2022

ANNUAL REPORT

NORMET GROUP OY

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NORMET IN 2022

NORMET IN BRIEF

Normet is a global, innovative technology company providing safe, sustainable and efficient end-to-end solutions for core processes in underground mining, tunnelling and civil industries. Our cutting-edge technologies help customers achieve optimal total process efficiency.

DEFINING THE FUTURE UNDERGROUND

Head-quartered in Espoo, Finland

Over 50 locations in 30 countries

Over 1,700 professionals

Many thousands of machines on customers' work-sites all over the world

CARING
When challenged, we work as one to find solutions that have a positive impact on our people, customers and the environment.

COMMITTED
We listen, understand and are committed to delivering maximum value.

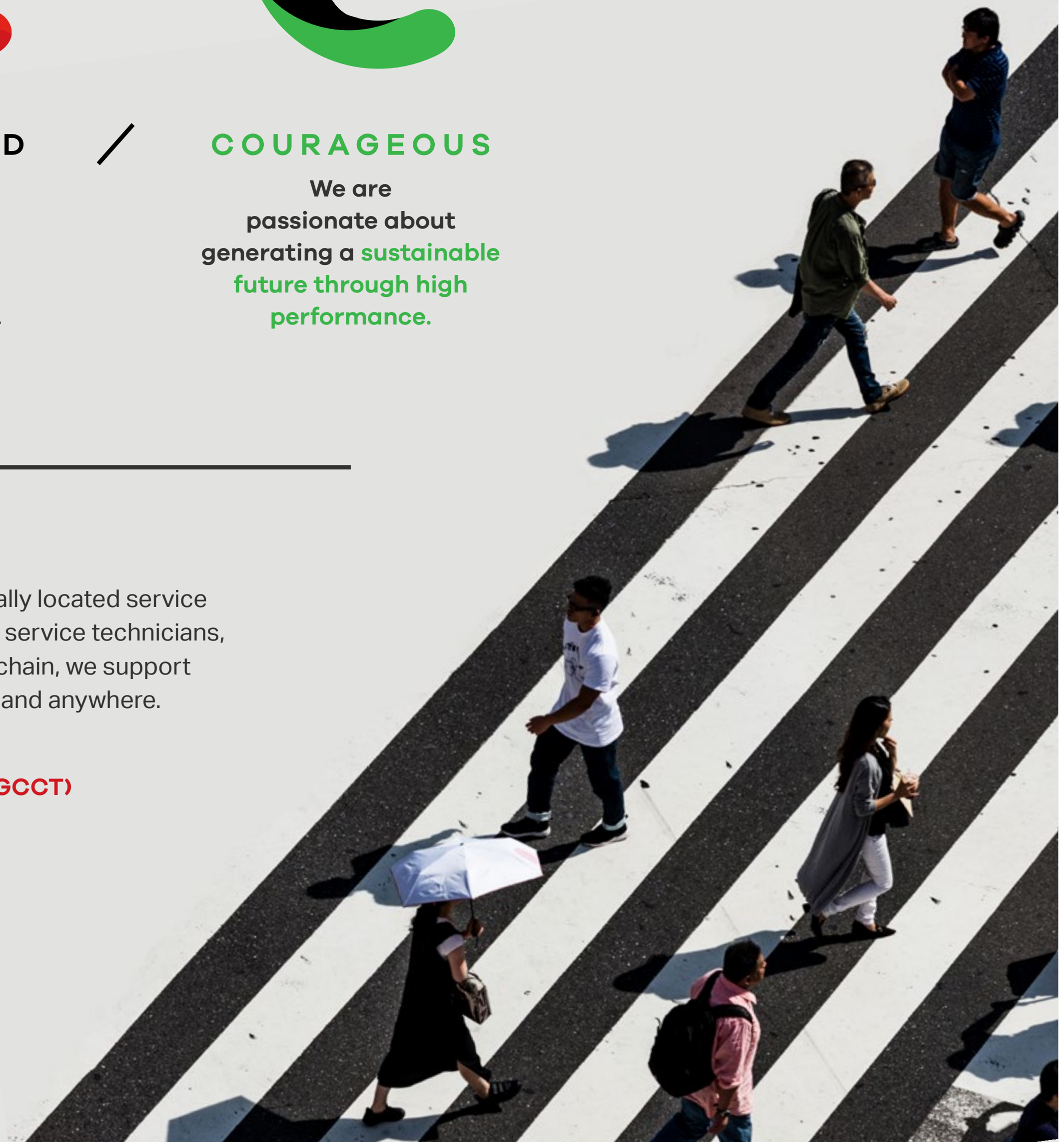
COURAGEOUS
We are passionate about generating a sustainable future through high performance.

NORMET BUSINESS LINES

EQUIPMENT
Our equipment is used for concrete spraying and transport, explosives charging, scaling, lifting, installation works, and underground logistics.

SERVICES
Thanks to our strategically located service centres, global reach of service technicians, and an efficient supply chain, we support our customers anytime and anywhere.

GROUND CONTROL AND CONSTRUCTION TECHNOLOGIES (GCCT)
We supply the underground mining, tunnelling and civil industries with construction chemicals and ground support equipment and expertise.



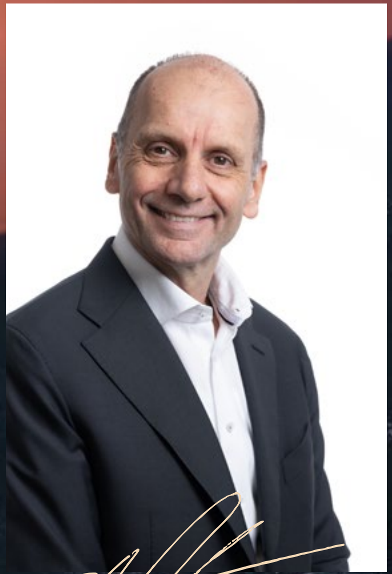
DEFINING THE FUTURE UNDERGROUND

SECURING A SAFE AND SUSTAINABLE FUTURE
A safe workplace is the first priority for every Normet employee. We continuously develop new safe and sustainable solutions. We commit to exceeding industry standards.

PARTNERING FOR LIFETIME VALUE
We are committed to long-term partnerships. We promote our capacity for agile co-operation. Together with our partners we work to continuously create value in our industries and a sustainable future for us all.

INNOVATING FOR PERFORMANCE
We offer lifetime value and productivity. We commit to innovation. Our R&D helps to make a positive difference for both our customers and society as a whole. At Normet, we value expertise and provide opportunities for our employees to innovate and develop.

WWW.NORMET.COM/ABOUT



ED SANTAMARIA
PRESIDENT AND CEO

REVIEW BY PRESIDENT AND CEO

A SUCCESSFUL YEAR

2022 marked Normet's 60th anniversary. Since the turn of the century, we have been striving for and capitalising on new growth opportunities. Regardless of how we evolve and expand, traits such as courage, a focus on making a positive difference, and a persistent enthusiasm to innovate are engrained in the company's DNA.

Normet has continued to develop and grow for several consecutive years, and 2022 was no exception despite the continuing coronavirus pandemic and geopolitical challenges. The year saw a 22% year-on-year increase in revenue to a record high EUR 439 million (2021: EUR 359 million) and an improved EBIT to EUR 51 million (2021: EUR 36 million). This illustrates our continued positive development across all business lines and sales areas and is testament to our ability to remain profitable while growing rapidly.

At the same time, we acknowledge that these are uncertain times. Russia's invasion of Ukraine created an unprecedented set of challenges for Normet. When the war started, Normet responded decisively. We discontinued our business in Russia and were able to counter this withdrawal by investing time and resources into other market areas. Despite disruptions in the inbound supply chains that our industry depends on, we have managed to keep deliveries at a similar pace as before. Throughout Normet's first 60 years, our strength has always rested on our ability to adapt to changing operating environments.

The industry fundamentals for our future growth remain strong 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.

GROWING THROUGH ACQUISITIONS

In a rapidly changing operating environment, the ability to plan and be prepared for the future is key. Our value proposition 'defining the future underground' continues to describe our ambitions well. The strategy that underpins this value proposition is constantly adjusted based on changes in the operating environment and expectations from customers, among other things. The long-term financial targets remain.

We aim to grow both organically and through acquisitions. In 2022, we concluded two strategic acquisitions. Because rock reinforcement is one of Normet's core process areas, we acquired Garock, a leading manufacturer of ground support systems for the mining and civil industries. As an Australian company, Garock also helps us strengthen our geographical presence across the Asia Pacific region.

Meanwhile, the acquisition of Aliva Equipment and its strong brand name strengthens Normet's sprayed concrete offering and increases our market presence in Europe. As a world-leading manufacturer of equipment and accessories for the application of sprayed concrete, Aliva is a great addition to our business.

Our latest acquisition in early 2023 included the Finland-based boom systems manufacturer Rambooms and the hydraulic attachments supplier Marakon. These two companies, which together comprise the Marakon Group, will enhance Normet's position in scaling, breaking, automation and electrification. We also 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.

We see tremendous opportunities with these strategic acquisitions. Normet welcomes the employees from Garock, Aliva Equipment, Rambooms, Marakon and Remion, and will support them in their future growth and development.

We continue to actively look at potential acquisitions and partnerships to expand our business.

Acquisitions will complement our organic expansion and support future growth. Partnerships can help us to extend our customer reach and share in specific, complementary areas of expertise.

The aftermarket and consumables business – meaning products that are not capital equipment, namely Services and GCCT – is an important part of our business, as it provides not only a direct link to our customers, but also a strong position across changing business cycles. We aim to maintain this part of our business at around 65% of the total.

We continue to expand our core process areas, with advances in electrification, digitalisation, automation, and technology leadership. In 2022, we continued to bring new battery-electric vehicle applications to the market, and by the end of 2024, all our main equipment models will be available in SmartDrive® configurations. We also made great progress in leveraging digital services for automated underground operations.

Geographically, we expect to grow in all regions and all markets.

