,807 (1,699) in 2023.

EMPLOYEES BY BUSINESS LINE



Theme	KPIs	2023 Performance	2025 target
EMPLOYEE ENGAGEMENT Establishing an inspirational work environment	Employee Engagement Survey response rate	Performance 82% (82% in 2022)	Target >80%
	Employee Engagement Index	Performance 80% (82% in 2022)	Target >80%
	Leadership Index	Performance 74% (76% in 2022)	Target >75%

RISK REVIEW

RISK MANAGEMENT
Normet recognises the inherent risks in its operations and maintains a robust risk-aware culture to safeguard its strategy, financial targets, and operational performance. The company employs a systematic risk management approach, categorising risks into strategic, operational, and financial domains. The Board of Directors oversees the risk profile, while the Normet Leadership Team ensures a pervasive risk awareness culture. Risk mitigation plans are enacted to avoid, mitigate, transfer, or monitor risks, fostering a proactive response to potential threats or opportunities. Risks are discussed in detail on pages 37–38 in the Normet Annual Report 2023.

KEY RISKS AND RISK REVIEW 2023

Market dynamics and competition: Normet addresses the risk of competitors outpacing its offerings by continuously analysing the market, developing strategic portfolio strategies, and adapting pricing strategies across different locations.

Challenges to implement strategic initiatives: To mitigate the risk of strategic initiative failures, Normet introduces new methods for tracking progress at both the Board and Normet Leadership Team levels, ensuring effective deployment and achievement of set targets.

Market volatility: Normet actively monitors commodity prices and incorporates appropriate commodity price outlooks into its business review processes, allowing the company to identify, analyse, and mitigate potential impacts on customer investments.

Supply chain vulnerabilities: Normet counters supply chain disruptions by improving strategic sourcing, enhancing supplier selection, and increasing manufacturing efficiency and flexibility, especially for critical components like battery-electric vehicle parts.

Technological disruptions: To stay ahead of technological disruptions, Normet focuses on designing innovative products, re-evaluating product development strategies, setting realistic timelines, and ensuring sufficient resources to adapt promptly to evolving technological landscapes.

Compliance and integrity risks: Normet addresses compliance and integrity risks through the enforcement of its "zero harm" policy, employee courses on good business practices, onboarding training, continuous monitoring of sales intermediaries, and the implementation of internal controls and a Board Audit Committee.

Human capital challenges: Normet mitigates human capital challenges by attracting, retraining, and developing its workforce, incorporating leadership development programmes, and conducting regular employee engagement surveys to enhance employee well-being and safety.

Political and regulatory influences: Normet closely monitors political and economic trends in all regions, particularly high-risk countries, to address potential risks arising from nationalisation or significant changes to customers' operating models.

Business continuity and funding: Normet prioritises fire safety and maintains manufacturing capabilities to prevent major business interruption events. To ensure funding availability, the company focuses on increasing profits, enhancing capital efficiency, and attracting investors.

RISK REVIEW IN 2023

In 2023, the Normet Leadership Team identified additional risks, reinforcing the company's commitment to a comprehensive risk management process. These include:

Cyberattacks and system outage: Normet addresses the rising threat of cyberattacks by redesigning its digital infrastructure and implementing measures to reduce the risk of system outages, safeguarding confidential data and operational continuity.

War: Acknowledging the potential impact of a major war in Europe, Normet proactively develops contingency plans for possible relocations and strengthens its aftermarket services offering to navigate potential disruptions in shipping routes.

Product liability: Normet systematically manages the risk of product liability by reviewing design, manufacturing, and after-sales processes, ensuring product safety through quality assurance, and developing comprehensive plans for product recalls, repairs, and addressing customer claims.

GROUP STRUCTURE

Normet Group Oy is the parent company who owns 95.5% of Normet Oy's shares. The remaining share capital is owned by the Normet Group Board of Directors and executive management representatives.

On 31 January 2023, Normet acquired 100% of the voting shares of Rambooms Oy, a manufacturer and supplier of rock breaker boom systems, and Marakon Oy, a supplier of hydraulic hammers and excavator attachments for the construction, crusher, and mining industries. The Rambooms and Marakon businesses have their manufacturing facilities in Lahti, Finland. The group has a wide customer base, and its products are found in most mining and construction markets. Combined, Rambooms and Marakon have 35 employees and had net sales of EUR 26 million in 2022. Rambooms and Marakon are known for their high performing quality products. With the acquisition Normet strengthens its position in scaling and breaking as well as supports advancing towards higher levels of automation and electrification for the mining and construction industries.

On 30 Septemer 2023, Marakon Oy and Rambooms Oy merged into Normet MRB Oy.

On 17 February 2023, Normet acquired 100% of the voting shares of Remion Ltd., a specialist in innovative business- and process-enhancing industrial internet solutions and advisory services situated in Finland. Remion employs a team of 28 professionals. Remion is a critical enabler for Normet's digitalisation strategy. Remion's capabilities in analytics and software development provide a foundation for Normet to utilise related skillsets in developing the Normet offering. Remion, founded in 2001, offers innovative IOT solutions and services for various industries, machine and equipment manufacturers, service companies and development organisations that are fundamental to efficient, forward-thinking operations.

Remion is based in Tampere, Finland. The acquisition was closed in February 2023. After the acquisition, Remion continues to operate as an independent company as part of the Normet Group.

Consolidated financial statements include the results of Marakon and Rambooms for the eleven-month period from the acquisition date. Consolidated financial statements include the results of Remion for the ten-month period from the acquisition date.

SHARE CAPITAL AND SHARES

The company's share capital is divided into 656,100 shares. Normet Group Oy does not own any own shares on 31 December 2023. The company has only one class of shares.

BOARD OF DIRECTORS

During financial year 2023, the members of the Board of Directors of Normet Group Oy were **Aaro Cantell**, **Anna Hyvönen** (until 20 April 2023), **Lars Engström**, **Mikko Puolakka**, **Mikko Keto**, and **Tom Melbye**. Aaro Cantell served as the Chair of the Board of Directors.

AUDIT AND RISK MANAGEMENT COMMITTEE (ARC)

The ARC monitors, among other things, the financial statement reporting and interim report process, oversees the financial reporting process, and evaluates the effectiveness of internal control, internal audit, and risk management systems. The committee does not have independent decision-making power but reports and makes decision proposals to the company's Board of Directors. Members of the committee are **Mikko Puolakka** (chair), **Aaro Cantell**, and **Mikko Keto**.

Edoardo Santamaria serves as the company's President and CEO.

Ernst & Young Oy was the Group's auditor with **Antti Suominen**, Authorised Public Accountant, as the principal auditor.

At the Annual General Meeting on 20 April 2023, decisions falling under the Annual General Meeting's authority were made. The Annual General Meeting decided to pay a dividend and return of capital of EUR 6.10 (7.32) per share in total for the year 2022. The total amount paid was EUR 4,002,210 (4,800,000).

RELATED PARTY TRANSACTIONS

The Group offers the executive management a facility to borrow related to the share subscription of Normet Oy. The facility is repayable within five years from the date of disbursement and the interest rate is market-determined. At the end of 2023, Normet Group had loan receivables from the executive management amounting to EUR 0.7 million (EUR 0.8 million on 31 December 2022).

SIGNIFICANT EVENTS AFTER THE REVIEW PERIOD

Due to declining order intake outlook, Normet is planning to strengthen its long-term productivity and cost efficiency. The planned measures are targeted to result in total annual savings of approximately EUR 10 million by 2025. Changes will affect Normet's organisation globally and any local negotiations with employee representatives will be held in accordance with the local legislation of each country.

OUTLOOK 2024

The industry fundamentals for Normet's future growth remain solid and are driven to a large extent by continued high demand for the minerals required in electrification, the drive for more renewable energy sources, and ongoing urbanisation trends.

The demand for products and technologies especially for new Normet SmartDrive® platforms as well as in services and consumables are expected to remain on a good level.

BOARD OF DIRECTORS' PROPOSAL ON THE USE OF PROFIT

The parent company's distributable funds total EUR 9,236,159.17 which includes EUR 5,245,454.45 in net profit for the year. The Board of Directors proposes to the Annual General Meeting that of the distributable profit, a dividend of EUR 6.10 for each share to be paid, totalling EUR 4.0 million. The remaining distributable equity, EUR 5,233,949.17 million will be retained and carried forward.

No significant changes have occurred in Normet's financial position after the end of the financial year. Liquidity is at a healthy level and the proposed distribution of dividend poses no risk on the company's financial standing.

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	1.1.–31.12.2023	1.1.–31.12.2022
NET SALES	1.1	484,323	439,236
Materials, supplies and subcontracting	1.2	-239,652	-217,178
Personnel cost	2.1	-108,833	-98,282
Depreciation and impairments	5.4	-23,851	-19,783
Other operating expenses and income, net	1.3	-63,279	-52,934
OPERATING PROFIT		**48,706**	**51,059**
Financing income	1.4	6,531	14,699
Financing expenses	1.4	-14,935	-17,086
Share of profit/loss accounted for using the equity method	6.2	-25	-557
PROFIT/LOSS BEFORE TAX		**40,276**	**48,114**
Tax on income from operations	3.1	-10,574	-11,424
Profit/loss from continuing operations		**29,702**	**36,690**
PROFIT/LOSS FOR THE PERIOD		**29,702**	**36,690**

EUR thousand	Note	1.1.–31.12.2023	1.1.–31.12.2022
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan	2.4	-67	203
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	7.7	-3,921	-385
Other comprehensive income for the period, net of tax		**-3,989**	**-182**
TOTAL COMPREHENSIVE INCOME		**25,713**	**36,509**
Profit attributable to:			
Owners of the parent company		28,873	35,696
Non-controlling interests in net income		829	994
		29,702	**36,690**
Total comprehensive income attributable to:			
Owners of the parent company		24,966	35,518
Non-controlling interests		748	990
		25,713	**36,509**

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	31.12.2023	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	5.2	29,241	17,528
Goodwill	5.1	35,656	12,409
Property, plant, equipment	5.3	49,217	38,133
Right-of-use assets	5.5	19,861	14,548
Investments accounted for using the equity method	6.2	5,350	3,959
Other non-current financial assets	7.2	365	723
Non-current trade and other receivables	4.4	3,650	3,651
Deferred tax asset	3.4	16,638	15,524
NON-CURRENT ASSETS		**159,978**	**106,475**
CURRENT ASSETS			
Inventories	4.3	173,885	154,873
Trade receivables and other receivables	4.4	117,417	103,487
Tax Receivable, income tax	4.4	4,353	2,730
Cash and cash equivalents	7.4	37,085	36,896
CURRENT ASSETS		**332,739**	**297,985**
ASSETS		**492,718**	**404,460**

EUR thousand	Note	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Owners of the parent company			
Share capital		3,423	3,423
Share premium		3,350	3,350
Unrestricted equity reserve		3,013	2,860
Hybrid bond		29,693	34,666
Reserves		316	304
Translation differences		-7,928	-4,007
Retained earnings		130,618	110,838
Owners of the parent company	**7.7**	**162,485**	**151,435**
Non-controlling interests	**7.7**	**2,795**	**2,465**
EQUITY		**165,281**	**153,900**
NON-CURRENT LIABILITIES			
Non-current liabilities, interest-bearing	7.2, 7.5	155,875	93,892
Non-current interest-free liabilities	7.5	14,677	16,041
Non-current provisions	4.6	852	351
Liabilities from defined benefit plan	2.4	1,297	1,399
Deferred tax liability	3.4	5,678	2,957
NON-CURRENT LIABILITIES		**178,379**	**114,640**
CURRENT LIABILITIES			
Current interest-bearing liabilities	7.2, 7.5	18,070	10,628
Trade Payables and Other Liabilities	4.5	113,585	110,418
Tax liability, income tax	4.5	14,285	9,076
Current provisions	4.6	3,117	5,797
CURRENT LIABILITIES		**149,057**	**135,920**
Liabilities		**327,436**	**250,560**
EQUITY AND LIABILITIES		**492,718**	**404,460**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Cash flow from operating activities		
Profit for the period	29,702	36,690
Depreciation, amortisation and impairment	23,851	19,783
Unrealised foreign exchange gains and losses	1,159	0
Share of profit/loss accounted for using equity method	25	557
Other items without cash flow impact	7,196	525
Financial income and expenses	8,405	2,387
Taxes	10,574	11,424
Change in provisions	-2,281	5,501
Other adjustments	80	39
Operating income before change in net working capital	**78,712**	**76,907**
Change in inventories	-15,162	-35,316
Change in interest-free current receivables	-12,881	-17,783
Change in interest-free current liabilities	-2,441	12,026
Change in net working capital	**-30,483**	**-41,074**
Financial expense	-9,865	-2,665
Financial income	1,207	807
Income taxes paid	-8,847	-9,553
Net cash from operating activities	**30,723**	**24,423**

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Cash flow from investing activities		
Purchase of tangible and intangible assets	-29,414	-15,831
Proceeds from sale of tangible and intangible assets	6,586	91
Other investments	-810	-670
Acquisition of a subsidiary and business acquistions, net of cash acquired	-47,965	-12,510
Net cash used in investing activities	**-71,603**	**-28,921**
Cash flow from financing activities		
Share issue	153	0
Proceeds from loans	66,428	12,307
Repayment of lease liabilities	-6,362	-5,537
Hybrid bond repayments	-35,000	0
Proceeds from hybrid bond	30,000	0
Hybrid bond interest and expenses	-2,242	-2,625
Dividends paid	-9,222	-6,154
Net cash from financing activities	**43,754**	**-2,009**
Change in cash flows	**2,874**	**-6,507**
Cash and cash equivalents, at beginning	**36,896**	**42,255**
Change in cash flows	2,874	-6,507
Effects of exchange rate fluctuations on cash held	-2,685	1,149
Cash and cash equivalents, at end	**37,085**	**36,896**

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, 2022	3,423	3,350	3,207	34,666	263	-3,622	85,525	126,812	2,059	128,871
Dividends paid to equity holders							-7,453	-7,453	167	-7,286
Return of equity to shareholders			-347				0	-347		-347
Other changes					41		-509	-468	-751	-1,219
Hybrid bond interests and costs							-2,625	-2,625		-2,625
Profit for the period							35,696	35,696	994	36,690
Other comprehensive income						-385	203	-182	-4	-186
Total comprehensive income	0	0	0	0	0	-385	35,899	35,515	406	35,921
Balance at December 31, 2022	3,423	3,350	2,860	34,666	304	-4,007	110,838	151,435	2,465	153,900

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	151,435	2,465	153,900
Dividends paid to equity holders							-7,002	-7,002	-149	-7,152
Share issue			153					153		153
Other changes					11		-141	-130	-346	-476
Proceeds from hybrid bond				-34,666				-34,666		-34,666
Hybrid bond repayments				29,693				29,693		29,693
Hybrid bond interests and costs							-1,884	-1,884		-1,884
Profit for the period							28,873	28,873	829	29,702
Other comprehensive income						-3,921	-67	-3,989	-1	-3,990
Total comprehensive income	0	0	0	0	0	-3,921	28,806	24,885	827	25,712
Balance at December 31, 2023	3,423	3,350	3,013	29,693	316	-7,928	130,618	162,486	2,795	165,281

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ABOUT THE GROUP

Normet provides advanced and technically innovative solutions for mining, tunnel, and construction business processes. Normet's Underground operation are comprised of Business Lines (3), Sales Areas (7) and Group support units (3). The business operations include equipment, services and ground control and construction technologies. The Sales Areas include Asia Pacific, China, India, Eurasia, Europe as well as Latin America and North America. The Group support functions are finance, human resources, IT and legal services.