UNLOCKING CUSTOMER VALUE

Our direct business with customers and our proximity to them is a very valuable asset. We need to leverage our daily interactions with customers to ensure we develop our offering to fulfil their needs. It has taken 20 years of investment to get to where we are. Now, we can take advantage of this significant investment for our future growth and development. In early 2023, we reached another significant milestone when our new production and technology hub Centre of Excellence in Jaipur, India, was opened. The facility allows us to cater to both local and global markets.

Understanding end-to-end knowledge of customer processes is a key differentiator for us. With our process expertise, we can help our customers achieve major gains in productivity and efficiency. A serving mindset and providing great support are fundamental elements of our future success.

In the tunnelling sector in particular, we have made the transition from being a product supplier to being much more influential in terms of tunnel designs and the development of solutions for low carbon processes. This is tremendously exciting for us, as we can really leverage our knowledge and showcase the uniqueness and quality of Normet's solutions.

SAFETY AND SUSTAINABILITY UNDERGROUND

We often say there is no room for complacency underground. In 2022, the LTIFR increased slightly compared to the previous year's level and was 4.9 (2021: 4.7). We firmly believe that all accidents are preventable and we will continue with our ambition of achieving zero harm. Achieving it means making safety the top priority in every setting, each and every day. We set high standards and have high expectations. We employ thorough risk assessment and safety observation processes. Additionally, new technologies help us to improve not only job safety, but also operational quality and productivity.

We strongly believe that an industry leader needs to be a sustainability leader. Sustainable operations are critical to our and our customers' success. Our expertise with customer processes puts us in a unique position to help our customers reach their sustainability targets and ambitions. We will expand the scope of our sustainability reporting in 2023. Similarly, sustainability requires prioritisation. We continued our work in introducing new sustainable and safe solutions, optimising energy efficiency, and extending the lifespan of used resources. We are firmly committed to helping build a more sustainable mining and tunnelling industry.

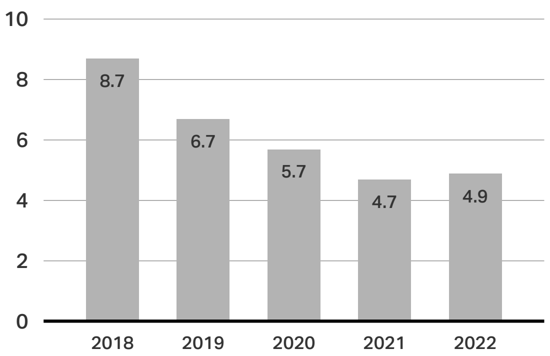
We warmly thank all Normet employees for your efforts in 2022, we thank our customers for the opportunity to work together and we thank our business partners for your support. We very much look forward to the next 60 years of Normet.

KEY FIGURES 2022

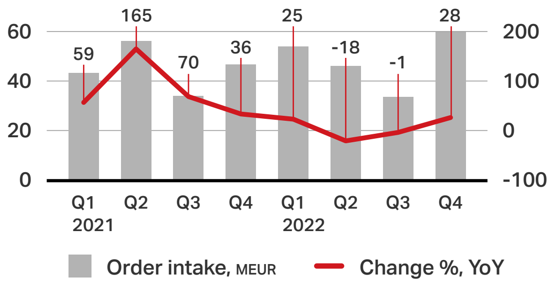
KEY RATIOS

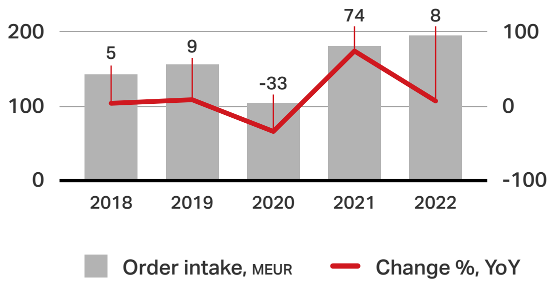
Normet Group IFRS	2022	2021	2020
Order intake, Equipment, MEUR	192	178	102
Revenue, MEUR	439	359	306
Operating profit, MEUR	51	36	28
Operating profit %	12%	10%	9%
Total assets, MEUR	404	335	286
Interest bearing liabilities, net, MEUR	66	42	56
Number of personnel (FY average)	1,699	1,577	1,475
Return on equity %	26%	22%	13%
Gearing %	43%	33%	45%
Equity to asset ratio %	40%	40%	44%

LOST TIME INJURY FREQUENCY RATE

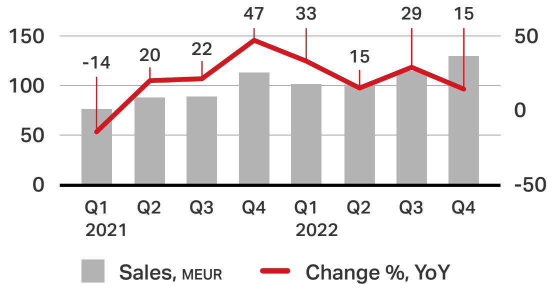


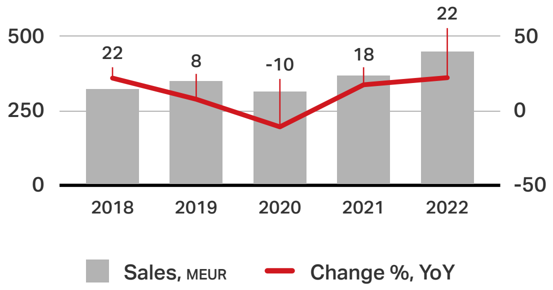
ORDER INTAKE, EQUIPMENT



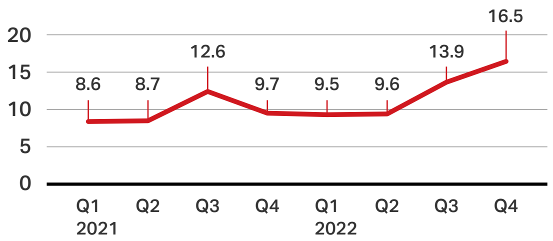


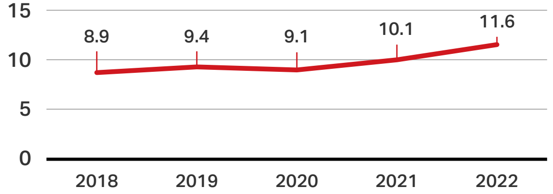
NET SALES



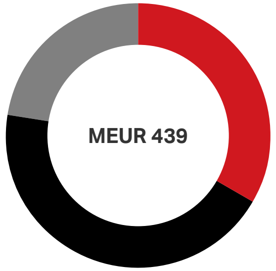


OPERATING MARGIN %





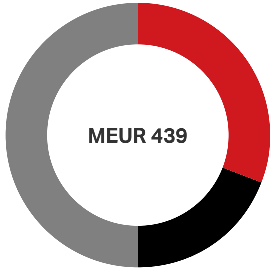
SALES BY BUSINESS LINE



- Equipment: **MEUR 148** (2021: MEUR 138)
- Services: **MEUR 195** (2021: MEUR 158)
- GCCT: **MEUR 99** (2021: MEUR 70)

2022: Elimination MEUR -3
2021: Elimination MEUR -7

SALES BY SALES AREA



- Europe and Eurasia: **MEUR 136** (2021: MEUR 122)
- Latin America and North America: **MEUR 84** (2021: MEUR 73)
- Asia Pacific, China and India: **MEUR 220** (2021: MEUR 165)

MAIN HIGHLIGHTS IN 2022

NORMET CELEBRATED ITS 60th ANNIVERSARY IN AUGUST 2022. The company's roots date back to 1962 when the metal workshop 'Peltosalmen Konepaja' was established in Northern Savonia, Finland. Normet's main manufacturing facility and technology centre is still situated in the same region today.

NORMET ACQUIRED ALIVA EQUIPMENT'S BUSINESS ASSETS from speciality chemicals company Sika to strengthen its sprayed concrete offering in the tunnelling and mining industries.

NORMET ACQUIRED GAROCK Pty Ltd, a leading manufacturer and supplier of ground support systems for the mining and civil industries in Australia. With this acquisition, Normet strengthened its portfolio in dynamic ground support in underground mining and construction infrastructure projects.

GOOD PROGRESS WAS MADE WITH FLEET CONNECTIVITY. Over 100 Normet machines are sending data from customer worksites, and starting in 2023, connectivity is a standard feature on all Normet equipment.

THE CONSTRUCTION OF A NEW MULTI-PURPOSE CENTRE OF EXCELLENCE FACILITY IN JAIPUR, INDIA PROGRESSED AS PLANNED and was inaugurated early 2023. A global technology and production hub, the Centre of Excellence is home to a global equipment production facility, global service rebuild centre, global R&D centre, data analytics hub and a technology training centre for operations and maintenance. The facility, 173,000 sq. ft., was designed with the environment in mind and utilises, for example, solar plant installations, rainwater harvesting and insulation to reduce heating, ventilation and air conditioning loads.

THE ECOMMERCE PILOT WAS SUCCESSFULLY LAUNCHED IN AUSTRALIA. With this pilot customers can order Normet spare parts and check parts availability via an easy-to-use online portal.

A rapid response to the geopolitical situation in Europe led to the discontinuation of new orders and deliveries into Russia. **THE COMPANY FOCUSED ON SECURING EMPLOYEE SAFETY AND WELL-BEING, AND PROVIDED FINANCIAL AID TO UNICEF** to support those directly impacted by the war in Ukraine.

THE SUCCESSFUL RELOCATION TO A NEW GLOBAL DELIVERY CENTRE IN THE NETHERLANDS ENABLED FUTURE SPARE PARTS BUSINESS GROWTH. The new facility is certified future-proof and energy neutral (including BREEAM® NL and WELL CORE™ Platinum certifications).