Normet Group Oy is a Finnish private limited company with domicile in Iisalmi. Normet Group Oy and its subsidiaries form Normet Group (hereinafter referred to as "Normet" or "Group"). Normet Group Oy is part of Cantell group.

ACCOUNTING PRINCIPLES FOR FINANCIAL STATEMENTS

Normet's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), applying the approved IAS and IFRS standards as well as SIC and IFRIC interpretations in effect on 31 December 2023. The consolidated financial statements are presented in euros, which is the functional and reporting currency of the parent company and they are based on historical cost basis unless otherwise stated in the accounting principles. The information of the consolidated financial statements is presented in thousands of euros. The information of the parent company is presented in euros.

NEW IFRS STANDARDS AND IFRIC INTERPRETATIONS AND CHANGES TO THE EXISTING STANDARDS AND INTERPRETATIONS

The changes in the IFRS standards effective from periods beginning 1 January 2023 included mainly amendments or improvements to current standards and did not have material impact on Normet financial statements. Other standards issued that are effective from periods on or after 1st of January 2024 mainly include amendments and improvements to current standards that are not expected to have a material impact on the Group's consolidated financial statements.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the parent company Normet Group Oy and all subsidiaries over which the parent controls, and associates. Control refers to the right to control the company's financial and business policies to benefit from its operations. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The mutual shareholding between Group companies has been eliminated with the acquisition method. The acquisition cost has been allocated for the funds identified for the asset acquired, at the time of the acquisition, at their fair value, if the fair value can be measured reliably. Deferred taxes are recognised from the acquisition cost allocations pursuant to the valid tax rate. The remaining share has been marked as goodwill in the balance sheet. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full in consolidation.

FOREIGN CURRENCY TRANSLATION

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised by the Group entities at their respective functional currency rates prevailing at the date of the transaction. At the end of each reporting period, foreign currency monetary items are retranslated at the functional currency spot exchange rate in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

In the consolidated financial statements, profit and loss accounts of subsidiaries outside the Euro area will be converted into euros according to the financial year's average rate and the balance sheets will be converted according to the rate on the closing date. The average rate difference caused by the different currency rates of the comprehensive income statement and the balance sheet have been recognised in the other items in the statement of comprehensive income. The exchange differences arising from eliminations of foreign subsidiaries and converting of equity items accumulated after acquisition will be recognised in other comprehensive income. Rate differences caused by such monetary items that are part of a net investment into a foreign unit will be recognised in the other comprehensive income and then recognised again in the profit and loss account once the foreign unit has been relinquished.

GOVERNMENT GRANTS

Government grants are presented for the period in which the requirements for the grant are met. The grant is recognised in the profit and loss account as a deduction of expenses to be covered while the corresponding expenses are recorded as profit or loss. The grants allocated to activated product development projects are presented in the balance sheet as adjustments of acquisition costs and they are recognised as income in the form of reduced depreciation during the economic useful life of the intangible right.

CRITICAL ACCOUNTING ESTIMATES AND SOURCES OF UNCERTAINTY

The preparation of the financial statements in accordance with IFRS requires management to make estimates and judgments that affect the valuation of reported assets and liabilities, goodwill and other information, such as contingent liabilities and recognition of income and expenses in the statement of income. These assumptions, estimates and judgments are based on management's historical experience, best knowledge about the events and other factors, such as expectations on future events, which are assessed to be reasonable in the given circumstances. Although these estimates and judgments are based on the management's best understanding of current events and circumstances, actual results may differ from the estimates. Possible changes in estimates and assumptions are recognised in the financial reporting period the estimate or assumption is changed.

The management of Normet must exercise estimates and judgments in allocating fair values for business acquisitions. For material intangible assets, property, plant and equipment in an acquisition, services of external advisors are utilised for fair valuation of the target of the acquisition and determining assets remaining useful life.

1 GROUP PERFORMANCE

1.1 NET SALES

Normet has continued growth several consecutive years. Year 2023 was no exception as net sales grew by 10.3% to 484 million euros (2022: 439 million euros).

Accounting policy

The Normet Group's net sales consist of sales of goods and services. The sales of goods include underground construction equipment, services, spare parts as well as construction chemicals. The sale of services includes equipment maintenance, equipment leasing and sale of used equipment.

Net sales is recognised at an amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. The transaction price is usually fixed but may also include variable considerations such as buy-back obligations, rights to return or discounts. In the equipment deliveries that include a buy-back provision and in which the buy-back provision is very likely to be exercised, part of the selling price is transferred to non-current and current liabilities (portion corresponding to the buy-back value). The corresponding amount of the cost of sales is transferred back to inventories. These items are reversed on the balance sheet after buy-back obligation has expired. Other variable considerations are estimated using the most likely value method if not yet realised at the end of the reporting period. When calculating the net sales, the total invoice value is adjusted with reductions and indirect taxes of sales. The exchange rate differences related to sales in foreign currency are recognised in the sales adjustment items.

The Group's typical customer contracts for the sale of goods and services constitute only one performance obligation. The Group recognises net sales when it satisfies an identified performance obligation by transferring promised goods or service to the customer. Goods and services are generally considered to be transferred when the customer obtains the control to it. Control means that the customer can direct the use of and obtain benefit from the good and service and prevent others from directing the use of and receiving the benefits from them. Thus, customer has sole possession of the right to use the good or service for the remainder of its economic life or to consume the good or service in its own operations.

Accounting estimates and considerations

In many respects, the recognition of net sales requires judgements and estimates. It is typical of customer agreements that they contain changing price elements. At each reporting date, management reassesses the transaction price, which requires significant judgement as it affects the timing of the net sales recognition.

Contractual buy-back clauses require management special consideration. If the criteria are met portion of the corresponding buy-back value is transferred to the long- and short-term debt.

NET SALES BY REGION

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
EMEA and Eurasia	146,764	135,760
Latin America and North America	98,897	83,808
Asia Pacific, China and India	238,662	219,668
Total	**484,323**	**439,236**

NET SALES BY BUSINESS LINE

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Equipment	195,306	148,105
Services	210,120	195,019
GCCT	94,318	99,285
Elimination	-15,421	-3,174
Total	**484,323**	**439,236**

EXCHANGE DIFFERENCES INCLUDED IN THE NET SALES

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Foreign exchange gain and loss, realised	-1,882	1,671
Foreign exchange gain and loss, unrealised	265	-923
Total	**-1,617**	**748**

1.2 COST OF SALES

PROCUREMENT AND PRODUCTION

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Materials, supplies and subcontracting	219,901	197,343
External services	19,751	19,834
Total	**239,652**	**217,178**

EXCHANGE DIFFERENCES INCLUDED IN COST OF SALES

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Foreign exchange gain and loss, realised	-2,577	1,389
Foreign exchange gain and loss, unrealised	470	-311
Total	**-2,107**	**1,078**

1.3 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME AND EXPENSES

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Rental income	19	12
Gain on disposal of tangible and intangible assets	200	91
Other	1,019	1,127
Total	**1,238**	**1,231**

OTHER FIXED OPERATING EXPENSES

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Non-statutory employee benefits	2,400	1,989
Rents	1,505	1,543
Other variable expenses	20,190	18,024
General business costs	25,902	24,185
Operating and maintenance costs	4,164	3,147
Other expenses	6,425	4,031
Sales and marketing costs	1,557	1,509
Change in provision for bad debt	2,374	-263
	64,517	**54,165**

1.4 FINANCING INCOME AND EXPENSES

Exchange rate gains and losses include exchange rate differences on loans and other receivables. Hedge accounting is not applied by Normet.

FINANCING INCOME

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Interest income	927	807
Foreign exchange gain	5,604	13,892
Total	**6,530**	**14,699**

FINANCING EXPENSES

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Interest on borrowings from others	7,977	2,405
Interest of right-of-use assets	926	444
Foreign exchange loss	6,034	14,195
Other items	-12	43
Total	**14,924**	**17,086**

2 PERSONNEL

2.1 PERSONNEL EXPENSES

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Salaries and fees	92,437	81,941
Share-based payments	424	1,414
Variable pension expenses, defined contribution plans	2,790	2,419
Variable pension expenses, defined benefit plans	42	0
Pension expenses, defined contribution plans	5,797	4,780
Pension expenses, defined benefit plans	269	193
Other variable employee benefits	2,868	3,073
Other indirect employee costs	4,207	4,461
Total	**108,833**	**98,282**

In full year 2023, the Group had an average of 1,807 employees (1,699).

2.2 SHARE-BASED PAYMENTS

Normet has incentive scheme initiated in 2018 in which options are granted and incentive scheme initiated in 2019 in which synthetic options are granted. The schemes are for the company's key personnel. Incentive schemes include performance targets and employment requirements.

Accounting policy

The Group has incentive plans which include incentives paid in cash and in shares. Holder of the option decides will the payments be made in cash or shares. The majority of the shares subscribed under the programme are subject to a redemption clause. Synthetic options are paid in cash. The benefits granted in accordance with the incentive plan are measured at expected cost at execution date and accounted as cost through the vesting period. In arrangements where the payment is made in cash, the liability and the change in its fair value are recognised as a liability on an accrual basis. The impact of these arrangements on the financial results is shown under the cost of employee benefits. The shares include redemption clause, which is why liabilities related to the schemes are presented in non-current other payables in financial statements. The shares subscribed under the arrangement as well as the shares subscribed through options are subject to a redemption clause

The cost determined at the time of granting the options is based on the Group's estimate of the amount of options that are expected to become vested at the end of the vesting period. The Group updates the assumption of the final amount of options annually. Changes in the estimates are entered through profit or loss. The fair value of option arrangements is determined by evaluating the shareholders' equity on the date when the option is exercised, less potential equity loans multiplied by a factor in accordance with the option programme conditions. The non-market criteria, like profitability or increase in sales, are not considered in measuring the fair value of the option but are considered when estimating the final number of options.

When the option rights are exercised, the actual cost of the option is recognised against the option liability in the balance sheet.

Main terms and conditions of the share-based plan

The Group has a long-term incentive scheme established in 2018, according to which participants will be granted options. Based on the vesting period, the scheme is divided into three different programmes, which are 2018A, 2018B and 2018C. Each programme 1/3 has a performance condition and for 2/3 there is only a service condition. The exercise price of the arrangement is € 8.88 per share. It is possible for the option holder to subscribe for shares or demand payment in cash equal to the value of the option. The options granted are options entitling to the B shares of the Group's main operating company, Normet Oy. The shares are subject to a redemption clause, due to which the amortised cost of the option programme and any share subscriptions are recorded in non-current liabilities in the consolidated financial statements. Part of the incentive scheme's options was related to a requirement to subscribe for shares of Normet Oy

The Group also has a long-term incentive plan established in 2019, according to which participants will receive synthetic options. Based on the earning period, the plan is divided into three different programmes, which are 2019A, 2019B and 2019C. For the plan, 1/3 has a performance condition and for 2/3 there is only a service condition. The exercise price of the arrangement is € 8.88 per share. The synthetic options covered by the arrangement are paid in cash.

The earnings periods of both 2018 and 2019 incentive plans will end gradually between 30 April 2021 and 2023, after which the options will be available until 30 June 2024.

The exercise price of the above incentive plans will be adjusted in accordance with the terms of the plan. The Board of Directors of Normet Group Oy decides separately on adjustments in accordance with the terms.

The exercise price of the above incentive plans will be adjusted in accordance with the terms of the plan. The Board of Directors of Normet Group Oy decides separately on adjustments in accordance with the terms.

Programme	Number of options 31.12.2023	Number of options 31.12.2022	Vested options 2023	Marked options 2023	Debt in balance sheet 31.12.2023 (kEUR)
2018A	18,012	24,839	11,033	9,013	496
2018B	18,008	28,402	11,283	9,508	496
2018C	20,718	34,863	33,850	12,882	571
2019A	10,156	12,187	3,894	1,524	280
2019B	10,156	12,187	3,894	1,524	280
2019C	10,148	12,176	11,670	1,522	280
Total	**87,198**	**124,654**	**75,624**	**35,973**	**2,402**

The probable exercise price of the option arrangements is determined by estimating the equity at the time the option is exercised, less any equity loans multiplied by a factor in accordance with the option programme conditions. Forecasted changes in equity have been discounted using the weighted average cost of capital before taxes (WACC).

There were 87,198 outstanding options on December 31, 2023 (124,654 on December 31, 2022).

The value of shares in the financial year 2023 was EUR 27.74 per share. The adjusted subscription price paid in cash for the shares subscribed for with the options was EUR 4.23 per share, resulting in option value of EUR 23.51 per share.

The accrued liability recognised in the balance sheet for the option arrangements was MEUR 5.2 at 31.12.2023. Cost for the financial year is disclosed in note 2.1 Personnel expenses.

2.3 EMPLOYMENT BENEFITS FOR THE EXECUTIVE MANAGEMENT

The executive management comprises the parent company's Board of Directors and the Group's Executive Board. The remuneration paid or payable based on the work performed consists of the following:

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Salary, bonuses and other short-term employee benefits	4,456	4,690
Share-based payments	394	1,328
	4,850	6,017

The composition of Normet's Executive Board changed during the 2023 and 2022 financial years. The remuneration of the Executive Board members who resigned from the Board is included in the key management employment benefits for the period they were members of the Board. Normet Group Oy have loan receivables from the Executive Board amount to MEUR 0.7 (MEUR 0.8 on 31 December 2022). Normet had no loans, liabilities or commitments to persons belonging to Normet's related parties at the end of financial year 2023 or 2022.

2.4 DEFINED BENEFIT PLANS

Accounting policy

The Group's pension plans comply with the local regulations and practices. The plans are classified either as defined contribution plans or defined benefit plans.

Defined contribution plans are post-employment benefit arrangements under which the Group pays fixed contributions into a separate entity with no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Group's contributions to the defined contribution plans are charged directly in the year to which these contributions concern.

A defined benefit plan is a pension plan under which the Group itself has the obligation to pay retirement benefits and bears the risk of change in the value of plan liability and assets. The liability recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of reporting period less fair value of plan assets. The defined benefit obligation regarding each significant plan is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate or government bonds with approximating terms to maturity and that are denominated in the currency in which the benefits are expected to be paid. The applied discount rates are determined in each country by an external actuary.