NORMET'S CHEMICAL PRODUCTION FACILITY IN THE UK SECURED NEW LARGER PREMISES with the move there planned for 2023. The investment is a key part of the region's growth strategy for both Ground Control and Construction Technologies (GCCT) and Services business lines focusing on safety, efficiency, and employee well-being.

NEW NORMET SMARTDRIVE® BATTERY-ELECTRIC APPLICATIONS ENTERED THE MARKET, including the Utimec personnel carrier and material carrier, as well as two Utilift scissor lift models for lifting and installation work. 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.

THE COMPANY CONTINUED TO LAUNCH NEW EQUIPMENT, including the fully modernised Scamec LC Thor scaling machine that meets all underground scaling operations requirements. R&D, conducted together with customers, focused on improved boom accuracy, ergonomics, safety, and visibility in the work area.

DEMAND AND ORDER INTAKE CONTINUED TO BE STRONG. Some key highlights were:

- A 7-year service performance agreement extension with Hindustan Zinc in India for new equipment deliveries;
- an order from BHP for a fleet of underground battery-electric utility vehicles to be used in potentially the largest potash-producing mine in the world.

THE SUPPLIER DAY 2022 focused on the main themes of business growth, moving forward to a sustainable future, and enabling supplier innovation. More than 100 suppliers and Normet stakeholders from around the world took part. We heard how Normet's customers are further pushing boundaries to improve supply chain resilience, and drive innovation to deliver sustainable growth in the value chain.

At the annual **NORMET INNOVATION DAY** webinar Normet's experts showcased how our underground expertise and offering can help our customers improve the efficiency, sustainability, and safety of mining and tunnelling operations. As the event name indicates, the focus is on innovation – Innovating for a sustainable future.

NORMET JOINED THE SUBSPACE ENERGY HUB INITIATIVE to develop sustainable electrification solutions for underground operations. Together with industry partners, the Research and Testing centre in Hagerbach Switzerland will be transformed into a visionary sustainable and CO_2 neutral underground infrastructure where the construction and operation of underground space will be developed, prototyped, and launched.

NORMET JOINED THE CALLIO FUTUREMINE PROJECT in Finland to develop Pyhäsalmi mine's infrastructure into a digital test mine of the future, which can influence the electrification and digitalisation of the entire mining industry in Finland and internationally. The Pyhäsalmi Mine, located in Pyhäjärvi, Finland, is one of the deepest known mines in Europe reaching 1,444 metres underground.

STRATEGY AND BUSINESS

STRATEGY FOR A CHANGING OPERATING ENVIRONMENT

Normet's operating environment is influenced by a number of emerging trends. These trends create opportunities in both the short- and long term, and their impact varies between business lines and markets.

THE ACCELERATING PACE of change demands readiness and the ability to constantly evolve and innovate. Identifying crucial factors and trends and prioritising accordingly via the company strategy is of critical importance in maintaining and strengthening our growth, competitiveness and profitability.

Normet is an innovative technology company operating globally. We develop and deliver continuous improvements to underground mining and tunnelling 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. Across all of the areas, Normet offers proven, wide-ranging inhouse technology capabilities fostering long-term client relationships in all areas.

To stay abreast of changing market conditions, we monitor several factors within our operating environment. Each business has created its own strategy in alignment with the Group level strategy, taking factors and trends specific to their unique market into account.

We acknowledge the uncertainties in the operating environment and have faced a successive series of unprecedented challenges, specifically over the past three years, with the coronavirus pandemic being immediately followed by geopolitical challenges including Russia's invasion of Ukraine. While these challenges have left virtually no industry unscathed, manufacturing has been especially heavily impacted by the resulting increase in energy prices, raw material costs and component delivery disruptions. Normet has however managed to confront these challenges directly and continue its operations and supporting customers well throughout the year.

Normet is well-positioned based upon the key fundamentals that continue to shape our operating environment:

- Mines going deeper and ore grades reducing
- Increased focus on safety
- Electrification is one of the biggest technology shifts in the industry, along with digitalisation and automation
- Faster processes due to increased levels of automation
- A focus on improving efficiency.

As it becomes increasingly difficult to open new surface mines in many locations, the trend will be towards more, deeper underground mines. As mines get deeper and grades become lower, more rock needs to be excavated to produce the same amount of refined metal. Working in demanding environments with high expectations on productivity matches with our positioning as a specialist in underground. Furthermore, mining companies continue to focus on maintaining a safe working environment for all employees. As such, investments in safer mining operations to prevent accidents are increasing.

ELECTRIFICATION, DIGITALISATION AND AUTOMATION

In parallel with other industries, the transition towards greater digitalisation and automation is driving a definitive transformation with mining and tunnelling. Digitalisation yields new opportunities for both business and society. Big data, analytical tools, automated services, and artificial intelligence enable process optimisation, which, in turn, results in improved productivity and a reduced environmental impact.

Electrification is also reshaping the industry. In underground mining and tunnelling, considerable benefits have accrued from the increasing adoption of battery-electric vehicles, and the removal of diesel engines underground. Electrification continues to gain momentum at an increasing rate. Potential benefits include improved health and safety conditions and enhanced productivity, as well as reduced CO_2 emissions, noise pollution and ventilation costs.

Normet also acknowledges the impact that urbanisation places on the industry, not only in the form of unprecedented demand for natural resources, but also the increased need to develop public infrastructure (such as metro networks and new renewable energy sources).

STRATEGIC DIRECTION

Our value proposition of 'Defining the future underground' continues to aptly summarise our ambitions. Underpinning this value proposition is our strategy, built on five pillars:

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

These priorities help us to generate business growth. Normet's broad geographical reach is also 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. Normet has built this type of growth steadily over the past 15 years and will continue to do so.

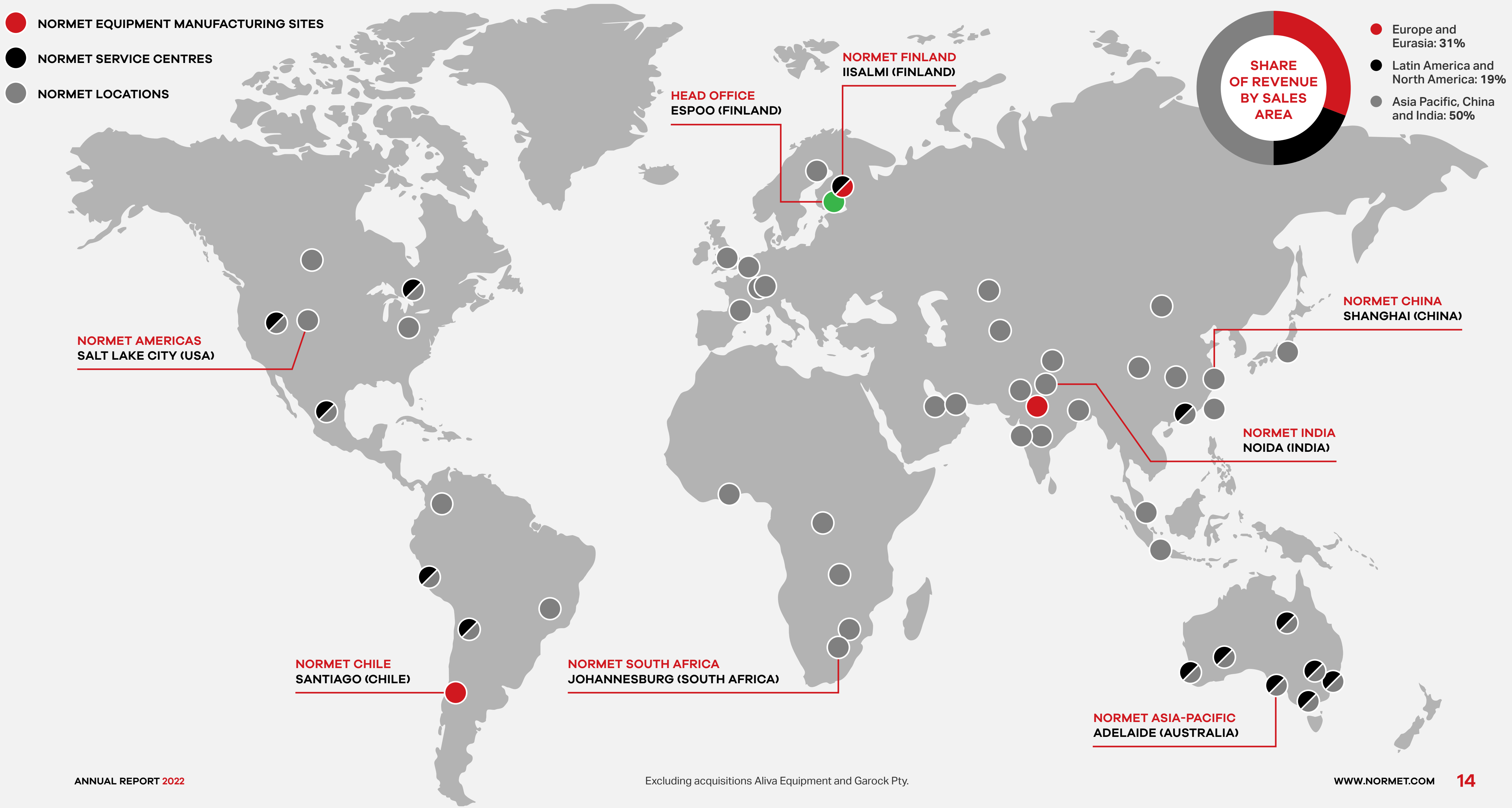
Concerning the growth of our three existing business lines – Equipment, Services, and Ground Control and Construction Technologies (GCCT), we see tremendous opportunities. As a key global player in underground mining and tunnelling, we are well-positioned to take advantage. We also see emerging growth opportunities in our expanding portfolio, outside of Normet's traditional core areas.

Sustainability and safety are not merely trends within our operating environment. For Normet, these are key differentiators. Today, sustainability is often closely linked to our customers' strategic objectives. We are committed to helping our customers meet their sustainable development goals in reducing CO_2 emissions and minimising harm to the environment. By working closely with our partners, we can deliver greater value.