Actuarial gains and losses related to remeasurements of a defined benefit plan and the effect of the asset ceiling, if any, are recognised directly in the statement of comprehensive income. Interest and all other expenses related to defined benefit plans are recognised directly through profit or loss. If a plan is amended or curtailed, the portion of the changed benefit related to past service by the employees, or the gain or loss on curtailment, is recognised directly in the statement of income when the plan amendment or curtailment occurs.

Accounting estimates and considerations

The estimate of the obligations amount of each defined benefit pension plan is based on the actuarial estimates concerning, among other things, the future pay rises, discount interests and profits from funded assets. The changes in these assumptions may significantly affect the pension obligations and pension costs.

The present value of pension obligations depends on several factors which are defined actuarially, using several financing and demographical assumptions, and changes in them affect the accounting value of the pension obligations. The discount rate is the most important of all the financing assumptions used in the defining of the net expenses (or profits) caused by pensions. The appropriate discount rate is determined at the end of each year and it is used to calculate the present value for the estimated future cash flows required to fulfil the pension obligations. The yield in country and corporate level high-quality bonds defines the appropriate discount rate at the reporting date. These bonds are denominated in the currency in which the benefits are paid and have a maturity close to the length of the vesting period. Other key assumptions concerning pension obligations include monetary assumptions, such as the expected increases in salaries and pensions, and demographical assumptions, such as life expectancy.

The Group has various post-employment benefit plans around the world. Pension arrangements are made in accordance with local regulations and practices in line with the defined contribution pension plans or defined benefit pension plans.

The defined benefit pension plans determine the amount of pension to be paid and the benefits to be paid for disability and at termination of employment. The pension benefits are usually based on the length of employment and the level of final salary. The calculations for defined benefit obligations and assessment of the fair value of assets at the end of the reporting period have been made by qualified actuaries.

The Group has defined benefit pension plans in Switzerland, Finland, and Indonesia. The most significant plans are in Switzerland. The defined benefit plans have been organised through insurance companies. The major pension plans are funded, and the assets of these plans are segregated from the assets of the Group. The subsidiaries meet the funding requirements, and the assets have been invested in various investments in accordance with the local regulations.

These defined benefit plans expose the Group to actuarial risks, such as inflation risk, interest rate risk, expected retirement age and market risk.

SUMMARY OF THE IMPACT OF POST-EMPLOYMENT BENEFITS IN THE FINANCIAL STATEMENTS

EUR thousand	2023	2022
Present value of unfunded obligations	2,624	2,354
Present value of funded obligations	14,315	12,189
Fair value of plan assets	13,675	11,523
Pension obligations in the balance sheet	**3,263**	**3,019**
Defined benefit pension plans and other post-employment benefits expenses	1,029	-18
Expenses in the income statement	**1,029**	**-18**
Change in value of the defined benefit pensions plans and other post-employment benefits	75	-243
Amounts recognised through other comprehensive income	**75**	**-243**

Expected contributions to defined benefit plans during the next financial period are EUR 0.7 (31 December 2022: 0.1) million. The duration of the most significant defined benefit obligation at the end of the reporting period was 10.8 (31 December 2022: 10.7) years.

CHANGES IN PENSION OBLIGATIONS DURING THE FINANCIAL YEAR

EUR thousand	Present value of plan assets	Fair value of plan assets	Total
1.1.2023	**14,917**	**11,523**	**3,394**
Current service cost	786	0	786
Interest expense (+) / income (-)	370	237	133
Past service cost	58	0	58
Remeasurement of value:			
Return on plan assets, excluding interest recognised in profit and loss	0	-112	112
Actuarial gains (-) and losses (+) arising from changes in economic assumptions	189	0	189
Experience gains (-) and losses (+)	-226	0	-226
Actuarial gains (-) and losses (+) recognised in income statement	56	0	56
Foreign exchange gains (-) and losses (+)	804	791	12
Contributions by employer	0	839	-839
Contributions by plan participants	317	317	0
Benefits paid	80	80	0
Other	-4	0	-4
31.12.2023	**17,346**	**13,675**	**3,671**

EUR thousand	Present value of plan assets	Fair value of plan assets	Total
1.1.2022	**7,122**	**3,648**	**3,475**
Current service cost	664	0	664
Interest expense (+) / income (-)	99	37	62
Past service cost	-16	0	-16
Remeasurement of value:			
Return on plan assets, excluding interest recognised in profit and loss	0	-359	359
Actuarial gains (-) and losses (+) arising from changes in economic assumptions	-1,260	0	-1,260
Experience gains (-) and losses (+)	658	0	658
Actuarial gains (-) and losses (+) recognised in income statement	-718	0	-718
Foreign exchange gains (-) and losses (+)	334	330	4
Contributions by employer	0	459	-459
Contributions by plan participants	172	172	0
Benefits paid	-127	-127	0
Settlement of obligations	-62	-62	0
Acquisitions and disposals	8,061	7,427	635
Other	-11	0	-11
31.12.2022	**14,917**	**11,523**	**3,394**

BREAKDOWN OF ASSETS AND LIABILITIES BY GEOGRAPHICAL AREA

EUR thousand	Finland	Switzerland	Other countries
Present value of plan obligations:			
2023	2,543	14,121	683
2022	2,276	12,017	643

BREAKDOWN OF ASSETS

EUR thousand	2023	2022
Qualifying insurance policy	195	164
Other assets	13,480	11,359
Total	**13,675**	**11,523**

The assets do not include the company's own instruments or other assets in its use.

DEFINED BENEFIT PLANS: ACTUARIAL ASSUMPTIONS USED IN CALCULATION

EUR thousand	Finland	Switzerland	Other countries
Discount rate 2023 (2022)	3.40% (3.80%)	1.65% (1.90%)	6.7% (7.01%)
Future salary increase assumption 2023 (2022)	3.3% (3.6%)	1.0% (1.0%)	6.0% (6.0%)
Pension increase assumption 2023 (2022)	0.00	0.00	0.00

The discount rate has been determined separately for each plan. The discount rate is based on a yield of corporate bonds with an 'AA' and 'AAA' credit rating that are denominated in the same currency and have a duration that approximates the plan duration.

SENSITIVITY ANALYSIS OF THE KEY ACTUARIAL ASSUMPTIONS RELATED TO THE MOST SIGNIFICANT ACTUARIAL ASSUMPTIONS

EUR thousand	2023	Change
0,25 % -point increase in the used variable rate would impact defined benefit liability as follows:		
Discount rate	13,748	-373
Future salary increase assumption	14,166	45
Pension increase assumption	14,305	184
0,25 % -point decrease in the used variable rate would impact defined benefit liability as follows:		
Discount rate	14,518	397
Future salary increase assumption	14,074	-47
Pension increase assumption	13,941	-180
Increase of life expectancy by one year	**14,250**	**129**
Decrease of life expectancy by one year	**13,991**	**-130**

EUR thousand	2022	Change
0,25 % -point increase in the used variable rate would impact defined benefit liability as follows:		
Discount rate	11,707	-309
Future salary increase assumption	12,070	53
Pension increase assumption	12,176	160
0,25 % -point decrease in the used variable rate would impact defined benefit liability as follows:		
Discount rate	12,345	329
Future salary increase assumption	11,962	-54
Pension increase assumption	11,858	-158
Increase of life expectancy by one year	**12,129**	**112**
Decrease of life expectancy by one year	**11,903**	**-114**

The tables above summarise the results of the sensitivity analysis prepared separately for each plan, and for each relevant actuarial variable, by an external actuary. The sensitivity analysis has been prepared for one variable at a time while holding all other variables constant. Regardless of the actual volatility of the given variable, for presentation purposes the analysis has been prepared by assuming a fixed change in the key variable as indicated in tables. Consequently, the purpose of the analysis is not to quantify possible or expected changes in the defined benefit obligation but to illustrate the sensitivity of the value of obligation to these variables, the fluctuation of which may deviate from the figures presented in practice.

The sensitivity analysis above assesses only the pension liability's sensitivity to given variables without considering the plan assets. Although the changes in the discount rate create the most significant risk to the plan based on the sensitivity analysis, in practice, the interest rate sensitivity is partly offset by the plan assets that include investments in bonds. The assets correspond to the cumulated plan payments made to the insurance company or fund. The assets are the responsibility of the insurance company or fund and part of the investment assets of the insurance company or fund. The amount of the pension liability is determined based on the current best estimate of the life expectancy. If the assumed life expectancy proves to be underestimated, the recognised plan liability will also be insufficient. Uncertainty regarding the reliability of this estimate is also a risk to the plan.

3 INCOME TAXES

Accounting policy

Income taxes in the statement of income comprise the Group companies' taxes based on the taxable income, prior period adjustments and changes in deferred taxes. The tax effect of items recognised in the consolidated statement of comprehensive income is also recognised directly in the consolidated statement of comprehensive income. Income tax based on taxable income for the period is calculated based on taxable income using the income tax rate effective in each country.

Deferred tax assets or liabilities are calculated on the temporary differences between carrying value and taxable value using tax rates that have been enacted or substantively enacted by the end of each reporting period. The most significant temporary differences arise from defined benefit pension plans, provisions, intercompany elimination of inventory margin, depreciation of tangible assets and loss carryforwards. Deferred taxes are recognised for investments in subsidiaries and associates, but only to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax liabilities are recognised in full in the balance sheet and the tax assets to the extent that it is probable that it can be utilised in future years against taxable income. Recognition criteria for deferred tax assets are reviewed in this respect at end of each reporting period.

Accounting estimates and considerations

The Group is subject to income taxes in several countries and the computation of the Group´s income tax expense and income tax liabilities require judgement and estimation. Income tax positions are regularly evaluated by the management to identify situations when there might be uncertainty due to tax regulation being subject to interpretation. Provisions for these uncertain tax positions are recognised when it is considered more likely than not that the positions will be challenged by the tax authorities. The provision recognised is based on the estimation of the amount of the final taxes to be paid to the tax authorities.

3.1 INCOME TAXES IN THE INCOME STATEMENT

EUR thousand	31.12.2023	31.12.2022
Tax on income from operations	-11,973	-11,279
Tax for previous accounting periods	151	50
Change in deferred tax asset	1,843	1,280
Change in deferred tax liability	17	-471
Income tax	**-9,963**	**-10,421**
Other direct tax	-611	-1,003
Total	**-10,574**	**-11,424**

3.2 TAXES ASSOCIATED WITH OTHER ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

	1.1.–31.12.2023			1.1.–31.12.2022		
EUR thousand	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Actuarial profit (+) / losses (-) of defined benefit plans	-72	5	-67	227	-24	203
Other OCI-items	**-72**	**5**	**-67**	**227**	**-24**	**203**

3.3 EFFECTIVE TAX RATE RECONCILIATION

EUR thousand	31.12.2023	31.12.2022
Profit before taxes	40,276	48,114
Tax calculated at the domestic corporation tax rate of 20.0%	-8,055	-9,623
Effect of different tax rates of foreign subsidiaries	1,049	913
Tax from previous years	151	50
Loss for the period of which no deferred tax is recognised	-2,435	-557
Tax free income and undeductible expenses	-2,623	-2,569
Revaluation of deferred taxes	875	808
Other items	464	-446
Total	**-10,574**	**-11,424**
Effective tax rate %	**26.3%**	**23.7%**

3.4 DEFERRED TAXES

Other temporary differences contain timing differences that are caused by the allocation of costs, advances received and unrealised rate differences which are not tax-deductible before they are realised.

The deferred tax claims and liabilities have been offset at the juridical company level when there is the lawfully enforceable right to offset the receivables based on the period's taxable income against the liabilities based on the period's taxable income.

A deferred tax liability on undistributed profits of subsidiaries located in countries where distribution generates tax consequences is recognised when it is likely that earnings will be distributed in the near future.

Accounting estimates and considerations

Estimates in the tax liabilities and receivables are mainly related to the measuring of the deferred tax receivables related to tax losses. A deferred tax receivable is recognised for unused tax losses and other temporary differences only to the extent it is likely that taxable income will be created. Tax receivables are not recognised for such tax losses that contain uncertainties. Normet Group operates in jurisdictions which have enacted or substantively enacted Pillar Two legislation. However, this legislation does not apply to the Group as its consolidated revenue is lower than MEUR 750.

DEFERRED TAX ASSETS

EUR thousand	31.12.2023	31.12.2022
Inventories	7,332	7,100
Intangible and tangible assets	429	2,618
Provisions	2,321	1,421
Pension liabilities	3,110	1,753
Other items	3,446	2,632
Total	**16,638**	**15,524**
Tax expense reported in the statement of profit or loss	**1,843**	**1,280**

In 2023, consolidated balance sheet does not include deferred tax assets arising from unused tax losses. The tax losses, for which no deferred tax assets are recognised due to the uncertainty of the utilisation of the losses, amounted to MEUR 55.7 at the end of 2023 (MEUR 39.5). Of these, EUR 14.6 million will expire within the next five years and the rest will expire later or never.

DEFERRED TAX LIABILITIES

EUR thousand	31.12.2023	31.12.2022
Inventories	62	62
Intangible and tangible assets	5,286	2,534
Other items	330	361
Total	**5,678**	**2,957**
Tax expense reported in the statement of profit or loss	**17**	**-471**

4 OPERATIONAL ASSETS AND LIABILITIES

4.1 NET WORKING CAPITAL

EUR thousand	31.12.2023	31.12.2022
Inventories	173,885	154,873
Trade receivables	84,829	74,090
Other non-interest-bearing receivables	38,043	31,456
Accounts payable	-58,514	-63,921
Other non-interest bearing liabilities	-37,947	-29,194
Advances received	-16,757	-17,372
	183,539	**149,931**

4.2 CAPITAL EMPLOYED

EUR thousand	31.12.2023	31.12.2022
Net working capital	183,539	149,931
Intangible assets	64,898	29,937
Property, plant, equipment	49,217	38,133
Right-of-use assets	19,861	14,548
Non-current investments	5,715	4,682
Interest-bearing receivables	274	3
Cash and cash equivalents	37,085	36,896
Income tax payables and receivables, net	-9,932	-6,346
Interest payables, net	-1,389	-95
	349,266	267,688

4.3 INVENTORIES

Accounting policy

The inventory stock obsolescence provision is based on the best estimate of slow-moving and obsolete inventory at the balance sheet date. The estimates are based on frequent review and evaluation of inventory ageing and composition. Inventories are recognised on the balance sheet using the weighted average price method and measured at the lower of acquisition cost and likely selling price. As a rule, the acquisition cost of inventory includes variable direct costs.

Inventories include an amount equivalent to the buy-back value of equipment deliveries insofar as it is highly likely that the Group needs to buy back the equipment. The corresponding amount is recognised on the balance sheet in non-current and current liabilities.

The value of inventories includes impairment due to obsolescence. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Accounting estimates and considerations

The amount of inventory impairments caused by obsolete and excessive stock is based on the management's best estimate on the closing date. The estimate is based on the analysis of the expiration of the inventories, circulation rate and structure when compared to the anticipated future use.

EUR thousand	31.12.2023	31.12.2022
Raw materials and consumables	70,716	74,856
Work in progress	25,113	26,683
Finished goods	76,488	50,146
Equipment related to buy backs	857	2,366
Advance payments for inventory	710	822
	173,885	154,873

The inventories contain a total of MEUR 7,1 of obsolescence provision at the end of the financial year (MEUR 6.9).