Electrification and improving the sprayed concrete process are just two examples of sustainable solutions at which we excel. A prime example of the former is our Normet SmartDrive® offering launched in 2019, which is specifically designed to use battery technology in challenging underground environments. Our electric vehicles enable higher productivity, lower operational costs, and zero local emissions. By the end of 2024, all our main equipment models will be available in SmartDrive configurations.

Second, there is considerable potential to reduce the carbon impact of cement by improving existing sprayed concrete processes. Our expertise has allowed us to reduce the amount of concrete lining required in mines and tunnels significantly over the past decade, and we will continue to do so. A more efficient value chain can significantly reduce the amount of sprayed concrete.

At Normet, having the right personnel in the right places is a key component of our value proposition. As the needs of customers change, we are continuously motivated to develop increasingly innovative solutions to meet those needs. This is only possible with motivated and engaged employees. There is a need for courageous minds that are not afraid of trial and error, who can help us do things that no-one has done before.



Excluding acquisitions Aliva Equipment and Garock Pty.

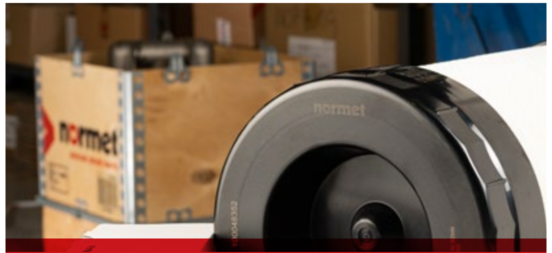
PRODUCTS AND SERVICES

EQUIPMENT

Normet's underground equipment is used in hundreds of mines and tunnel worksites around the world. We work closely with our customers to develop equipment and technologies that meet and exceed even their most challenging requirements.

Our equipment is used for concrete spraying and transport, explosives charging, scaling, lifting, installation works, and underground logistics.

Examples:
- Concrete spraying
- Concrete transportation
- Charging
- Scaling
- Logistics
- Lifting and installations



SERVICES

Ensuring that Normet equipment performs at the highest level requires extensive expertise and being located close to where our customers operate. We offer a wide range of innovative aftermarket solutions, including field services, software for automation and digitalisation, remanufacturing of equipment, and equipment rental agreements.

Thanks to our strategically located service centres, global reach of service technicians, and an efficient supply chain, we support our customers anytime and anywhere.

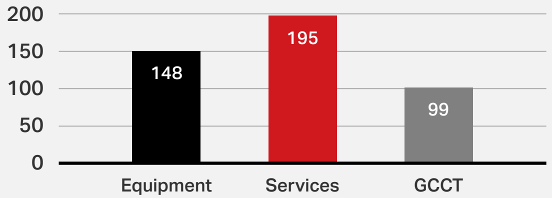
Examples:
- Field services
- Spare parts and consumables
- Equipment connectivity, automation and other digital solutions
- Training and expert services
- Rental services

GROUND CONTROL AND CONSTRUCTION TECHNOLOGIES (GCCT)

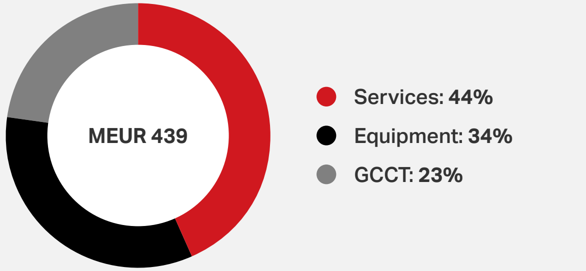
In addition to equipment and aftermarket services, we supply the underground mining, tunnelling and civil industries with construction chemicals and ground support equipment and expertise. Our solutions are constantly developed to meet industry needs safely and sustainably.

Examples:
- Dynamic rock reinforcement
- Ground control injection resins
- Admixtures for concrete
- Tunnel Boring Machine lubricants
- Tunnelling process technical support
- Tunnel design advisory services

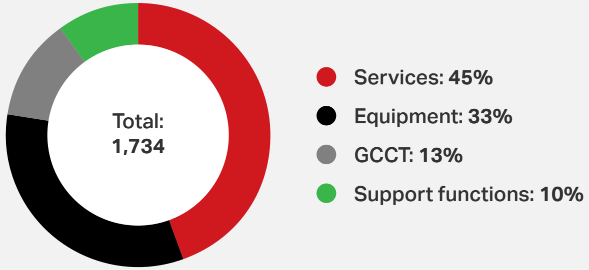
REVENUE, MEUR



SHARE OF TOTAL REVENUE



PERSONNEL



SUSTAINABILITY

OUR APPROACH TO SUSTAINABILITY

Sustainability is a key pilar 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 and customers, 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 are committed to advancing the sustainability agenda. The Board of Directors regularly reviews updates of the progress of practices related to sustainability. The company's President and CEO is responsible for ensuring that sustainability is part of the company's strategy and risk management. Business lines and Sales Areas are responsible for their specific targets, to oversee the integration of sustainability practices throughout the company and monitor progress set for the material topics. We require Normet's employees and suppliers to comply with the principles of our Code of Conduct and company values. We also require all direct material suppliers to commit to the Normet Supplier Code of Conduct.

MATERIAL SUSTAINABILITY TOPICS CREATE VALUE

Normet conducted a materiality analysis in 2021 and identified its most relevant material topics by reviewing and analysing external and internal stakeholder expectations, industry-wide priorities and compliance requirements. The material topics were validated by the Normet Leadership Team and approved by the company's Board of Directors. The company assumes continuous assessment of its material topics and will update topics as new developments arise. As part of addressing climate change, Normet recognises the importance of conserving natural ecosystems and biodiversity. Protecting and restoring healthy ecosystems can help us mitigate and adapt to climate change. We see this as a key material topic going forward.

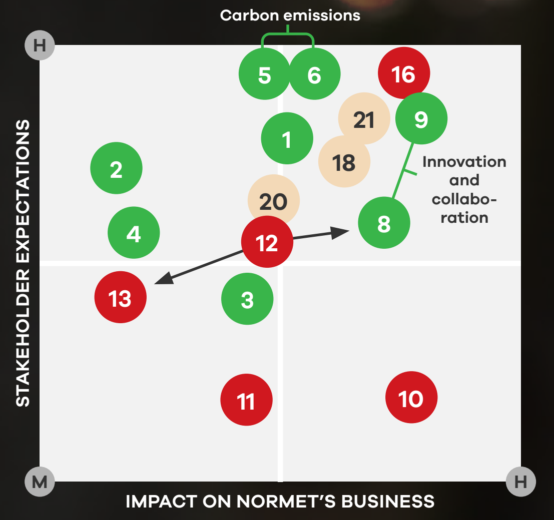
The identified material sustainability topics were grouped into 14 high-level topics reflecting the importance of minimising risk and creating trust within and between our stakeholders and are aligned with Normet's value propositions: Securing a safe and sustainable future; Partnering for lifetime value; and Innovating for performance.

The materiality analysis reaffirmed that occupational health and safety is our top priority. We are committed to safeguarding our employees' and customers' health and safety and are building a safety culture. Additionally, climate and carbon emissions, energy efficiency, air quality and waste are among the key topics for us. We unlock value via collaborating and working closely with our customers to build the safest places underground and by leading transformation into digitalised and sustainable underground mining and tunnelling.

The results from the analysis are mapped in the adjacent matrix, where the X-axis represents the relevance of the topic to Normet's business, and the Y-axis represents the external view, including analysis of external stakeholder expectations and compliance requirements.

Our sustainability approach thus covers the three pillars of sustainability related to the environment, social accountability as well as governance. From the comprehensive list of topics Normet focused on eight priorities in 2022.

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 conducted a materiality assessment in 2021 and identified its most relevant material topics. These were grouped into 14 high-level topics reflecting the importance of minimising risk and creating trust within and between our key stakeholders.

ENVIRONMENTAL	SOCIAL	GOVERNANCE
CARBON EMISSIONS	OCCUPATIONAL HEALTH & SAFETY	BUSINESS ETHICS
INNOVATION & COLLABORATION	EMPLOYEE ENGAGEMENT	DATA SECURITY
CIRCULARITY	DIVERSITY	
ENERGY EFFICIENCY		
WASTE & WASTEWATER MANAGEMENT		
AIR QUALITY	AIR QUALITY	
SUPPLY CHAIN SUSTAINABILITY	SUPPLY CHAIN SUSTAINABILITY	SUPPLY CHAIN SUSTAINABILITY
COMMUNITY INVOLVEMENT	COMMUNITY INVOLVEMENT	COMMUNITY INVOLVEMENT
SUSTAINABLE TRAINING	SUSTAINABLE TRAINING	SUSTAINABLE TRAINING

COLLABORATING WITH STAKEHOLDERS

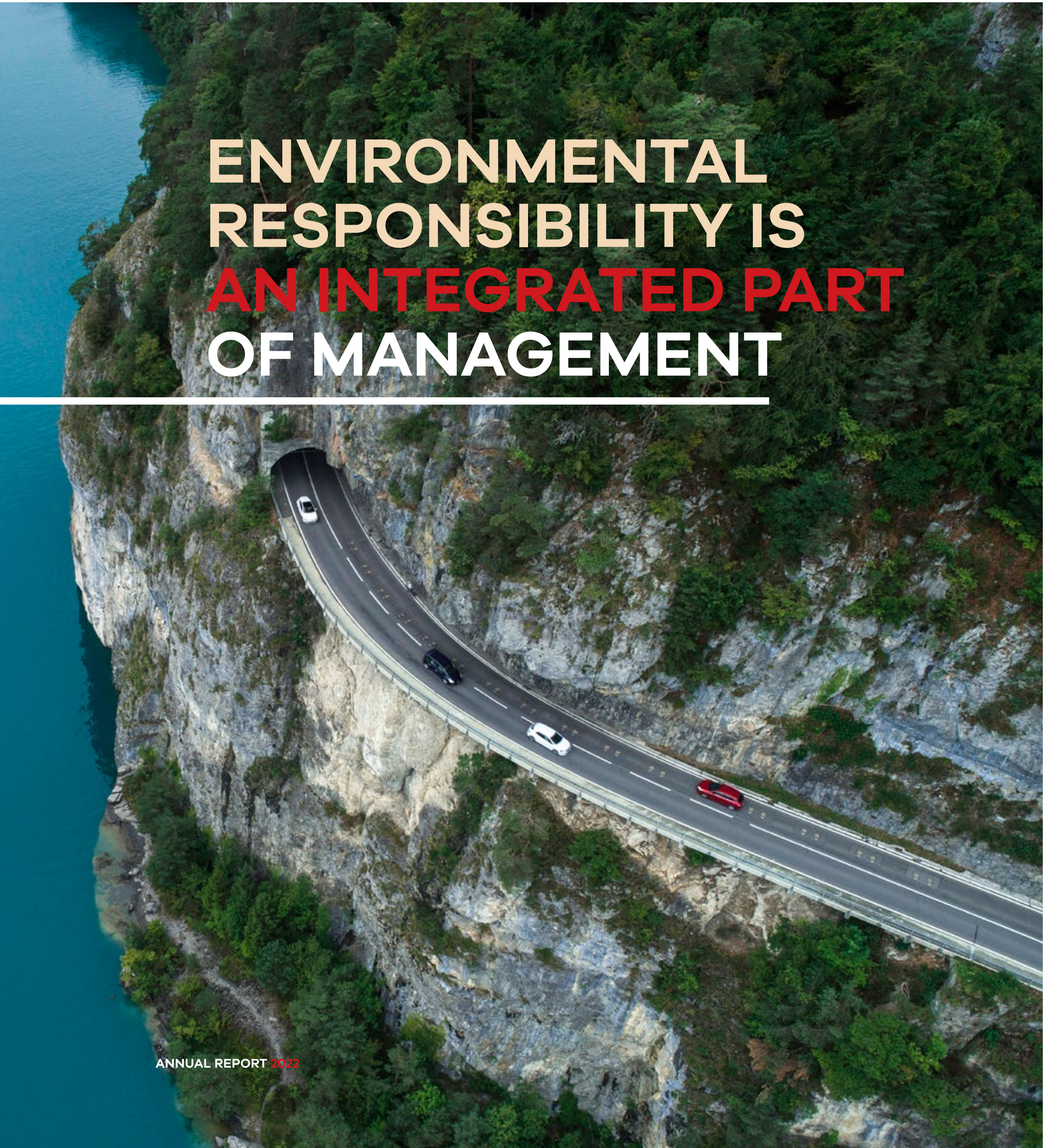
Collaboration with key stakeholders across the mining and tunnelling value chains is key to achieving our sustainability ambitions. Stakeholder dialogue not only helps us align our strategies and practices to the expectations of various stakeholder groups, but also gives us valuable information about the possible risks and opportunities related to our business. Stakeholder engagement should create value for all parties involved. Different stakeholders have different expectations and needs and we aim to cater for these different needs in the most suitable way.

STAKEHOLDER ENGAGEMENT

Stakeholder group	Expectations and requirements	Key collaboration
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 underground mining and tunnelling. We aim to help our customers meet their sustainable development goals in reducing CO_2 emissions and minimising noise pollution and harm to the environment • We are re-setting 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
INDUSTRY	• Assumes systematic sustainability management, not just reporting	• We at Normet 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 improve our energy efficiency; use of water and management of wastewater; reduce the amount of cement in production, as well as the carbon footprint of tunnelling and mining projects
EMPLOYEES	• Future employees are looking to work in a company with a high standard on sustainability areas	• A safe workplace is the first priority for every Normet employee, and we strive for zero accidents. Tunnels and mines are places where there is no room for error. To ensure safety, we build a culture of responsibility
SOCIETY AND LOCAL COMMUNITIES	• 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, health and safety areas to ensure a cleaner, healthier and safer environment for the community

Normet is a member of several external initiatives and associations that drive development in the mining and tunnelling industry. Below is a selection of the key associations and initiatives that we were a member of during 2022:

- 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
- Finnish Tunnelling Society
- 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



ENVIRONMENTAL RESPONSIBILITY IS AN INTEGRATED PART OF MANAGEMENT

For Normet, environmental responsibility means addressing global issues such as resource scarcity and climate change. We want to minimise the carbon footprint from both our own operations and the value chain.

Normet's operations are guided by Normet's Environmental Policy which contains directives to minimise environmental impact and optimise the use of natural resources. All our manufacturing and chemical production facilities operate within the framework of site-specific environmental permits issued by the local authorities.

Normet complies with the ISO 14001 environmental management standard. Our manufacturing facilities in Iisalmi, Finland and Jaipur, India are ISO 14001-certified and the new multi-purpose Centre of Excellence facility inaugurated early 2023 in Jaipur, India, was certified early 2023. Our manufacturing facilities in Santiago de Chile, Chile and Widen, Switzerland[1] are to be certified by 2025. In total, 60% of our manufacturing sites are thus ISO 14001-certified. Additionally, chemical production facilities in the UK, Sweden, Taiwan and India are ISO 14001-certified.

[1] Acquired Aliva Equipment business assets from Sika in 2022.

SUMMARY OF ENVIRONMENTAL KPIs

	2022
Greenhouse gas emissions Scope 1, tCO_2e	334
Greenhouse gas emissions Scope 2, tCO_2e	1,400
Total energy use GWh	12,042
Share of renewable energy, %	54%
Total waste, tonnes	1,271
Hazardous waste	444
Recycling rate % (including energy recovery)	76%

Figures excluding acquisition Garock Pty Ltd and Hong Kong sites.

UNLOCKING VALUE TOGETHER

Normet has a large number of customers, from global companies to small local stakeholders, within the mining, tunnelling and civil industries. Our customers serve an important purpose in providing the minerals and metals needed to build societies.

Normet addresses the sustainable business requirements of our customers by promoting process expertise and product innovation through, for example, products for a low carbon economy, material efficiency, and research. We want to create long-term partnerships with our customers to drive innovation and sustainable change together with them.

In the future, instead of maximising the volumes of sold and used materials or products, Normet sees potential in business models that focus on minimising material use and lowering the environmental footprint of mining and tunnelling projects. These types of business models support co-operation and shared problem-solving. Margins are thereby motivated by efficiency instead of maximising material use. Sustainability aspects are thus becoming an increasingly bigger driver of our R&D.

Because emissions reduction has a significant effect on costs in underground mining and tunnelling, product development is driven by both economic and environmental factors. Normet is actively increasing its carbon handprint. This means helping our customers to reduce their emissions by offering sustainable solutions. Our investments in, for example, battery-electric vehicle technologies have a positive impact on our customers' climate commitments.

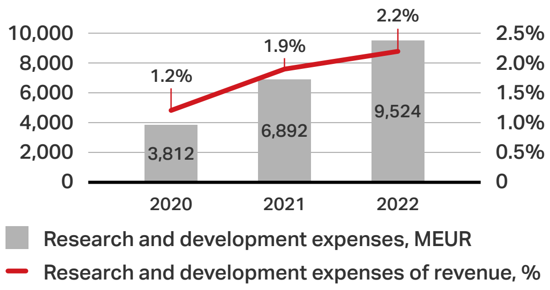
Digitalisation brings new opportunities for businesses and societies. Access to data, analytical tools, automated services, and artificial intelligence leads to process optimisation, which in turn results in improved productivity and reduces negative environmental impacts. Normet equipment captures operational data in real time and transmits it for analysis. The information from this process can be used to improve efficiency, reduce downtime and ensure a safe and productive work environment.

Training and expert consulting play a very important role in our customer relations. For example, Normet's virtual reality simulators used for sprayed concrete processes optimise the spraying of concrete at customer worksites, and our tunnel construction consultation with our 'Design and Build' concept offers customers a holistic view that keeps environmental aspects firmly in mind.

In our maintenance services, we emphasise predictive maintenance so that unexpected breakdowns can be prevented, and maintenance can be carried out safely. Maintenance agreements also allow the extension of machine service intervals, which means less material use and waste.

Our innovation approach extends beyond Normet's organisation. We have close co-operation with our customers, suppliers and other business partners, such as universities and interest groups. For example, we are a member of the SubSpace Energy Hub ecosystem for a carbon neutral underground, and Finnish startup Lekatech's initiative to develop fully electric hammer attachments.

RESEARCH AND DEVELOPMENT EXPENSES

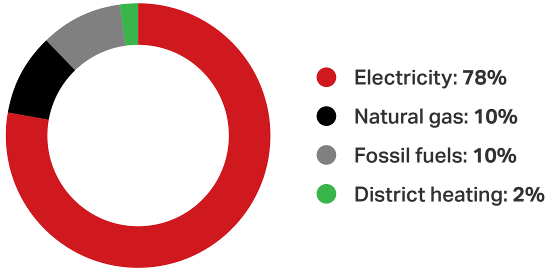


INCREASING ENERGY EFFICIENCY AND DECREASING CO_2 EMISSIONS IN OUR OWN OPERATIONS

Normet's energy consumption mainly consists of purchased electricity and heat used at our facilities. In 2022, the total use of energy was 12,042 GWh. Several initiatives are being implemented to increase energy efficiency, such as switching to LED lighting and inline process-based power monitoring installations. Another related program in Khopoli, India, is researching improvements in admixture production times, significantly reducing the amount of energy required by kilogram produced. The share of renewable energy used in Normet's own operations was 54% in 2022. We are constantly looking to use more renewable energy sources. For example, solar panel installations have been incorporated into the design of Normet's multi-purpose Centre of Excellence that was inaugurated in Jaipur, India, in early 2023.