4.4 TRADE RECEIVABLES AND OTHER NON-INTEREST-BEARING RECEIVABLES

Accounting policy

Trade receivables and other receivables are originally recognised in their fair value, after which they are measured at their amortised cost. The trade receivables represent the Group's absolute right to the purchase price (which means that only the passing of time affects it until the purchase price has to be paid). The credit loss provisions of trade receivables are estimated based on the Group's credit loss history, which is adjusted with the current information and reasonable and reliable predictions. The effect of the provisions is recognised as a cost in the income statement.

Accounting estimates and considerations

Estimated expected credit loss provisions are based on management's best judgement. Management judgement includes past years' experience and a forward-looking understanding of the client's payment behavior and economic situation. Assessing whether it is probable that the consideration from contracts with customers will be collected requires judgement and might impact the timing and amount of net sales recognition.

EUR thousand	31.12.2023	31.12.2022
Trade receivables gross	84,829	74,090
Bad debt allowance	-5,730	-3,510
Trade receivables net	**79,100**	**70,580**

OTHER RECEIVABLES

	31.12.2023			31.12.2022		
EUR thousand	Non-current	Current	Total	Non-current	Current	Total
Loan receivables	0	274	274	0	3	3
Prepaid expenses and accrued income	617	9,750	10,367	0	8,220	8,220
Tax receivable	0	4,353	4,353	0	2,730	2,730
Other receivables	3,398	28,293	31,691	4,374	23,236	27,610
Non-interest-bearing receivables total	**4,015**	**42,670**	**46,685**	**4,374**	**34,189**	**38,563**

AGEING ANALYSIS OF TRADE RECEIVABLES

EUR thousand	31.12.2023	Expected credit losses
AR not due yet	62,804	445
AR 1-90 days due	15,983	797
AR 91-360 days due	3,651	2,096
AR over 360 days due	2,392	2,392
	84,829	**5,730**

In relation to overall economic uncertainty, Normet has assessed its credit risk from commercial receivables. There has not been any significant indication of change in customer payment behavior, and therefore same principles have been applied for expected credit loss recognition as in the financial statements 2022. The collection of trade receivables is highlighted, and the risk related to the availability of recoverable assets is not deemed to have grown significantly. On the closing date, the Group had not received significant cancellations. However, as a result of slower customer decision making order intake for the year has decreased from previous year.

CREDIT LOSS PROVISION OF TRADE RECEIVABLES

EUR thousand	31.12.2023	31.12.2022
Accumulated provision at beginning of year	3,510	3,760
Write-offs	-52	-154
Change in provision	2,271	-96
Accumulated provision at end of year	5,730	3,510

The balance sheet values of trade receivables are almost equal to their fair values. Due to the Group's extensive and diverse customer base, trade receivables are only subject to a small credit loss risk. Credit losses recognised from the customer contracts for the financial year totalled MEUR 0.1 (MEUR 0.2).

4.5 TRADE PAYABLE AND OTHER LIABILITIES

	31.12.2023			31.12.2022		
EUR thousand	Non-current	Current	Total	Non-current	Current	Total
Accounts payable	0	58,514	58,514	0	63,921	63,921
Derivative instruments	0	220	220	0	0	0
Other payables						
Accrued interests	0	14,285	14,285	0	9,076	9,076
Accrued personnel costs	4,060	10,194	14,254	3,772	8,313	12,085
Advances received	0	16,757	16,757	0	17,372	17,372
Buy back liabilities	893	0	893	2,608	0	2,608
Interest payable	0	1,389	1,389	0	95	95
Dividends payable	0	0	0	0	2,070	2,070
Other payables	9,725	26,364	36,089	9,661	18,716	28,377
Other payables total	**14,677**	**68,989**	**83,667**	**16,041**	**55,642**	**71,683**

Non-current other payables consist of share-based payments and debt related to shares with redemption clause.

4.6 PROVISIONS

Accounting policy

Provisions are recognised in the balance sheet when the Group has a current legal or constructive obligation as a result of past events, and it is probable that fulfilling the obligation requires a financial performance or causes a financial loss. In addition, a reliable estimate of the amount of the obligation must be feasible. Provisions are accounted for using the best estimate for the costs required to settle the obligation at the end of the reporting period. In case the time value of money is significant, the provision is stated at present value of the expected costs. Changes in provisions are recognised in the income statement in the same batch in which the provision was originally recognised.

Provisions for warranties cover the estimated costs to repair or replace products still under warranty at the end of the reporting period. Provision for warranty is calculated based on historical experience of levels of repairs and replacements.

Accounting estimates and considerations

The amount of the provision to be recognised is the closing day's best estimate of the cost needed to fulfil the obligation. The estimate of the event's financial impact requires the company management to use judgement based on previous similar events and, in some cases, the statements of an outside expert. The provisions are reviewed regularly and corrected when necessary to correspond with the best estimate at the time of reviewing. The expenses to be realised may deviate from the estimate.

	31.12.2023			31.12.2022		
EUR thousand	Non-current	Current	Total	Non-current	Current	Total
Warranty provision	0	1,077	1,077	0	1,015	1,015
Other provisions	852	0	852	351	0	351
	852	1,077	1,929	351	1,015	1,366

The warranty cost provision covers the costs related to the repairing or replacing of products during their warranty period. Provisions subject to warranty are defined based on the historical realised warranty costs of standard products and services.

The section 'other provisions' contains the provisions for quality errors, legal proceedings and loss-making agreements, in the extent the loss exceeds the balance sheet value of the unfinished work or partial recognition of net sales.

5 INTANGIBLE AND TANGIBLE ASSETS

5.1 GOODWILL

Accounting policy

Goodwill corresponds to the part of the acquisition cost that exceeds the Group's share of the fair value of the acquired company's net identifiable assets at the time of the acquisition. Goodwill is measured at cost less impairment. Impairment losses are recognised in the income statement.

In case of a potential impairment, the Group tests the goodwill that has indefinite economic useful life at least once a year. Additionally, signs of impairment are assessed at regular intervals. The impairment need is reviewed at the level of the cash-generating units (CGU). If the recoverable amount is less than the carrying amount of the asset, the impairment is recognised on the balance sheet as a cost. The recoverable amount is either the CGU's fair value after depreciations arising from transfer-related expenses or its value in use, whichever is larger. The value in use is determined as the present value of the corresponding cash flows. The applied discount rate reflects the market's opinions of money's time value and special risks related to the asset. The impairment loss recognised for the goodwill cannot later be reversed.

Accounting estimates and considerations

The key assumptions made by the management in the future developments relate to market and profitability outlooks. Key factors affecting profitability are sales volume and cost efficiency. The estimates are based on the results of previous years and contain the management's expectations related to future development of selling prices, business structure, costs, market shares and volumes.

Goodwill is reviewed for potential impairment whenever there is an indication that the current value may be impaired, or at least annually. Impairment testing of goodwill is carried out by allocating goodwill to the lowest cash generating unit levels which generate independent cash flows. These levels have been identified according to the operative business model. Due to the way the company is managed and organised, it is not possible to define independent cash flows for lower-level divisions.

The determination of the value-in-use uses estimates about future market development, such as growth and profitability and other key factors. Of the factors that are the basis for the estimates, the ones with the most significant effects are the growth of sales in a market area, business result, economical useful life of assets, future investment needs and discount rate. Changes of these assumptions may significantly affect the estimated cash flows to be recovered in the future. When reviewing signs of impairment, Normet management has used significant judgement. The amount recoverable from the operating segments have been compared to their book value. The projections used in the estimation of the goodwill's present value are based on the management's best estimate under current circumstances.

Impairment testing of goodwill
The recoverable amounts of the cash generating units are determined based on value-in-use calculations. The future cash flow projections used in the calculations are based on the strategic plans approved by the top management and the Board of Directors. The cash flow projections cover five years, on which the terminal value is defined as the value of the last projection period. Cash flows beyond the forecast period are projected by using a two percent long-term growth rate that is based on a prudent estimate about the long-term growth rate of the industries. The profitability levels of the forecast period reflect the actual profitability.

ALLOCATION OF GOODWILL

EUR thousand	Used WACC before taxes %	Average forecast period increase %	Does the assumed increase in the forecast period reflect the outcome?	Terminal increase %	Goodwill	Tested book values	Discounted cash flows exceed the value of the assets being tested
Cash-generating units:							
Equipment	13.5%	9.1%	Yes	2.0%	13,142	162,958	>100%
Services	16.4%	8.6%	Yes	2.0%	12,191	134,316	>100%
GCCT	15.4%	8.9%	Yes	2.0%	10,323	42,537	>100%

ALLOCATION OF GOODWILL

EUR thousand	31.12.2023	31.12.2022
Goodwill is allocated to the following cash-generating units:		
Equipment	13,142	925
Services	12,191	1,783
GCCT	10,323	9,701
	35,656	**12,409**

The discount rate used in the calculations is the weighted average cost of capital (WACC) before taxes determined for each business area that reflects the total cost of equity and debt and the market risks related to the segments in question. The components of WACC are risk-free interest rate, market risk premium, comparable peer industry beta, net gearing and credit risk premium. Pre-tax discount rate (WACC) used for the Equipment business area was 14 (2022: 15) per cent, for Services 16 (20) per cent, and for GCCT 15 (18).

There are no indications of impairment of goodwill after the annual impairment testing performed of year 2023. There have been no impairments in goodwill in between years 2021–2023.

TESTED BOOK VALUES OF GCCT BUSINESS

EUR thousand	31.12.2023	31.12.2022
Fixed assets	12,434	9,483
Net working capital	19,780	19,208
Goodwill	10,323	9,701
	42,537	**38,391**

Based on impairment testing performed book values exceed discounted cash flows in GCCT business by MEUR 78.2 at year-end 2023 (MEUR 39.1). The growth rate of the projection period of the GCCT unit's sales is 8.9 %. The annual growth of the sales margin is consistent with the annual growth of sales.

Sensitivity analysis
The Group has compiled a sensitivity analysis in which the sensitivity of impairment tests is tested with the changes in central assumptions. The central variables are net sales, profitability and discount interest.

The impairment testing process of GCCT Business Line includes a sensitivity analysis in which the CGU specific cash flow estimates were reduced by 34 percent and the discount rates were increased by 12 percentage points. Based on the sensitivity analysis, the probability for material impairment losses was low in GCCT Business Line.

5.2 OTHER INTANGIBLE ASSETS

Accounting principles

Intangible assets are recognised in the balance sheet at historical cost if the acquisition cost can be measured reliably and it is probable that the future economic benefits attributable to the asset will flow to the Group.

Other intangible assets include patents, trademarks, licences, software and capitalised development costs. They are stated in the balance sheet at historical cost less accumulated depreciation and amortisation and any provisions for impairment.

Intangible assets with a finite useful life are recognised as expenses with straight-line amortisation through profit and loss over their known or expected useful life. The Group does not have intangible assets with an indefinite useful life.

Intangible assets with finite useful life are recognised as expenses with straight-line amortisation through profit and loss over the useful life as follows:

- » capitalised development costs 3 years
- » patents and trademarks 10 years
- » other intangible assets 7–10 years

The useful life of the assets is reviewed and adjusted, if necessary, at the end of each reporting period. Amortisation of intangible assets begins when the asset is available for use, i.e. when it is at the site and in the condition necessary for it to operate in the manner intended by management.

Development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to reliably measure the expenditure during development.

Expenses related to the deployment of new technology or development of a new product generation are activated and depreciated during the economic useful life of 3 years. When determining the economic useful life, the expiry of technology and typical life cycle of products will be considered. The depreciations begin once the product can be utilised commercially or the asset is available for use. The maintenance and insignificant improvements of existing products are recognised directly as expenses. Government grants related to research and development operations are recognised in the profit and loss account as a deduction of expenses to be covered while the corresponding expenses are recognised as profit or loss.

Accounting estimates and considerations

Assessing the probability of expected future economic benefits and the useful lives of intangible assets require management judgement. The estimated useful lives and the residual values are reviewed at least at the end of each reporting period, and if they differ significantly from previous estimates, the amortisation periods are adjusted accordingly. Also, assessing any indication of impairment requires management judgement.

INTANGIBLE ASSETS

EUR thousand	Development costs	Immaterial rights	Other intangible assets	Advance payments for intangible assets	Goodwill	Consolidated goodwill	Total
Cost 1.1.2022	28,533	8,911	18,883	3,102	11,278	30,762	101,468
Translation differences	-4	-31	-16	0	520	-607	-139
Business combinations	134	997	0	0	1,555	0	2,686
Additions	0	1,101	1,462	2,599	0	0	5,162
Disposals	-323	-5	0	0	0	0	-328
Reclassifications	0	0	0	0	0	0	0
Cost 31.12.2022	28,339	10,973	20,330	5,701	13,353	30,155	108,849
Cumulative amortisation and impairment 1.1.2022	-17,119	-7,612	-16,083	0	-8,065	-22,964	-71,844
Translation differences	0	-2	14	0	-453	383	-57
Cumulative amortisation on business combinations	0	-17	0	0	0	0	-17
Cumulative amortisation on disposals and reclassifications	195	5	0	0	0	0	200
Amortisation	-4,236	-377	-2,181	0	0	0	-6,794
Impairment	-400	0	0	0	0	0	-400
Cumulative amortisation and impairment 31.12.2022	-21,560	-8,003	-18,249	0	-8,518	-22,581	-78,913
Carrying amount 1.1.2022	11,415	1,298	2,799	3,102	3,213	7,798	29,625
Carrying amount 31.12.2022	**6,780**	**2,969**	**2,078**	**5,701**	**4,835**	**7,574**	**29,937**
Cost 1.1.2023	28,339	10,973	20,330	5,701	13,353	30,155	108,849
Translation differences	-5	-84	4	0	-523	-700	-1,307
Business combinations	234	5,176	8,792	0	1	22,705	36,909
Additions	67	826	10,411	-3,690	-448	0	7,166
Disposals	-125	-1,082	-261	0	0	0	-1,468
Reclassifications	0	0	-1,525	0	1,525	0	0
Cost 31.12.2023	28,511	15,810	37,751	2,011	13,908	52,160	150,150
Cumulative amortisation and impairment 1.1.2023	-21,560	-8,003	-18,249	0	-8,518	-22,581	-78,913
Translation differences	0	49	-5	0	380	308	733
Cumulative amortisation on disposals and reclassifications	0	171	261	0	0	0	431
Amortisation	-3,959	-1,050	-2,494	0	-1	0	-7,504
Cumulative amortisation and impairment 31.12.2023	-25,519	-8,833	-20,487	0	-8,139	-22,273	-85,252
Carrying amount 1.1.2023	6,780	2,969	2,078	5,701	4,835	7,574	29,937
Carrying amount 31.12.2023	**2,992**	**6,976**	**17,262**	**2,011**	**5,769**	**29,887**	**64,898**

5.3 TANGIBLE ASSETS

Accounting policy

Land, buildings, machinery and equipment form significant part of the tangible fixed assets. They are measured at historical cost less accumulated depreciation and any impairment losses. The acquisition cost of self-constructed assets includes materials, direct labour and a proportionate share of variable overheads of production when their amount is substantial. Depreciation is recognised on a straight-line basis estimated over the estimated economic useful life as follows:

- machinery and equipment 3–10 years
- buildings 10–40 years
- land and water areas are not depreciated

Ordinary maintenance and repair costs are expensed in the period they are incurred. The cost of major renovations and improvement projects are recognised in the balance sheet if it is probable that the increased economic benefits will flow to the Group in the future. Renovation and improvement projects are depreciated using a straight-line method over the expected useful life. Capital gains and losses are included in the statement of comprehensive income under the operating profit.