Normet's direct emissions from fuels (Scope 1) were 334 tCO_2e and the indirect emissions from purchased energy (Scope 2) were 1,400 tCO_2e. The greenhouse gas emissions from Normet's operations arise mainly from the use of purchased electricity. In total, 60% of purchased electricity and district heating was from renewable sources. Reducing the CO_2 emissions of our operations is very important to us, as they are the ones directly in our control.

CO_2 EMISSIONS FROM NORMET'S OPERATIONS



GHG EMISSIONS

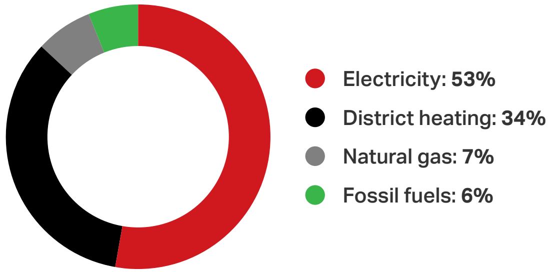
	2022
Greenhouse gas emissions Scope 1[1], tCO_2e	334
Greenhouse gas emissions Scope 2[2], tCO_2e	1,400

[1] For Scope 1 emissions, the emission factors are compliant with the fuel classification published by Statistics Finland (2022).
[2] Scope 2 GHG emissions are calculated by using country-specific emission factors (location based): The National Greenhouse Accounts (NGA) Factors 2022, Australian Government; Association of Issuing Bodies (AIB) 2022; Climate Transparency (2022); The International Renewable Energy Agency (IRENA) 2022; The Energy Market Authority (EMA) 2022, Singapore; Department of Environment and Climate Change 2022, Canada; Bureau of Energy, Ministry of Economic Affairs 2022, Taiwan and United States Environmental Protection Agency (EPA) 2023.

Normet is developing its greenhouse gas emissions accounting to cover its value chain (Scope 3) emissions more thoroughly in the future. Normet already evaluates the CO_2 emissions of selected products. This evaluation encompasses raw materials, logistics, manufacturing, and equipment usage. To help eliminate CO_2 emissions from diesel engines, Normet is actively developing new technologies and bringing battery-electric machines onto the market. Continuous technical development specifically in concrete spraying techniques is also a key factor in bringing new equipment with a lower CO_2 footprint during use to market. According to our production studies, the use of steel is a major contributor of CO_2 emissions in the manufacturing phase. Due to the nature of Normet machines, a lot of steel is used to guarantee customer safety. Normet has hundreds of material suppliers globally and our long-term aim is to set emission reduction targets for the most significant direct suppliers.

Normet is also constantly exploring ways to reduce the CO_2 emissions from logistics, for example, by using more sea freight. Sea freight emits 20 to 30 times less CO_2 than air freight. Normet's regional distribution and service centres stock parts and consumables, which also helps to reduce express logistics (air freights).

ENERGY CONSUMPTION BY SOURCE 2022



CIRCULAR ECONOMY AND RECYCLING

Circular economy is in the heart of the company and materials are used very efficiently. The company's competence in this regard relates to remanufacturing and maintenance services that extend the lifetime of equipment.

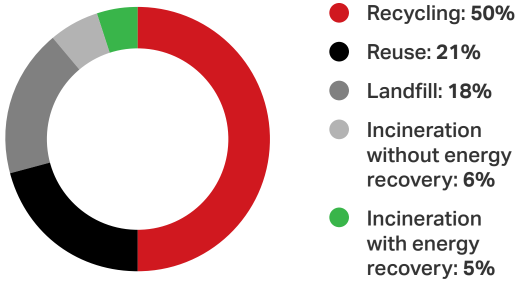
For example, in India, a refurbishment program aims to promote the circular economy by extending the life of appropriate equipment by approximately five years, reducing the amount of CO_2 and waste produced.

Waste management at the manufacturing level is organised according to local waste disposal legislation. In 2022, the total amount of waste generated in Normet's own operations, including energy waste and recycled waste, was 1,271 tonnes.

WASTE AND RECYCLING

	Tonnes
Non-hazardous waste	
Reuse	242
Recycling	327
Incineration with energy recovery	53
Incineration without energy recovery	31
Landfill	174
Hazardous waste	
Reuse	22
Recycling	312
Incineration with energy recovery	10
Incineration without energy recovery	42
Landfill	56
Total waste generated	**1,271**
Recycling rate (including energy recovery)	**76%**

TOTAL WASTE BY DISPOSAL METHOD



Normet uses modern batteries extensively in its SmartDrive fully battery-powered vehicles. Normet follows battery-related recycling and waste management legislation globally as SmartDrive machinery are sold and operated in multiple market areas. In market areas where battery-related legislation is still developing, Normet aims to implement stricter approaches to recycling and waste management than that mandated by forthcoming local legislation.

OPTIMISING WATER USE AND MANAGING WASTEWATER

We aim to optimise water use in our processes. After use, the process water is carefully treated before it is returned to the water bodies. Our water consumption arises mainly in chemical production. As a globally operating company we are aware of water scarcity in some areas and we focus efforts to maximise water efficiency in those locations.

MANY THOUSANDS OF MACHINES ON CUSTOMERS' WORKSITES ALL OVER THE WORLD

CASE

Normet's circular economy competence is focused on the remanufacture and maintenance business. We sell and refurbish used vehicles in all our markets. Trade-in vehicles, refurbished by skilled technicians, can be upgraded with a range of performance packages to comply with the latest safety regulations, meet the latest environmental standard requirements and optimise and extend machine lifetime.

Normet vehicles are remanufactured in Finland, North America, Latin America, India, China, and Australia.

Remanufacturing offers customers lower cost products, minimises material loss, and solves problems related to the availability of spare parts. 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.

Increased efforts will be made to map out the full environmental impacts of the remanufacturing process. The better we are at using spare parts, the less emissions there will be from Normet vehicles during their entire life cycle.

SOCIAL RESPONSIBILITY

For Normet, the focus of social responsibility is on health and safety, creating and sustaining motivated and engaged employees, and local community involvement.

We aim to do everything we possibly can to safeguard our employees against work-related incidents and illnesses, and ensure that we contribute positively to our own and our customers' operational environments. We aim for a safe and healthy work environment by taking employee well-being, health and safety practices and the physical work environment into account.

A SAFE WORKPLACE IS THE FIRST PRIORITY

Normet's ambition is to achieve "zero harm" through helping our customers to build the safest places underground. Safety is one of the top priorities across our industry and for our customers. Tunnels and mines are places where there is no room for error. To ensure safety at the workplace, we strive for zero accidents through building a positive safety culture.

In developing this culture, the top priorities are to strengthen the safety mindset, increase safety awareness, and build effective safety management systems.

MANAGING SAFETY AT NORMET

Normet has a Group-wide HSEQ policy that is followed by all our sites.

Occupational health and safety at Normet manufacturing facilities is managed and implemented through the ISO 45001 health and safety management standard. Our manufacturing facilities in Iisalmi, Finland and Jaipur, India are ISO 45001-certified, and the facilities in Santiago de Chile, Chile and Centre of Excellence in Jaipur, India (inaugurated in 2023) are aiming to be certified during 2023. Smaller manufacturing facilities follow an internal health and safety management system based on ISO 45001.

Normet's chemical production sites in Coventry, UK, Khopoli and Howrah in India and Luleå in Sweden are also ISO 45001-certified. Smaller chemical facilities in Australia, Chile, Hong Kong, Indonesia, Mexico, Singapore, South Africa and Taiwan follow an internal health and safety management system.

HEALTH AND SAFETY CERTIFICATIONS AT OUR SITES

Site	ISO 45001 certified	Internal H&S management system based on ISO 45001	Planned ISO 45001 certification in 2023
Manufacturing sites			
Ilsalmi, Finland	x		
Jaipur, India	x		
Santiago de Chile, Chile		x	x
Centre of Excellence, Jaipur, India			x
Chemical production sites			
Coventry, UK	x		
Khopoli, India	x		
Howrah, India	x		
Luleå, Sweden	x		
Perth and Wetherhill Park, Australia		x	
Santiago de Chile, Chile		x	
Sheung Shui, Hong Kong		x	
Jakarta, Indonesia		x	
Zacatecas, Mexico		x	
Singapore, Singapore		x	
Johannesburg, South Africa		x	
Nantou City, Taiwan		x	

Excluding acquisitions Aliva Equipment and Garock Pty Ltd.

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

Normet applies 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 supervisors or manager, and through a Group-level safety reporting application. Employees are encouraged to remove themselves from work situations that they believe could cause injury.

To assess and mitigate safety-related risks, Normet has in place root cause analysis procedures for incidents and severe near-miss cases. The process of analysing root causes is the so-called 5 times 5 method. This consists of clarifying what happened, deciding upon and implementing preventive and corrective actions, and following up those actions. Facilities systematically implement safety reviews in their weekly meetings, and share lessons from incidents and near misses through the company intranet. Bi-annual internal safety webinars and monthly safety development reporting for all employees foster a positive safety culture.

Employee participation and consultation ensures the successful implementation of our health and safety management system. At most sites, Normet has local health and safety committees with representation from leadership, health and safety professionals, and employees, which provide excellent forums for local dialogue and improvements. 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 the employees' ability to work.

1,700+ EMPLOYEES IN 30 COUNTRIES
81.5% ENGAGEMENT INDEX
76.2% LEADERSHIP INDEX
82.1% EMPLOYEE ENGAGEMENT SURVEY RESPONSE RATE
10+ LANGUAGES SPOKEN IN THE GLOBAL NORMET NETWORK

Product and customer safety is also of crucial importance. Normet carries out systematic and regular product safety inspections. In these reviews, product design-related topics are identified, and improvements to devices are made as required.

SAFETY TRAINING KEY TO DEVELOPING POSITIVE SAFETY CULTURE

Safety-related training is in a key role in developing a positive safety culture. Safety training is provided as part of the induction process for all new employees. In addition, training courses with business line-specific safety content are available under the umbrella of Normet Academy. Courses are delivered via Workday Learning, our HR and learning management system.