Accounting estimates and considerations

Estimating whether the expected corresponding financial benefit is likely or what is the economic useful life of the tangible asset requires management judgement. The estimated economic useful lives and net book values are reviewed at the end of each reporting period, at minimum, and if they significantly differ from the previous estimates, the write-off period is changed correspondingly. Assessing whether there are signs of impartment also requires management judgement.

TANGIBLE ASSETS

EUR thousand	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Cost 1.1.2022	643	21,261	60,285	93	1,015	83,298
Translation differences	-2	-150	920	5	-70	704
Business combinations	0	29	2,448	0	0	2,477
Additions	0	272	7,711	-15	2,424	10,392
Disposals	0	-21	-5,688	0	0	-5,710
Reclassifications	0	3	-1,025	0	0	-1,022
Cost 31.12.2022	642	21,394	64,652	83	3,369	90,140
Cumulative amortisation and impairment 1.1.2022	0	-9,039	-38,403	0	0	-47,441
Translation differences	0	38	-364	0	0	-326
Cumulative amortisation on disposals and reclassifications	0	13	3,574	0	0	3,587
Amortisation	0	-838	-6,989	0	0	-7,827
Cumulative amortisation and impairment 31.12.2022	0	-9,826	-42,182	0	0	-52,008
Carrying amount 1.1.2022	643	12,222	21,882	93	1,015	35,857
Carrying amount 31.12.2022	**642**	**11,568**	**22,470**	**83**	**3,370**	**38,133**
Cost 1.1.2023	642	21,394	64,652	83	3,370	90,140
Translation differences	-56	-67	-1,396	0	-19	-1,537
Business combinations	87	3,730	727	0	0	4,544
Additions	1,584	2,338	21,595	3	-2,983	22,537
Disposals	0	-152	-11,798	-78	-132	-12,160
Reclassifications	0	0	-173	0	0	-173
Cost 31.12.2023	2,257	27,243	73,607	8	235	103,351
Cumulative amortisation and impairment 1.1.2023	0	-9,826	-42,182	0	0	-52,008
Translation differences	0	46	803	0	0	849
Cumulative amortisation on disposals and reclassifications	0	130	6,454	0	0	6,584
Amortisation		-846	-8,713	0	0	-9,559
Cumulative amortisation and impairment 31.12.2023	0	-10,496	-43,638	0	0	-54,134
Carrying amount 1.1.2023	642	11,568	22,470	83	3,370	38,133
Carrying amount 31.12.2023	**2,257**	**16,747**	**29,969**	**8**	**235**	**49,217**

5.4 DEPRECIATION, AMORTISATION AND IMPAIRMENT

Accounting policy

The balance sheet values of both the intangible and tangible assets being depreciated and the investments into associates and joint ventures are reviewed for impairment every time events and changes in circumstances show that income equal to the asset's balance sheet value can no longer be recovered. If there are such signs of impairment, the recoverable profit of the asset is estimated. Recoverable profit is the higher of either the fair value minus the asset's trade costs or the present value of the predicted cash flows generated by the use and selling of the asset. The impairment loss is recognised in the income statement if the recoverable profit falls below the balance sheet value of the asset. Impairment losses are cancelled if the recoverable profits increase later.

Accounting estimates and considerations

Assets not measured at fair value are tested for impairment every time there is indication of a possible decrease in value. External sources include a significant decline in market value that is not the result of the passage of time, normal use of the assets or increase in interest rate. Internal sources of information include evidence of obsolescence of, or physical damage to, assets. If the balance sheet value of the asset exceeds the amount recoverable from its use or sale, the impairment loss is recognised immediately so that the accounting amount is equal to the amount recoverable.

DEPRECIATION AND AMORTISATION

EUR thousand	31.12.2023	31.12.2022
Tangible assets		
Machinery and equipment	8,835	6,388
Buildings and structures	846	838
Intangible assets		
Development costs	3,959	4,236
Immaterial rights	1,050	377
Other intangible assets	2,494	2,181
Right-of-use assets		
Machinery and equipment	1,088	767
Buildings and structures	5,579	4,487
Total	**23,851**	**19,275**

IMPAIRMENT

EUR thousand	31.12.2023	31.12.2022
Development costs	0	508
Total	**0**	**508**

5.5 LEASES

Accounting policy
At the start of the agreement, the Group assesses whether the agreement is a lease agreement or if it contains a lease agreement. In other words, does the agreement grant the right to control the use of an identified asset against compensation for a certain period.

Leases, Group as lessee
The Group has leased machinery, equipment, and real estate. Those lease agreements in which the risks and rewards of ownership do not essentially transfer to the Group are regarded as right-of-use agreements whose lease liabilities are recognised in the balance sheet. The related costs are processed as amortisation of the right-of-use assets and interest expenses. The Group applies one recognition and measuring method for all leases, except for leases of assets that are short-term and of low value. The Group recognises the lease liability to perform lease payments, and the right of use asset that represents the right to use the asset leased. The Group recognises right-of-use assets on the first day of the lease (meaning that the asset is then available). Right-of-use assets are measured to the acquisition expense minus the depreciations and impairment losses that is adjusted with the results of the reassessment of the lease liabilities. The acquisition expense of the right-of-use assets contains the amount of recognised lease liabilities, possible starting costs and lease payments paid before the starting date, and the lease incentives received are deducted from it. Right-of-use assets that consist primarily of the leasing of premises and vehicles, are typically depreciate using a straight-line method during either the lease term or the estimated useful life, whichever of them is shorter. Right-of-use assets are subject to possible impairment.

Changing lease payments that do not depend on an index or multiplier are recognised as costs for the period in which the payment is paid. When calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term and insubstantial lease agreements
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption to equipment that are considered of low value. Lease payments on short term leases and lease of low value assets are recognised as an expense over the lease term.

Judgement in determining the lease term
The Group has various lease agreements for office equipment, vehicles and premises with varying terms and renewal rights. The Group determines the lease term as the non-cancellable term of the lease together with any periods covered by an option to extend or early terminate the lease if it is reasonably certain to be exercised. The Group uses judgment especially for the use of extension options as well as when defining the lease term for open end lease agreements so that they are based on the business requirements, factors that create an economic incentive and real estimated useful life time of the underlying asset.

Leases, Group as lessor
The Group leases machinery and equipment to its customers under right-of-use agreements with varying terms. In these agreements, the risks and rewards incidental to ownership of an asset remain with the lessor. The leased asset is recognised on the balance sheet according to the nature of the asset.

Accounting estimates and considerations
Those lease agreements in which the risks and rewards of ownership do not essentially transfer to the Group are regarded as right-of-use agreements whose lease liabilities are recognised in the balance sheet. The consideration based on the management's realistic expectations is used when defining the lease term. This applies especially to the cases in which a building's lease includes the ending and continuing option or if the lease term is indefinite.

The activated leases of the Group primarily concern office spaces, vehicles and production equipment and devices.

TANGIBLE ASSETS

EUR thousand	Buildings, right-of-use assets	Machinery and equipment, right -of-use assets	Total
Cost 1.1.2022	17,073	3,254	20,328
Translation differences	-322	20	-302
Additions	10,174	851	11,025
Disposals	-901	-93	-995
Cost 31.12.2022	26,024	4,033	30,056
Cumulative amortisation and impairment 1.1.2022	-9,041	-2,043	-11,085
Translation differences	165	-11	154
Cumulative amortisation on disposals and reclassifications	470	279	749
Amortisation	-4,487	-839	-5,326
Cumulative amortisation and impairment 31.12.2022	-12,894	-2,615	-15,508
Carrying amount 1.1.2022	8,032	1,211	9,243
Carrying amount 31.12.2022	**13,130**	**1,418**	**14,548**
Cost 1.1.2023	26 024	4 033	30 056
Translation differences	-1 057	-97	-1 154
Business combinations	130	18	148
Additions	11 216	1 265	12 481
Disposals	-2 397	-85	-2 482
Cost 31.12.2023	33 916	5 134	39 049
Cumulative amortisation and impairment 1.1.2023	-12 894	-2 615	-15 508
Translation differences	668	62	729
Cumulative amortisation on disposals and reclassifications	2 085	154	2 239
Amortisation	-5 579	-1 068	-6 648
Cumulative amortisation and impairment 31.12.2023	-15 721	-3 467	-19 189
Carrying amount 1.1.2023	13 129	1 418	14 548
Carrying amount 31.12.2023	**18 195**	**1 666**	**19 861**

MATURITY OF LEASE LIABILITIES

EUR thousand	31.12.2023	31.12.2022
within 1 year	5,561	5,697
1-5 years	10,369	7,161
over 5 years	4,767	2,119
Total	**20,697**	**14,977**

The cash flow of leases in which the Normet Group is the lessee amounted to MEUR -6.4 in the financial year 2023 (MEUR -5.1).

EUR thousand	31.12.2023	31.12.2022
Lease liabilities 1.1.	14,977	9,561
Additions	12,082	10,525
Lease payments	-6,362	-5,110
Lease liabilities 31.12.	20,697	14,977

ITEMS RECOGNISED IN THE INCOME STATEMENT

EUR thousand	31.12.2023	31.12.2022
Depreciation expense on right-of-use assets	6,668	5,254
Rental expense relating to leases of short-term assets	83	56
Rental expense relating to leases of low-value assets	133	717
Interest expense on lease liabilities	926	444
Total	**7,809**	**6,471**

NORMET AS A LESSOR

EUR thousand	31.12.2023	31.12.2022
within 1 year	660	314
1-5 years	0	16
over 5 years	102	93
Total	**762**	**423**

Net sales for the financial year includes MEUR 10.1 (8.0) lease income from right-of-use asset agreements.

6 CONSOLIDATION

6.1 ACQUISITIONS AND BUSINESS DISPOSALS

Accounting policy

The consolidation of the acquired business in accordance with IFRS 3 is still provisional as of 31 December 2023. Therefore, the fair value measurement of the acquired assets and liabilities is preliminary and subject to adjustments during the 12-month period during which the acquisition calculations will be finalised.

On 31 January 2023, Normet acquired 100% of the voting shares of Rambooms Oy, a manufacturer and supplier of rock breaker boom systems, and Marakon Oy, a supplier of hydraulic hammers and excavator attachments for the construction, crusher, and mining industries. The Rambooms and Marakon businesses have their manufacturing facilities in Lahti, Finland. The group has a wide customer base, and its products are found in most mining and construction markets. Combined, Rambooms and Marakon have 35 employees and had net sales of EUR 26 million in 2022. Rambooms and Marakon are known for their high performing quality products. With the acquisition Normet strengthens its position in scaling and breaking as well as supports advancing towards higher levels of automation and electrification for the mining and construction industries. Alongside with Rambooms Oy and Marakon Oy Normet acquired also 100% of voting shares of Kiinteistö Oy Lahden Yrittäjänkatu 10. Rambooms Oy and Marakon Oy merged into Normet MRB Oy on 30 September 2023.

On 17 February 2023, Normet acquired 100% of the voting shares of Remion Ltd., a specialist in innovative business- and process-enhancing industrial internet solutions and advisory services situated in Finland. Remion employs a team of 28 professionals. Remion is a critical enabler for Normet's digitalisation strategy. Remion's capabilities in analytics and software development provide a foundation for Normet to utilise related skill-sets in developing the Normet offering. Remion is based in Tampere, Finland. After the acquisition, Remion continues to operate as an independent company as part of the Normet Group.

In 2022, Normet acquired 100% of voting shares in Garock Oty Ltd in Australia, and Aliva equipment business in Switzerland. Acquisition analyses have been completed and have not led to any appreciable changes.

Acquired unit	Business unit	Technical area	Acquisition type	Acquisition period	Number of employees
Ramboons Oy	Equipment	Boom systems	Share	January	12
Marakon Oy	Equipment	The hydraulic attachments	Share	January	23
Kiinteistö Oy Lahden Yrittäjänkatu 10	Equipment	Real estate	Share	January	0
Remion Oy	Service	Design and implements of industrial internet service solutions	Share	Febuary	28

ASSETS AND LIABILITIES OF THE ACQUIRED BUSINESSES

EUR thousand	2023	2022
Intangible assets	14,310	2,770
Tangible assets	7,431	733
Inventories	7,461	8,784
Trade and other receivables	3,878	3,955
Cash and cash equivalents	1,019	328
Total assets	**34,100**	**16,570**
Trade payables	2,352	2,246
Pension liabilities	0	645
Provisions	0	56
Loans	2174	0
Deferred tax liabilities	2887	88
Other liabilities	548	150
Total liabilities	**7,961**	**3,892**
Net assets	**26,139**	**12,679**
Acquisition cost paid in cash during the fiscal period	**48,387**	**12,930**
Contingent consideration, to be paid during future fiscal periods	**514**	**1,262**
Goodwill	**22,762**	**1,513**

6.2 ASSOCIATED COMPANIES

Accounting policy

Investments in associates over which Normet exercises significant influence but not control are accounted using the equity method. An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The financial statements information of the Group's associate is included in the consolidated financial statements using the equity method. In this method, the consolidated financial statements present the Group's share of the associate's net identifiable assets in investments. Any premium over net assets paid to acquire an interest in an associate or joint venture is recognised as goodwill within the same line as the underlying investment. The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income.

In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognised its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as share of profit of an associate and in the statement of profit or loss.

The Group has investments in the following associates and joint ventures:

» Kingnor Mining Equipment Co Ltd, China, 49.0%

Normet owns 49 (31 December 2021: 49) per cent of Kingnor Mining Equipment Co. Ltd.

The ownership is classified as an associate as Normet has considerable influence on the company due to the share of ownership and seats on the Board of Directors. Hubei JCHX Mining Services Co. Ltd, a subsidiary of JCHX Mining Management Co. Ltd listed on the Shanghai Stock Exchange in China owns 51% of Kingnor Mining Equipment Co. Ltd.

The key figures in Kingnor Mining Equipment Co Ltd.'s financial statements 2023 were as follows:
» net sales MEUR 9.9
» profit for the financial year MEUR 0.0
» total assets MEUR 18.5
» shareholders' equity MEUR 6.9

In December 2023 Normet's ownership of Lekatech Oy increased to 20 per cent as a result of private offering.