Normet also provides role-specific trainings and licences related to, for example, lifting, forklift driving, fire safety licence, and driving battery handling. These trainings are specified in job descriptions and their completion is monitored by managers. Normet also frequently organises first aid and refresher training.

In 2022, we developed a new Life Saving Rules training course for all personnel, highlighting the importance of stopping and thinking about the impact on safety of everyday decisions. Life Saving Rules is an industry standard for occupational health and safety.

OCCUPATIONAL HEALTH SERVICES FOR EMPLOYEES

We require all our facilities to conduct occupational health risk assessments covering all activities. All our employees have access to Occupational Health Services.

Normet employees working on customer sites follow Normet's occupational health practices. The occupational health services that Normet provides are contracted locally and most facilities have a contract with a nearby health service centre. In 2022, further efforts were dedicated to supporting mental health by introducing low threshold professional support in any stress situations and early intervention controls.

Because they are delivered locally, non-occupational health services at Normet may vary. Our sites also tailor voluntary health promotion campaigns and programs for employees to promote non-work-related health and well-being such as access to flu vaccinations.

MONITORING SAFETY DEVELOPMENT

To measure our progress in health and safety areas, Normet tracks three priority metrics: Lost Time Injury Frequency (LTIF), Total Recordable Injury Frequency (TRIF) and the number of safety observations. In 2022, the LTIF slightly increased from previous year's level and was 4.9 (2021: 4.7). We believe that all accidents are preventable and that zero harm is achievable and this is our long-term goal.

The TRIF target for the 2022 to 2025 period is <3.5, and in 2022 the company's total recordable incident frequency was 9.6 (2021: 12.8).

At Normet we believe that collecting near-miss reports reinforces a culture that seeks to identify and control work-related hazards, which over time will reduce risks and the possibility of harm. The total number of safety observations means that each employee has on average submitted approximately 15 safety observations in 2022.

HEALTH & SAFETY

Theme	KPIs	Performance 2022	2025 target
HEALTH & SAFETY	Lost Time Injury Frequency (LTIF)	Performance 4.9[1] (2021: 4.7)	<1.5[2]
	Total Recordable Injury Frequency (TRIF)	Performance 9.6[1] (2021: 12.8)	<3.5[2]
	Total safety observations	27,000[1]	~20,000[3]

1) Excluding acquisitions Aliva Equipment and Garock Pty Ltd. Rolling 12 months.
2) Calculated per 1,000,000 hours worked.
3) Normet has reached acceptable level in the number observations and has set a target to focus more on improving the quality of submitted observations.

PEOPLE IN FOCUS

Theme	KPIs	Performance and target in 2022
EMPLOYEE ENGAGEMENT	Employee Engagement Survey response rate	Performance 82.1%
	Employee Engagement Index	Performance 81.5% Target 80%
	Leadership Index	Performance 76.2% Target >75%

People are a strategic priority for Normet. We value motivated employees who combine their expertise with our technology to build value added sustainable mining and tunnelling solutions for our customers. The company aims to create safe and healthy work environments that provide opportunities for individual learning and growth opportunities, creating relationships and providing flexibility. We foster a culture where our employees know what is expected of them and where they can achieve their potential. Our continued progress in these areas is essential to achieving long-term success in attracting and retaining talent.

We require Normet's employees to comply with the principles of our Code of Conduct and respect our values of Caring, Committed and Courageous whenever they work.

LEARNING KEY TO MEETING EVOLVING INDUSTRY NEEDS

Normet is committed to developing its people. The company provides on-the-job training as well as training programs within leadership, sustainability, and other strategic competence areas. Through these efforts, we build capabilities across teams to advance business, social, and environmental results throughout Normet. Only by investing in the growth of our employees can we meet evolving challenges and take advantage of new opportunities in a changing, global environment.

"It makes you aware of your persona, your personality and how even the most modest improvement in your style will lead to a stronger and harmonised relationship with the people around you – not just your work colleagues but also those in your personal life."

- PARTICIPANT IN THE NORMET LEADERSHIP DEVELOPMENT PROGRAM

Normet assumes the annual People in Focus (PIF) process to guide and document discussions and plans for employee performance and development. In 2022, 70.0% of all employees were covered by the PIF process which is documented on the Group level. This covers all non-production employees and those production employees who had at least one development discussion with their manager during the year. These conversations provide an opportunity for feedback, setting mutually agreed goals, and growth – empowering our employees and helping them to recognise opportunities for further development. Local performance discussions for the rest of the production employees are not reported at the Group level.

With regards to learning, the company employs the Workday Learning platform which includes courses under the Normet Academy umbrella, the company's internal competence development academy. This platform can be accessed anywhere and anytime. On the platform there is an increasing amount of self-study and mandatory courses available including process and product training, safety and compliance training as well as training courses for sales. The platform also hosts the Code of Conduct training, and in 2022, the completion rate of the training was 86.2%. In 2023, we are preparing to launch our first sustainability awareness training course under the Normet Academy umbrella. This course will 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.

To strengthen a culture of learning, Normet utilises a 70-20-10 approach which encourages employees to take ownership of their own development. This approach means that learning in the company 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. Formal learning (10), whether classroom training, workshop or e-learning, accounts for a minor part of our approach to learning.

SUCCESSFUL LEADERSHIP SUPPORTS GROWTH

For Normet, leadership means that we offer the best possible employee experience and that our people can perform to the best of their abilities. It is about our employees knowing what is expected of them in order for the company to achieve its strategy for growth. Our leaders play a key role in creating our desired culture built on trust, respect, and feedback, as well as preconditions for our employees' well-being. Normet acts on a leadership development plan at Group and local levels in major countries.

2022 saw the Leadership Development program continue. In this program we offer content and discussions, creating pathways between value modules in leadership. We develop leading for top performance and renewal, building a winning team, and self-discovery. With keynote talks about, for example, interpersonal skills, and coaching and leading through feedback and follow-up, participants have been challenged and encouraged in their leadership development journey. The program targets facility managers, mid-level and senior leaders from all business lines and functions. In 2022, the program was completed by over 40 people.

POSITIVE DEVELOPMENT IN EMPLOYEE ENGAGEMENT CONTINUED

We care about our people. Conducting Group and local level surveys provide our employees with a channel to confidentially express their views. Survey results are crucial to supporting how we develop. They provide managers and teams with insights into areas that can be improved. If our people are motivated and engaged then it will reflect on their performance and ultimately lead to better service for our customers.

The Employee Engagement Index and Leadership Index has been measured for several years at Normet. With an Engagement Index of 81.5% (2021: 81.0%) we have been able to reach our 2022 target, which was to exceed 80%. The Leadership Index stood at 76.2% (2021: 74.7%), above the 75% target set for 2022. The response rate of the survey was 82.1% (2021: 84.7%). The results are clearly above the industry benchmark.

DIVERSE, DISPERSED BUT UNITED EMPLOYEES

In 2022, Normet employed in total 1,734 people. The distribution per business line was as follows: Equipment 32.8%, Services 44.7% and GCCT 12.5%. Support function employees accounted for 10.1%.

With several different nationalities, operating in three business lines and several sales areas in over 50 locations and 30 countries around the world, Normet values, Code of Conduct and leadership principles are vital. They guide us in how we operate and help us build a culture where diversity and inclusion are understood and valued. Our current and prospective employees share these values. Moving forward, the company will continue to proactively support gender equality. This means, for example, considering gender in recruiting, hiring and promotions. In 2023, we will start to monitor gender representation in our entire workforce and managerial roles. In this way we can evaluate our success in reducing the gender gap.

EMPLOYEE DATA

	2022	2021	2020[3]
Total workforce	**2,279**	**2,103**	**1,951**
Normet employees	1,734	1,623	1,441
Contingent labour[1]	545	480	510
Employees by employment contract type			
Permanent	1,567	1,474	1,316
Temporary	167	149	125
Employees by time type			
Full-time	1,708	1,602	1,425
Part-time	26	21	16
Employee net growth[2]	157	182	-26

[1] Workers who are not employees and whose work is controlled by the organisation e.g. contractual workers/external workforce.
[2] Excluding acquisitions Aliva Equipment and Garock Pty Ltd.
[3] Farmi Forest business was divested in June 2020.

GOOD GOVERNANCE AND ETHICAL BEHAVIOUR

Normet Group has a global presence in 30 countries, with a wide network of suppliers, distributors, and other partners. This wide reach underlines the importance of enforcing good governance practices and guidelines for ethical business behaviour across the company.

For Normet, good governance means maintaining transparency, internal controls, accountability, compliance with laws and business integrity in Normet Group's operations. Regulatory and ethical compliance in relation to e.g. human rights, anti-corruption, bribery, tax compliance and fair competition are the fundamental principles in Normet's Code of Conduct.

Normet has strengthened its focus on compliance in recent years. This has included the building of a more robust framework of policies and ensuring that our employees are familiar with and understand those policies. Normet has also focused on training its employees on a wider scope of sustainability matters.

Normet has in place certain governance policies, and mandates that apply globally to Normet Group companies. These aim to ensure good corporate governance and to harmonise internal controls and management processes across Normet Group. As a general requirement, all Normet Group companies and employees shall follow the requirements of applicable laws. Normet's corporate policies and guidelines supplement the obligations set forth in the applicable laws.