SHARES IN ASSOCIATES

EUR thousand	31.12.2023	31.12.2022
Cost 1.1.	3,959	4,417
Translation differences	248	99
Additions	500	0
Transfer between items	668	0
Share of result	-25	-557
Cost 31.12.	**5,350**	**3,959**
Carrying amount 1.1.	3,959	4,417
Carrying amount 31.12.	**5,350**	**3,959**

6.3 SUBSIDIARIES

Accounting policy

Acquisitions of subsidiaries are accounted for using the acquisition method according to which the acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. The excess of the consideration transferred for the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Acquisition-related costs are recognised as expenses.

The subsidiaries acquired during the financial period are included in the consolidated financial statements from the date the Group gained control until the date the Group ceases to control the subsidiary. The distribution of profit for the financial year to the owners of the parent company and non-controlling interests is presented in the income statement and the equity attributable to non-controlling interest is presented as a separate item on the balance sheet.

Intra-Group transactions, receivables, liabilities and unrealised margins as well as internal profit distributions are eliminated in the preparation of consolidated financial statements. The accounting principles of the subsidiaries have been changed, where necessary, to ensure consistency with the principles adopted by the Group.

Subsidiaries owned by the parent company	Location	Parent company's share
Normet Oy	Finland	95.46

Subsidiaries owned by the group	Location	Group's share, %
Normet Asia Pacific Pty Ltd	Australia	100.00
Dynamic Rock Support Pty Ltd	Australia	100.00
Garock Pty Ltd	Australia	100.00
Normet Austria GmbH	Austria	100.00
Normet do Brasil Ltd	Brazil	100.00
Normet Canada Ltd	Canada	100.00
Normet Chile Ltda	Chile	100.00
Normet Shanghai Trading Ltd	China	100.00
Normet Hong Kong Ltd	China	100.00
Normet Colombia S.A.S	Colombia	100.00
Normet DRC S.A.S	DRC	49.00
Normet MRB Oy	Finland	100.00
Normet Global Oy	Finland	100.00
Remion Oy	Finland	100.00
Kiinteistö Oy Lahden Yrittäjänkatu 10	Finland	100.00
Normet Germany GmbH	Germany	100.00
Normet India Private Limited	India	100.00
PT Normet Indonesia	Indonesia	100.00
Normet Japan G.K.	Japan	100.00
LLP Norservice	Kazakhstan	100.00
Normet Underground Technologies Sdn Bhd	Malaysia	100.00
Normet Mexico Ltd SA de C.V	Mexico	100.00
Normet Mongolia LLC	Mongolia	100.00
Normet Norway AS	Norway	100.00
Normet Peru S.R.L.	Peru	100.00
Normet Doha LLC	Qatar	49.00
Normet LLC	Russia	100.00
Normet Singapore PTE Ltd	Singapore	100.00
Normet Africa Holding Pty Ltd	South Africa	100.00
Normet Africa Ltd	South Africa	100.00
Normet Scandinavia Ab	Sweden	100.00
Normet International Ltd	Switzerland	100.00
Normet Taiwan Co. Ltd	Taiwan	100.00
Normet Middle East General Trading LLC	UAE	49.00
Normet UK Ltd	UK	100.00
Normet Americas Inc	USA	100.00
Normet Zambia Ltd	Zambia	100.00

The ownership percentages above are based on current share ownership and existing options.

During the fiscal year Normet established a new subsidiary Normet Austria GmbH in Austria as well as Normet Africa Holding Pty Ltd in South Africa. Normet Middle East General Trading LLC has been set to liquidation process and the process was finalised in February 2024.

Investments accounted for using the equity method	Location	Group's share, %
Kingnor Mining Equipment Co Ltd	China	49.00
Lekatech Oy	Finland	20.00

In December 2023, Normet Oy has subscribed shares of Lekatech Oy in directed share issue, obtaining 20 per cent of the voting shares in the company.

Foreign branches
The Group has branches in India and Ghana.

7 CAPITAL STRUCTURE AND FINANCIAL INSTRUMENTS

7.1 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Group's parent company approves the general principles of risk management. The management of the Group together with business units are responsible for their realisation. Financial risk management has been centralised in the financial management.

The Group is exposed to several financial risks in its normal course of business. The main financial risks relate to currency risks, credit risks and liquidity risks. The objectives of the treasury function are to secure sufficient funding for business operations, to provide business units with financial services, to minimise the costs of financing, to manage financial risks (currency, interest rate, liquidity and funding, credit, counterparty and operational risks) and to regularly provide management with information on the financial position and risk exposures of the Group.

Currency risk
Due to its international operations, the Group is exposed to risks arising from foreign exchange rate fluctuations. The most significant currencies for the Group are the Australian dollar (AUD), Chilean peso (CLP), Indian rupee (INR), Norwegian krone (NOK), Canadian dollar (CAD), Great British pound (GBP) and the United States dollar (USD). Currency risks arise from commercial transactions, monetary items in the balance sheet and net investments in foreign subsidiaries.

The Group's fixed-price equipment sales contracts are usually hedged by using foreign exchange forward contracts. Hedge accounting is not applied by Normet. The change in the fair value of foreign exchange forward contracts is recognised in net sales to compensate for the change in the value of the corresponding receivable.

The currency risk sensitivity analysis is based on an aggregate Group level currency exposure, which is composed of all assets and liabilities denominated in foreign currencies. The sensitivity analysis does not include the translation difference due to the shareholders' equities of foreign subsidiaries whose functional currency is not euro.

The table below presents the appreciation and depreciation of Normet's most important currencies in relation to all other currencies as other factors remain unchanged. A change rate of +/- 10 % is used. The change rate used is +/- 10% to the debt capital. The sensitivity analysis is based on assets and liabilities of the parent company and each subsidiary denominated in foreign currencies at the end of the reporting period. The effects of currency derivatives, which offset the effects of changes in exchange rates, are also considered in the sensitivity analysis.

EUR Change in FX Rate	2023 Change +/-10 %	2022 Change +/-10 %
AUD	2,962	3,334
CAD	1,284	718
CLP	1,197	2,456
GBP	298	216
INR	213	444
NOK	5	711
USD	722	706

Credit risk
The Group is exposed to credit risk from its commercial receivables. The business units are responsible for the management of commercial credit risk in accordance with policies approved by the Group's management. The Group generally has no significant concentrations of credit risk, since it has a broad clientele distributed geographically across the globe. The commercial credit risk is considered low as the trade receivable portfolio is diversified and the Group's historical credit loss frequency is low. The age distribution of the trade receivables is presented in note 4.4 Trade receivables and other receivables.

Interest rate risk
The Group is exposed to interest rate risk relating to its long-term loan portfolio. Normet does not hedge the interest rate risk of variable rate loans.

SENSITIVITY ANALYSIS

	2023	2022
Increase in percent	1%	1%
Effect on proft after tax	-1,200	-560
Effect on interest expense of variable rate loans	-1,500	-700
Share of fixed rate loans of total, %	0%	0%

The interests related to the Group's main financial agreement are included in the sensitivity analysis. The analysis only considers the impact of the interest increasing, and it does not consider possible decreases in interest rate. The interests of other loans have no significant impact on the sensitivity. The hybrid bond is not included in the sensitivity analysis.

Loan covenants
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 150 whose conditions included covenants related to the relationship of equity ratio and net liability and operating profit.

Liquidity and funding risk
The Group management constantly evaluates and monitors the financing required by the operations to ensure adequate reserves of liquid

funding for financing the operations and repaying loans when due. The Group utilises short-term credit limits to control the liquidity risk.

The objective of funding risk management is to avoid an untenably large proportion of loans or credit facilities maturing at a time when refunding is not economically or contractually feasible. The risk is minimised by balancing the repayment schedules of loans and credit facilities as well as by retaining flexible credit facility agreements. The repayments of interest-bearing liabilities during the next 12 months do not include liabilities arising from foreign subsidiaries' overdraft facilities.

	31.12.2023	31.12.2022
Cash and cash equivalents	37,085	36,896
Binding long-term undrawn credit facility	30,000	47,000
Interest-bearing liabilities payable within the next twelve months	-10,000	0
Liquidity position	57,085	83,896

The cash assets recorded in the balance sheet of Normet's Russian subsidiary are not available to the parent company and other subsidiaries. The cash assets total to MRUB 540.9 (MEUR 5.5) on 31.12.2023 and they are in the cash and cash equivalents in the consolidated balance sheet.

In December 2021, the Group signed a new four-year EUR 130 million financing agreement. In December 2022, a new credit facility of a maximum of EUR 50 million was added to the financing agreement. The loan has a variable interest rate. The financing agreement includes EUR 40 million revolving credit facility. On 31.12.2023, the group had approximately MEUR 30 of undrawn credit facilities at its disposal. The final maturity date for financing agreement is January 2026.

7.2 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

Accounting principle

Financial assets

The Group's financial assets are classified according to the following categories: financial assets measured at amortised cost, financial assets measured at fair value through profit or loss, and financial assets recognised at fair value through other comprehensive income. Financial assets are classified according to their cash flow characteristics and the business model they are managed in and accounted for at settlement date. Financial assets are presented as non-current when their maturity exceeds one year.

Financial assets measured at amortised cost

Non-derivative assets with fixed or determinable payments that are not quoted in an active market are classified as financial assets at amortised cost. Trade receivables and other receivables are included in this category. Trade and other receivables are initially measured at fair value and later at amortised cost less impairment. A simplified model is applied to trade receivables, in which the loss allowance is measured at the estimate of the lifetime expected credit losses of the receivables. Impairments and allowances are recognised in the statement of income under other operating costs. Bad debts are written off when an official announcement of liquidation or bankruptcy confirming that the receivable will not be collected is received or when it can otherwise be reasonably assessed that the value of the receivable has been lost.

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss include derivatives that are not eligible to hedge accounting. Realised and unrealised gains and losses from changes in fair values of derivatives are recognised in the statement of income in the period in which they have arisen, and the change in value is presented consistently with the hedged item, with regard to trade receivables, in net sales.

Financial assets measured at fair value through profit or loss also include investments in other companies. The shares are initially measured at cost and then at fair value. Profits or losses arising from changes in the fair value and from gains arising from sales as well as impairments of shares are included in financial income and expenses. In practice, the acquisition cost of shares is regarded as their fair value.

Financial assets at fair value through other comprehensive income

Normet has no financial assets at fair value through other comprehensive income.

Financial liabilities

The Group's financial liabilities are classified either into financial liabilities recognised at amortised cost or financial liabilities recognised at fair value through profit or loss. Financial liabilities are classified as current unless the Group has the unconditional right to defer the payment of the debt to at least 12 months from the end of the financial period. Financial liabilities (or parts thereof) are only de-recognised once the debt has extinguished, i.e. once the contractually specified obligation is discharged, cancelled, or expired.

Financial liabilities recognised at amortised cost

The loans raised by the Group are included in financial liabilities recognised at amortised cost. They are measured at their initial recognition at fair value using the effective interest rate method. After the initial recognition, loans are measured at amortised cost. Interests on loans are expensed through profit or loss over the maturity of the debt using the effective interest rate method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivatives that are not eligible for hedge accounting. Realised and unrealised gains and losses from changes in fair values of derivatives are recognised in the statement of income in the period in which they have arisen, and the change in value is presented consistently with the hedged item, with regard to trade receivables, in net sales.

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR thousand	Measured at amortised cost	Fair value through OCI	Balance sheet values	Fair value
Non-current financial assets				
31.12.2023				
Investments	0	365	365	365
Non-current trade receivables	0	0	0	0
Non-current loan receivables	11	0	11	11
Other non-current receivables	2,574	0	2,574	2,574
Total	**2,584**	**365**	**2,949**	**2,949**
Current financial assets				
31.12.2023				
Trade receivables	79,100	0	79,100	79,100
Other receivables	28,293	0	28,293	28,293
Cash and cash equivalents	37,085	0	37,085	37,085
Total	**144,477**	**0**	**144,477**	**144,477**
Non-current financial liabilities				
31.12.2023				
Loans from financial institutions	140,101	0	140,101	140,101
Lease liabilities	15,136	0	15,136	15,136
Total	**155,237**	**0**	**155,237**	**155,237**
Current financial liabilities				
31.12.2023				
Loans from financial institutions	12,509	0	12,509	12,509
Lease liabilities	5,561	0	5,561	5,561
Accounts payable	58,514	0	58,514	58,514
Other current liabilities	0	220	0	0
Total	**76,584**	**220**	**76,804**	**76,804**

EUR thousand	Measured at amortised cost	Fair value through OCI	Balance sheet values	Fair value
Non-current financial assets				
31.12.2022				
Investments	0	723	723	723
Non-current trade receivables	20	0	20	20
Non-current loan receivables	10	0	10	10
Other non-current receivables	2,701	0	2,701	2,701
Total	**2,731**	**723**	**3,454**	**3,454**
Current financial assets				
31.12.2022				
Trade receivables	70,580	0	70,580	70,580
Other receivables	23,236	0	23,236	23,236
Cash and cash equivalents	36,896	0	36,896	36,896
Total	**130,711**	**0**	**130,711**	**130,711**
Non-current financial liabilities				
31.12.2022				
Loans from financial institutions	83,329	0	83,329	83,329
Lease liabilities	9,280	0	9,280	9,280
Total	**92,609**	**0**	**92,609**	**92,609**
Current financial liabilities				
31.12.2022				
Loans from financial institutions	1,601	0	1,601	1,601
Lease liabilities	5,697	0	5,697	5,697
Accounts payable	63,921	0	63,921	63,921
Total	**71,219**	**0**	**71,219**	**71,219**

7.3 FAIR VALUE HIERARCHY

Accounting principles

Financial instruments measured at fair value are classified according to the following fair value hierarchy: instruments measured using quoted prices in active markets (level 1), instruments measured using inputs other than quoted prices included in level 1 observable either directly or indirectly (level 2), and instruments measured using inputs that are not based on observable market data (level 3). Financial instruments measured at fair value include financial assets and liabilities at fair value through profit or loss.

FAIR VALUE HIERARCHY

	31.12.2023	
Financial assets	**Level 2**	**Level 3**
Other investments		365
Interest-bearing investments, non-current	11	
Other receivables, non-current	2,574	
Financial liabilities		
Interest-bearing debt, non-current	155,237	
Derivatives	220	

	31.12.2022	
Financial assets	**Level 2**	**Level 3**
Other investments		723
Interest-bearing investments, non-current	10	
Other receivables, non-current	2,721	
Financial liabilities		
Interest-bearing debt, non-current	92,609	
Derivatives	0	

7.4 CASH AND CASH EQUIVALENTS

Accounting principles

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other cash investments. The other cash investments include short-term, highly liquid investments, whose value fluctuates only slightly. Cash equivalents have a maturity of up to three months on the date of acquisition. Credit accounts related to bank accounts are included in current financial liabilities.

	31.12.2023	31.12.2022
Cash and cash equivalents	37,085	36,896
Total	**37,085**	**36,896**

Russia's attack on Ukraine has significantly changed the business environment in Russia. Russia has responded to the sanctions imposed on it by imposing legal and repatriation restrictions on foreign-owned companies operating in Russia. The cash assets recorded in the balance sheet of Normet's Russian subsidiary are not available to the parent company and other subsidiaries. The cash assets total to MRUB 540.9 (MEUR 5.5) on 31.12.2023 and they are in the cash and cash equivalents in the consolidated balance sheet. The funds of the Russian subsidiary can be repatriated to the parent company through the dividend payments or capital returns within the framework of the legislation in force in Russia. The assets of the Russian subsidiary are freely available for use by the local Russian subsidiary, subject to the aforementioned restrictions.

7.5 INTEREST-BEARING LIABILITIES

INTEREST-BEARING NET DEBT RECONCILIATION

	31.12.2023	31.12.2022
Non-current interest bearing liabilities	140,101	83,329
Lease liabilities	20,697	14,977
Current interest bearing liabilities	12,509	4,931
Cash and cash equivalents	-37,085	-36,896
Total	**136,222**	**66,341**

MATURITY ANALYSIS ON FINANCIAL LIABILITIES

	31.12.2023			
EUR thousand	Balance Sheet total	Less than 1 year	1-5 years	More than 5 years
Loans from financial institutions	152,610	12,509	140,101	0
Other liabilities	638	638	0	0
Lease liabilities	20,697	5,561	10,369	4,767
Trade Payables and Other Liabilities	81,547	81,547	0	0
	255,491	**100,255**	**150,470**	**4,767**

	31.12.2022			
EUR thousand	Balance Sheet total	Less than 1 year	1-5 years	More than 5 years
Loans from financial institutions	84,929	1,601	83,329	0
Other liabilities	4,614	4,614	0	0
Lease liabilities	14,977	5,697	7,122	2,158
Trade Payables and Other Liabilities	80,178	80,178	0	0
	184,698	**92,089**	**90,451**	**2,158**

CHANGES IN LIABILITIES DUE TO FINANCING

EUR thousand	Loans from financial institutions	Lease liabilities	Total
1.1.2023	84,929	14,978	99,908
Loan payments	0	-6,362	-6,362
New contracts	68,302	11,389	79,692
Foreign exchange rate impact	-621	691	70
31.12.2023	**152,610**	**20,697**	**173,307**

EUR thousand	Loans from financial institutions	Lease liabilities	Total
1.1.2022	72,746	9,561	82,307
Loan payments	0	-5,537	-5,537
New contracts	12,307	10,806	23,113
Foreign exchange rate impact	-123	148	25
31.12.2022	**84,929**	**14,977**	**99,907**

7.6 DERIVATIVES

	31.12.2023			
EUR thousand	Nominal value	Positive market value	Negative market value	Net market value
Forward exchange contracts	31,434	225	-445	-220
	31,434	**225**	**-445**	**-220**

	31.12.2022			
EUR thousand	Nominal value	Positive market value	Negative market value	Net market value
Forward exchange contracts	42,507	1,622	-173	1,449
	42,507	**1,622**	**-173**	**1,449**

7.7 EQUITY

Accounting principles
Expenses related to the issue or acquisition of instruments treated as equity are presented as shareholders' equity deductions. The acquisition and transfer of own shares are presented as adjustments to shareholders' equity.

	31.12.2023	31.12.2022
Share capital	3,423	3,423
Share premium	3,350	3,350
Unrestricted equity reserve	3,013	2,860
Hybrdi bond	29,693	34,666
Reserves	316	304
Translation differences	-7,928	-4,007
Accumulated earnings	130,618	110,838
EQUITY	**162,486**	**151,434**
Non-controlling interests	**2,795**	**2,465**

Normet Group Oy's fully paid share capital registered in the trade register was at the end of 2023 and 2022 EUR 3,423,000.00. The shares have no par value. The company did not hold any own shares. Each share entitles the holder to one vote at the General Meeting.

The share premium account includes those subscriptions over the nominal value that were decided on during the validity of the old Finnish Companies Act.

The unrestricted equity reserve includes other equity investments and share subscriptions to the extent that there has been no express decision to record them in share capital. After the Finnish Limited Liabilities Act 624/2006 entered into force on 1 September 2006, the subscription price of a new share is to be credited in full to the reserve for invested unrestricted equity as provided in the share issue decision.

The dividend proposed to the Annual General Meeting by the Board will not be deducted from the distributable funds before the Annual General Meeting's decision.

The foreign currency translation differences include mainly translation differences arising from the translation of financial statements of the foreign subsidiaries.

Normet has incentive scheme started in 2018 in which options are granted and incentive scheme started in 2019 in which synthetic options are granted. The schemes are for the company's key personnel. Incentive schemes include performance targets and employment requirements.

Granted options give right to subscribe Normet Oy's B-shares. Normet Oy is the principial operative company of Normet Group. The shares include redemption clause, which is why liabilities related to the schemes are presented in non-current other payables in financial statements. The liability at financial statements date was 2.4 MEUR. Cost of the incentive schemes is recognised as employee benefit expense in the statement of income over the service period required in the scheme. Incentive rights settled with cash the expense is recognised against liabilities. In accordance with articles of association, dividends are paid to Normet Oy B-shares according to dividend payments to external shareholders of Normet Group.

In addition to above mentioned schemes, Normet key personnel have Normet Oy B-shares. The shares include redemption clause, which is why liabilities related to the schemes are presented in non-current other payables in financial statements. The liability at financial statements date was 5.2 MEUR.

Hybrid bond
Hybrid bond that is unsecured and ranked below other debt obligations is recognised in the equity. The holder of the bond does not have the rights belonging to shareholders and it does not dilute the company shareholders' ownership. Normet is not obligated to redeem the new hybrid bonds at a particular time and the holders of the hybrid bond cannot demand that Normet redeems the new hybrid bond. Interest expenses are recognised on transaction basis, adjusted with tax effect for the previous financial years' result. In the calculation of the share-specific result, the hybrid bond's interest and transaction costs are included in the result of the financial year.

In May 2023, Normet issued EUR 30 million capital securities whose interest rate is 9.25%. The net proceeds of the issuance were used for financing the tender offer of the Company's out-standing EUR 35 million 7.5% capital securities issued in September 2020. In May 2023, Normet Group Ltd. repurchased, by a public tender offer, EUR 27.8 million of the 2020 hybrid bond. Redemption price equal to the nominal amount of the note together with any accrued interest to but excluding the redemption date.

In July 2023, Normet Group Ltd. redeemed the outstanding share of EUR 7.2 million of the EUR 35 million hybrid bond.

Hybrid bond that is unsecured and ranked below other debt obligations is recognised in the equity. In Normet Group Oy and on the Group consolidated balance sheet, the loans mentioned above are recognised in equity. The hybrid bond has no finite maturity date, but the Company has the right, not an obligation to redeem the loan for the first time in June 2025, and thereafter, on each interest payment date. Hybrid bond interests are paid annually and are treated on the statement of financial position according to their nature in the same manner as dividends. They are also recognised in the shareholders' equity and as a liability when the decision on the payment has been made. The hybrid bonds have a lower priority position than the other debt obligations of the Group.

Management of capital
The Group's capital management seeks to ensure, with the help of an optimal capital structure, the viability of the company's normal business operations and increase shareholder value to obtain the best possible returns. An optimal capital structure also ensures smaller capital costs.

Equity ratio is key indicator when evaluating capital structure of the group. Equity ratio is calculated by dividing total equity by the balance sheet total less received advances. The Hybrid bond is included in total equity. The key figure values are presented in the table below.

MANAGEMENT OF CAPITAL

	31.12.2023	31.12.2022
Equity	165,017	153,900
Assets	492,718	404,460
Advances received	16,757	17,372
Equity to asset ratio	**34.7%**	**39.8%**

Dividends
The parent company's distributable funds total EUR 9,236,159.17 which includes EUR 5,245,454.45 in net profit for the year. The Board of Directors proposes to the Annual General Meeting that of the distributable profit, a dividend of EUR 6.10 for each share and, totalling EUR 4,002,210. The remaining distributable equity, EUR 5,233,949.17 will be retained and carried forward.

In 2023 Normet Oy paid group contribution amounting to MEUR 3.0 to Cantell Oy. In addition, Normet Group paid dividend to shareholders 4.0 MEUR in total.

8 OTHER NOTES

8.1 CONTINGENT LIABILITIES

Accounting principles

Due to the nature of the business, there are legal claims and disputes based on various grounds pending against Normet around the world. The management believes that the outcome of these disputes will not have a material effect on the Group's financial position.

EUR thousand	31.12.2023	31.12.2022
Loans from financial institutions secured by real estate mortgages, business mortgages and pledges	150,000	70,000
Promises of credit and credit limit secured by real estate mortgages, business mortgages and pledges	29,078	55,725
Finance guarantee limit secured by real estate mortgages, business mortgages and pledges	4,275	4,275
Bank guarantee limit secured by real estate mortgages, business mortgages and pledges	20,000	20,000
Total	**203,353**	**150,000**
Credit limit in use	922	3,135
Bank guarantee limit in use	12,255	14,135
Total	**13,177**	**17,271**
Securities provided		
Real estate mortgages	20,000	20,000
Other mortgage	169,000	169,000
Pledged securities	19,926	19,926
Other	13,310	14,260
Total	**222,236**	**223,186**
Current repurchase obligations	0	0
Repurchase obligations maturing in 1-5 years	893	2,608
Total	**893**	**2,608**

8.2 AUDIT FEES

The following remuneration was paid to auditors and accounting firms for audits based on applicable legislation and for other services.

In 2023, the AGM appointed the audit firm Ernst & Young Oy as Normet Group's auditor.

	1.1.–31.12.2023	1.1.–31.12.2022
Audit	446	410
Tax services	135	93
Other non-audit services	4	242
Total	**585**	**745**

8.3 RELATED PARTY TRANSACTIONS

Accounting principles
The Group's related party is a person or an entity that is related to the entity that prepares the financial statements. The parties are related if one party has control, joint control, or significant influence on the decision making of the other party. The Group's related parties are the Group's parent company (Normet Group Oy) and its subsidiaries, members of the Board of Directors and Executive Board including the parent company's CEO and close family members, and all the entities under the control of those belonging to the related parties.

RELATED PARTY TRANSACTIONS WITH COMPANIES

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Sale of goods and services to associated companies	322	245
Purchases of goods and services from associated companies	85	683
Purchases of goods and services from other related parties	447	579
Contributions given to the related party companies	3,000	3,000

RELATED PARTY RECEIVABLES AND LIABILITIES

EUR thousand	1.1.–31.12.2023	1.1.–31.12.2022
Accounts receivable from associated companies	189	258
Loan receivable from associated companies	2,122	2,264
Other receivables from related party companies	0	13
Accounts payable to associated companies	108	129
Loan receivable from executive management members	708	805

Sales and purchases between related parties are made in accordance with the normal terms of sale.

Normet Oy has share-based payment arrangement for key management. Accrued liability related to share-based plan and key management shareholding on balance sheet was MEUR 8.6 (9.9) on December 2023. Management remuneration and share-based payments are disclosed in note 2.3 Employment benefits for the executive management.

The Group offers executive board a facility to borrow related to share subscription of Normet Oy. Facility is repayable within four years from the date of disbursement. Such loans are unsecured, and the interest rate is separately defined market rate. Normet Group have loan receivables from the executive board amounting to MEUR 0.7 (MEUR 0.8 on 31 December 2022).

8.4 EVENTS AFTER THE BALANCE SHEET DATE

Due to declining order intake outlook, Normet is planning to strengthen its long-term productivity and cost efficiency. The planned measures are targeted to result in total annual savings of approximately EUR 10 million by 2025. Changes will affect Normet's organisation globally and any local negotiations with employee representatives will be held in accordance with the local legislation of each country.

PARENT COMPANY FINANCIAL STATEMENTS (FAS)

NORMET GROUP OY INCOME STATEMENT

EUR	Note	1.1.–31.12.2023	1.1.–31.12.2022
NET SALES	1	**6,551,059.17**	**5,073,289.41**
Other operating income		330,914.58	30,701.72
Material and services	2	0.00	1,642.12
Personnel expenses	3	-6,158,358.23	-5,965,243.85
Depreciation, amortisation and impairment	4	-1,789,913.32	-2,569,330.37
Other operating expenses	5	-12,811,838.32	-11,529,456.15
OPERATING PROFIT (LOSS)		**-13,878,136.12**	**-14,958,397.12**
Financing income and expenses	7	15,331,135.17	21,974,139.65
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		**1,452,999.05**	**7,015,742.53**
Appropriations	8	3,969,701.40	1,852,045.28
Income taxes	9	-177,246.00	-302,219.62
PROFIT/LOSS FOR THE PERIOD		**5,245,454.45**	**8,565,568.19**

NORMET GROUP OY BALANCE SHEET

EUR	Note	1.1.–31.12.2023	1.1.–31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	11	13 516 741,81	9 362 802,40
Tangible assets	11	63 981,20	72 023,04
Investments	11	19 926 173,42	19 928 173,42
NON-CURRENT ASSETS		**33 506 896,43**	**29 362 998,86**
CURRENT ASSETS			
Non-current receivables	12	345 595,23	345 595,23
Current receivables	12	24 885 520,90	39 103 812,17
Cash and bank		15 519,05	116 766,66
CURRENT ASSETS		**25 246 635,18**	**39 566 174,06**
ASSETS		**58 753 531,61**	**68 929 172,92**

EUR	Note	1.1.–31.12.2023	1.1.–31.12.2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital		3 423 000,00	3 423 000,00
Share premium		3 350 000,00	3 350 000,00
Unrestricted equity reserve		885 625,03	885 625,03
Hybrid bond		29 693 390,00	0,00
Retained earnings		3 105 079,69	5 006,49
Profit/loss for the period		5 245 454,45	8 565 568,19
EQUITY		**45 702 549,17**	**16 229 199,77**
APPROPRIATIONS		**2 483 166,16**	**1 088 867,56**
LIABILITIES			
Non-current liabilities	12	0,00	35 000 000,00
CURRENT LIABILITIES	12	10 567 816,28	16 611 105,59
LIABILITIES		**10 567 816,28**	**51 611 105,59**
EQUITY AND LIABILITIES		**58 753 531,61**	**68 929 172,92**

NORMET GROUP OY STATEMENT OF CASH FLOWS

EUR	1.1.–31.12.2023	1.1.–31.12.2022
Cash flow from operating activities		
PROFIT (LOSS) BEFORE TAXES	1,452,999.05	7,015,742.53
Depreciation, amortisation and impairment	1,789,913.32	2,569,330.37
Unrealised foreign exchange gains and losses	36,278.65	-6,111.14
Other items without cash flow impact	-24,659.78	760,118.08
Financial income and expenses	-15,331,135.17	-21,974,139.65
Operating cash flow before working capital changes	**-12,076,603.93**	**-11,635,059.81**
Working capital changes		
Increase /decrease in trade and other receivables	-2,341,382.41	-1,127,805.89
Increase / decrease in trade payables	-6,073,761.14	5,060,866.29
Cash flows from operations before financing items and taxes	**-20,491,747.48**	**-7,701,999.41**
Interest paid	-1,989,651.97	-2,941,363.43
Interest received	45,883.28	15,404.15
Income taxes paid	-223,100.55	-114,944.23
Cash flow from business activities	**-22,658,616.72**	**-10,742,902.92**

EUR	1.1.–31.12.2023	1.1.–31.12.2022
Net cash from operating activities		
Capital expenditure	-5,933,810.89	-5,017,962.44
Net cash used in investing activities	**-5,933,810.89**	**-5,017,962.44**
Cash flows from financing activities		
Proceeds from hybrid bond	29,693,390.00	0.00
Repayment of hybrid bond	-35,000,000.00	0.00
Dividends paid	-4,002,210.00	-4,800,000.00
Dividends received	35,000,000.00	4,900,000.00
Group contribution received and paid	2,800,000.00	15,765,000.00
Net cash used in financing activities	**28,491,180.00**	**15,865,000.00**
Net change in cash and cash equivalents	**-101,247.61**	**104,134.64**
Cash and cash equivalents, opening amount	116,766.66	12,632.02
Net change in cash and cash equivalents	-101,247.61	104,134.64
Cash and cash equivalents, closing balance	15,519.05	116,766.66

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Contents of the parent company notes:

ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY'S FINANCIAL STATEMENTS

Basis of preparation
The parent company financial statements have been prepared in accordance with the accounting legislation (FAS) in force in Finland. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), applying the approved IAS and IFRS standards as well as SIC and IFRIC interpretations in effect on 31 December 2022. The parent company financial statements, balance sheet, cash flow statement and Notes are in euros.

Measurement of non-current assets
Intangible and tangible assets are included in the balance sheet at acquisition cost less depreciation and amortisation according to plan. According to the general classification rule, the acquisition cost includes variable costs associated with procurement and production.

Depreciation and amortisation according to plan are calculated using a straight-line method based on the useful life of intangible and tangible assets. Depreciation of an asset is carried out as of the month when it became available for use. Depreciation and amortisation periods are as follows:

» Intangible rights 5–10 years
» Other intangible assets 5–10 years
» Machinery and equipment 3–8 years

Items denominated in foreign currency and the measurement of financial instruments
Items denominated in foreign currencies are translated into euros at the exchange rate on the closing date. The difference between the exchange rate at the end of the reporting period and the historical exchange rate is recorded in net sales.

Recognition of pensions
Pension costs are presented in compliance with the local legislation of each country. Pension liabilities have been covered in full. The pension coverage of the parent company's personnel is provided by an external pension insurance company.

Accumulated appropriations
Change in depreciation difference is an appropriation. The change of the difference of planned accounting depreciations is presented as an appropriation in the income statement, and the accrued difference of the planned accounting depreciations is presented in the balance sheet as an accumulated appropriation adjustment.

Hybrid bond
Until 2022 hybrid bonds have been recognised in non-current liabilities and interest expenses have been recognised in profit or loss for the financial year. Hybrid bond booked as liability in 2022 has been redeemed in 2023.

As from 2023, hybrid bonds are recognised in equity. Hybrid bond interests are paid annually and are treated on the statement of financial position according to their nature in the same manner as divi-dends. They are also recognised in the shareholders' equity and as a liability when the decision on the payment has been made.

As a result of change in accounting treatment, years 2022 and 2023 are not comparable with regard to hybrid bond.

1 NET SALES BY REGION

EUR	31.12.2023	31.12.2022
EMEA and Eurasia	3,145,401.17	2,605,844.13
Latin America and North America	1,166,926.73	889,930.60
Asia Pacific, China and India	2,238,731.27	1,577,514.68
	6,551,059.17	**5,073,289.41**

2 MATERIAL AND SERVICES

EUR	31.12.2023	31.12.2022
Purchases during the period	0.00	1,642.12
	0.00	**1,642.12**

3 PERSONNEL

EUR	31.12.2023	31.12.2022
Salaries and fees	5,133,605.95	4,976,115.89
Pension expenses	827,552.92	834,174.01
Other employee benefit	197,199.36	154,953.95
	6,158,358.23	**5,965,243.85**
The number of personnel on average	**54**	**48**

4 DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR	31.12.2023	31.12.2022
Depreciation, intangible assets	1,765,235,40	2,446,569,73
Depreciation, tangible assets	24,677,92	22,760,64
Impairment, immaterial rights	0,00	100,000,00
	1,789,913,32	**2,569,330,37**

5 OTHER OPERATING EXPENSES

EUR	31.12.2023	31.12.2022
Non-statutory employee benefits	157,073.59	217,732.21
Rents/leases	247,855.82	220,014.56
Others	12,406,908.91	11,091,709.38
	12,811,838.32	**11,529,456.15**

6 AUDIT FEES

EUR	31.12.2023	31.12.2022
Audit	228,160	103,730
Tax services	0	6,315
Other non-audit services	-2,415	53,224
	225,745	**163,269**

7 FINANCING INCOME AND EXPENSES

EUR	31.12.2023	31.12.2022
Other interests and financing income, external	46,095.42	15,503.08
Interest on borrowings from Group entities	-489,293.81	-286,071.21
Internal dividend income	15,800,000.00	24,900,000.00
Interests and other financial expenses, external	-25,666.44	-2,655,292.22
	15,331,135.17	**21,974,139.65**
Exchange rate gains	212.14	98.93
Exchange rate losses	-1,342.06	-2,478.81
Total	**-1,129.92**	**-2,379.88**

8 APPROPRIATIONS

EUR	31.12.2023	31.12.2022
Group contributions received	5,364,000.00	2,800,000.00
Change in cumulative accelerated depreciation	-1,394,298.60	-947,954.72
	3,969,701.40	**1,852,045.28**

9 INCOME TAXES

EUR	31.12.2023	31.12.2022
Tax for previous accounting periods	0.00	-8,956.65
Other direct tax	-177,246.00	-293,262.97
	-177,246.00	**-302,219.62**

10 CHANGES IN EQUITY

EUR	Share capital	Share premium	Hybrid bond	Unrestricted equity reserve	Treasury shares	Accumulated earnings	Total
EQUITY 1.1.2023	**3,423,000.00**	**3,350,000.00**	**0.00**	**885,625.03**	**-2,580,508.80**	**11,151,083.48**	**16,229,199.71**
Dividend distribution						-4,002,210.00	-4,002,210.00
Other direct recognitions in retained earnings						11,406.73	11,406.73
Proceeds from hybrid bond			30,000,000.00			0.00	30,000,000.00
Hybrid bond interest and expenses			-306,610.00			-1,474,691.72	-1,781,301.72
Profit/loss for the period						5,245,454.45	5,245,454.45
EQUITY 31.12.2023	**3,423,000.00**	**3,350,000.00**	**29,693,390.00**	**885,625.03**	**-2,580,508.80**	**10,931,042.94**	**45,702,549.17**

EUR	Share capital	Share premium	Hybrid bond	Unrestricted equity reserve	Treasury shares	Accumulated earnings	Total
EQUITY 1.1.2022	**3,423,000.00**	**3,350,000.00**	**0.00**	**1,232,672.40**	**-2,580,508.80**	**7,038,467.98**	**12,463,631.58**
Dividend distribution						-4,452,952.69	-4,452,952.69
Return of capital				-347,047.31		0.00	-347,047.31
Profit/loss for the period						8,565,568.19	8,565,568.19
EQUITY 31.12.2022	**3,423,000.00**	**3,350,000.00**	**0.00**	**885,625.03**	**-2,580,508.80**	**11,151,083.48**	**16,229,199.77**

The Board of Directors proposes to the Annual General Meeting of Normet Group Oy that a dividend of EUR 6.10 for each share to be paid, totalling EUR 4.0 million.

In 2023 Normet Group Oy paid dividend to shareholders 4.0 MEUR in total.

DISTRIBUTABLE FUNDS

EUR	31.12.2023	31.12.2022
Unrestricted equity reserve	885,625.03	885,625.09
Retained earnings	3,105,079.69	5,006.49
Profit/loss for the period	5,245,454.45	8,565,568.19
Total	**9,236,159.17**	**9,456,199.77**

11 CLASSIFICATION OF NON-CURRENT ASSETS

EUR	31.12.2023	31.12.2022
NON-CURRENT ASSETS		
INTANGIBLE ASSETS		
Immaterial rights		
Cost 1.1.	2,243,142.68	1,249,423.06
Additions	0.00	993,719.62
Cost 31.12.	**2,243,142.68**	**2,243,142.68**
Cumulative amortisation and impairment 1.1.	-1,050,178.51	-713,155.26
Depreciation	-335,086.92	-337,023.25
Cumulative amortisation and impairment 31.12.	**-1,385,265.43**	**-1,050,178.51**
Carrying amount 31.12.	**857,877.25**	**1,192,964.17**
Other intangible assets		
Cost 1.1.	19,815,326.98	18,492,171.54
Additions	9,892,461.55	1,323,155.44
Cost 31.12.	**29,707,788.53**	**19,815,326.98**
Cumulative amortisation and impairment 1.1.	-17,346,492.85	-15,236,946.37
Depreciation	-1,430,148.48	-2,109,546.48
Cumulative amortisation and impairment 31.12.	**-18,776,641.33**	**-17,346,492.85**
Carrying amount 31.12.	**10,931,147.20**	**2,468,834.13**
Advance payments for intangible assets		
Cost 1.1.	5,701,004.10	3,101,916.72
Additions	6,743,047.68	2,599,087.38
Transfer between items	-10,716,334.42	0.00
Cost 31.12.	**1,727,717.36**	**5,701,004.10**
Carrying amount 31.12.	**1,727,717.36**	**5,701,004.10**
Intangible assets	**13,516,741.81**	**9,362,802.40**

EUR	31.12.2023	31.12.2022
TANGIBLE ASSETS		
Machinery and equipment		
Cost 1.1.	214,516.73	214,516.73
Additions	16,636.08	0.00
Cost 31.12.	**231,152.81**	**214,516.73**
Cumulative amortisation and impairment 1.1.	-142,493.69	-119,733.05
Depreciation	-24,677.92	-22,760.64
Cumulative amortisation and impairment 31.12.	**-167,171.61**	**-142,493.69**
Carrying amount 31.12.	**63,981.20**	**72,023.04**
Tangible assets	**63,981.20**	**72,023.04**
INVESTMENTS		
Investments in Group companies		
Cost 1.1.	19,926,173.42	19,926,173.42
Cost 31.12.	**19,926,173.42**	**19,926,173.42**
Carrying amount 31.12.	**19,926,173.42**	**19,926,173.42**
Investments	**19,928,173.42**	**19,928,173.42**
NON-CURRENT ASSETS	**33,506,896.43**	**29,362,998.86**

12 OTHER NOTES TO THE BALANCE SHEET

NON-CURRENT RECEIVABLES

EUR	31.12.2023	31.12.2022
Non-current group contribution receivables	285,000.00	285,000.00
Other receivables	60,595.23	60,595.23
	345,595.23	**345,595.23**

CURRENT RECEIVABLES

EUR	31.12.2023	31.12.2022
Trade receivables from group companies	6,129,815.46	4,144,836.36
Other receivables from group companies	16,164,000.00	32,800,000.00
Trade receivables	190,676.40	188,779.20
Other receivables	1,036,597.66	1,138,812.05
Accruals	1,364,431.38	831,384.56
	24,885,520.90	**39,103,812.17**

MATERIAL ITEMS IN ACCRUED CREDITS AND DEFERRED CHARGES

EUR	31.12.2023	31.12.2022
Tax receivables (income taxes)	354,605.78	278,279.40
Other prepayments and accrued income on expenses (from others)	1,009,825.60	553,105.16
	1,364,431.38	**831,384.56**

NON-CURRENT LIABILITIES

EUR	31.12.2023	31.12.2022
Hybrid bond	0.00	35,000,000.00
	0.00	**35,000,000.00**

In May 2023, Normet Group Oy issued a bond treated as equity (= hybrid bond) in the amount of MEUR 30 whose interest rate pursuant to the agreement is 9.25%. The net proceeds of the issuance were used for financing the tender offer of the Company's outstanding EUR 35 million 7.5% capital securities issued in September 2020. The new hybrid bond is booked to equity based on its nature.

CURRENT LIABILITIES

EUR	31.12.2023	31.12.2022
Current internal trade payables, interest-free	71,133.27	116,311.59
Accruals and deferred income, internal	6,508,094.38	11,996,644.15
Trade payables, external	2,678,721.44	2,029,381.41
Other liabilities, external	208,215.09	935,354.84
Accruals and deferred income, external	1,101,652.10	1,533,413.60
	10,567,816.28	**16,611,105.59**

SUBSTANTIAL ITEMS IN ACCRUED EXPENSES

EUR	31.12.2023	31.12.2022
Current interest liabilities, interest-free	0.00	668,835.62
Accrued employee expenses, interest-free	943,868.34	864,577.98
Other current accrued liabilities on expenses, interest-free	157,783.76	0.00
	1,101,652.10	**1,533,413.60**

COMMITMENTS AND CONTINGENT LIABILITIES

EUR	31.12.2023	31.12.2022
Securities and contingent liabilities		
Debt secured by mortgages/shares		
Bank guarantee limit secured by real estate mortgages, business mortgages and pledges	20,000,000.00	20,000,000.00
	20,000,000.00	**20,000,000.00**
Limits in use total		
Bank guarantee limit in use	12,254,976.15	14,135,369.27
	12,254,976.15	**14,135,369.27**
Business mortgages		
Business mortgages provided for loans from financial institutions	169,000,000.00	169,000,000.00
	169,000,000.00	**169,000,000.00**
Pledged securities		
Pledged securities provided for loans from financial institutions	19,926,173.42	19.126.173.42
	19,926,173.42	**19.126.173.42**
Rent liabilities		
Current lease liabilities	210,917.00	202,802.80
Lease liabilities maturing in 1–5 years	199,747.00	410,663.37
	410,664.00	**613,466.17**
Lease liabilities		
Current lease liabilities	404,517.18	340,552.29
Lease liabilities maturing in 1–5 years	342,804.14	305,339.41
	747,321.32	**645,891.70**

SIGNATURE TO THE FINANCIAL STATEMENTS AND THE BOARD OF DIRECTORS' REPORT

In Espoo, on 27 March 2024

Aaro Cantell
Chair of the Board of Directors

Lars Engström
Member of the Board of Directors

Mikko Puolakka
Member of the Board of Directors

Tom Melbye
Member of the Board of Directors

Mikko Keto
Member of the Board of Directors

Edoardo Santamaria
CEO

AUDITOR'S REPORT

(Translation of the Finnish original)

To the Annual General Meeting of Normet Group Oy

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Normet Group Oy (business identity code 1954515-8) for the year ended 31 December, 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

» The consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.

» The financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

» Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

» Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER REPORTING REQUIREMENTS

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 27 March 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

NORMET GROUP LTD. // POSTAL ADDRESS: AHMOLANTIE 6, 74510 IISALMI, FINLAND