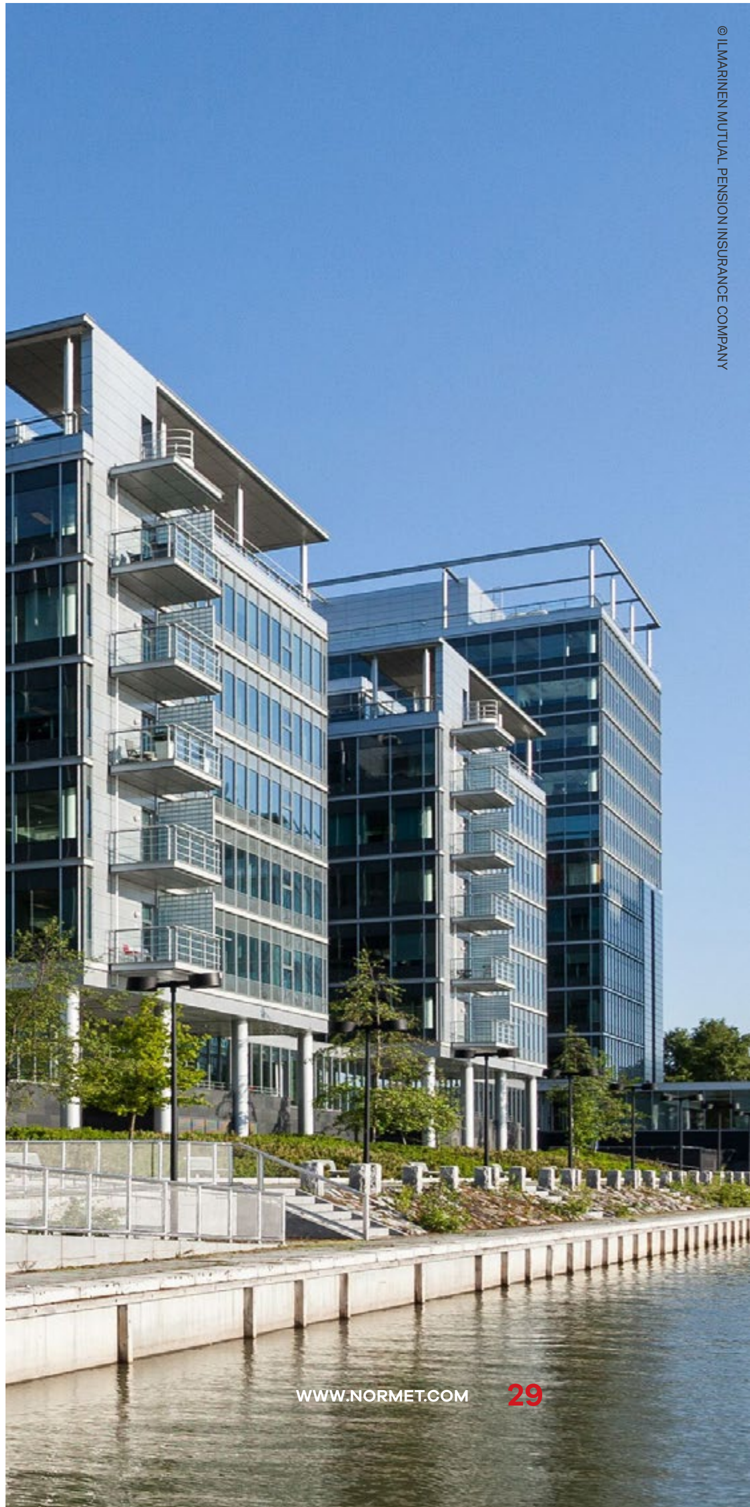
NORMET'S MAIN GOVERNANCE AND COMPLIANCE POLICIES ARE:

Normet Approval Policy which aims at ensuring the efficient operations of Normet Group, while maintaining the fiscal integrity of its individual group companies through proper governance and the careful delegation of authority. The Approval Policy includes basic governance guidelines, including requirements for the Segregation of Duties, the delegation and management of authorisations and rules, and internal controls for making external commitments.

Normet Subsidiary Governance Instruction includes harmonised instructions for Normet Group's subsidiary governance. Its purpose is to provide the means for adequate oversight over subsidiaries, to control subsidiary-related risks, and to promote transparency and compliance throughout Normet Group's companies.

Normet Code of Conduct (CoC) includes the fundamental guidelines that all Normet employees must follow regarding a wide variety of topics, from preventing conflicts of interest and combating corruption to environmental, health and safety, and human rights matters. Normet's Code of Conduct has been approved by the Board of Directors.

Normet Anti-Corruption Policy supplements Normet Code of Conduct in the area of combating and detecting corruption. Normet is strongly committed to preventing all forms of corruption and complies with the anti-corruption treaties and laws of the countries in which it does business.



Other important policies and instructions relating to governance and compliance-related matters include: Normet Operating Model, Normet Trade Compliance Policy, Normet's Data Privacy Policies and Normet Contract Management Policy.

In 2022, Normet launched a Code of Conduct (CoC) refresher e-learning course in six languages, aiming to increase our employees' understanding of the CoC and their compliance awareness. The refresher course was initially launched for all non-production employees and will be extended as classroom training to all other employees in the second phase. The Normet CoC and Anticorruption Policy e-learning courses are a mandatory part of the induction process for all new non-production hires. In 2022, the completion rate of the CoC training was 86.2% and Normet has set a target to reach 100% coverage by 2025. Normet also has a Competition Law Compliance e-learning course in place.

Normet has a whistleblowing channel in place that is administered by the Normet Legal & Compliance team. In 2022, a total of six incidences were reported via the channel. All incidences of suspected misconduct were investigated, and appropriate actions agreed. One incident led to disciplinary measures.

In 2022, no fines or sanctions were levied against Normet, and no material non-compliance to laws and regulations were detected.

ENFORCING SUSTAINABILITY IN OUR SUPPLY CHAIN

Normet expects its suppliers to conduct their business ethically and in a responsible manner. We set out the principles and expectations for our suppliers in Normet's Supplier Code of Conduct (SCoC). The SCoC covers matters such as health and safety, labour and human rights, the environment, anti-corruption and conflicts of interest, as well as conflict minerals. Its latest version has been in place since 2019, with new language versions having been added since. During 2022, translations into German and Finnish were included.

Commitment to the SCoC has been a longstanding requirement for direct material suppliers of Normet Finland Equipment and Service Centre operations, as well as Normet Spare Parts operations. In this scope, 71% of active direct material suppliers – representing 95% of purchasing spend – have committed to the SCoC either by signing it or via their own Code of Conduct that sets the same or higher standards. During the reporting year, Normet integrated the requirement to commit to the SCoC in the Normet Purchasing Policy, which defines all the mandatory requirements and guidelines for Normet's purchasing. The Purchasing Policy was approved in December 2022, and concerns all direct material suppliers and major indirect suppliers.

Normet monitors safety and environmental risks through supplier audits. Audits are carried out selectively for new and existing suppliers. The suppliers are evaluated based on how well they recognise and assess such risks, and what kind of processes they have for identifying opportunities and improvements in these areas. Normet also aims to communicate its sustainability ambitions and requirements proactively to its suppliers, and emphasises sustainability in supplier dialogue. For example, during Normet Supplier Days in 2022, sustainability was a recurring theme in many areas, from Normet strategy and customer offering to supply chain expectations.

COMPLIANCE – ZERO DEVIATION

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

RISKS AND RISK MANAGEMENT

Normet conducts annual identification and analysis of strategic, operational, and financial risks as part of its Group-level Enterprise Risk Management (ERM) process.

The Normet Leadership Team (NLT) evaluates a list of potential risks and further prioritises the most relevant risks to Normet Group's business. Responsibility for the planning of activities related to the mitigation of these risks is assigned to a member of the NLT. Normet's Board of Directors oversees and guides the ERM process, while also reviewing the most important risks and overall risk profile of the Group.

MAIN RISKS

Business environment
Any major shift in the national or political context in our operating countries, such as the nationalisation of mining assets, that would impact our licence to operate, or the operating model of Normet's customers. This, in turn, could have a detrimental impact on Normet's business. Normet carefully monitors macro-economic developments in all its operating regions, and especially in countries and territories that carry higher levels of geopolitical risk.

Markets, competition and customers
Competition in the mining, tunnelling and civil industries is strong, and Normet's position in the upstream value chain makes it subject to price pressures from customers. A global economic downturn and subsequent decrease in commodity prices could affect the investment appetite and purchasing power of Normet's customers within the tunnelling, mining, and civil industries.

To mitigate this risk, Normet carefully monitors the competitive landscape and aims to further balance its business across different customer segments and commodity types. Normet has both a balanced geographical presence and a product and service portfolio that safeguard the company against such industry and economic fluctuations.

Strategic initiatives
The key emerging trends that continue to shape our operating environment remain unchanged: mines are getting deeper, safety investments in mining operations are markedly rising, and the transition towards greater digitalisation and automation as well as electrification is apparent. Normet is committed to the continuous development and introduction of new sustainable and safe solutions for underground mining and tunnelling. We aim to help our customers meet their sustainable development goals in reducing CO_2 emissions while minimising noise pollution and harm to the environment in their operations.

Normet has a secure global foothold in the mining, tunnelling and civil industries. It has further strengthened its position and portfolio both organically and inorganically via strategic mergers and acquisitions. Normet's progress on its strategic initiatives for 2023–2025 will be monitored at the NLT and Board level on a quarterly basis.

Supply chain
The twin global crises of the coronavirus pandemic and Russia's invasion of Ukraine have shown the vulnerability of global supply chains. Supply chain disruptions impacting the availability and quality of critical components, such as certain spare parts, could have a detrimental impact on Normet's business and client relations.

Normet has various risk mitigation processes in place, as well as actions in its sourcing functions, ranging from contingency planning and forecasting to the long-term diversification of our supplier base.

Technology
Normet has identified risks related to technological development, for example, in the case of Normet's inability to adopt and incorporate new technologies into its offering. It is important for Normet's strategic development to identify and pilot emerging business models and leverage the benefits of automation and analytics.

To mitigate these risks, Normet investigates and pilots potential new business models and invests in developing internal capabilities concerning analytics and other digital technologies. In line with its strategic plans, Normet considers possibilities for both organic and inorganic growth when developing its product and service portfolio.

People and capabilities
Attracting and retaining qualified employees is vital for the long-term success of Normet. A failure to cultivate talent, particularly related to technology and sales competence, could have a detrimental impact on the successful implementation of Normet's strategy.

Normet recognises the need to increasingly engage in actions that promote the company as the employer of choice, for example by continuing to develop our company culture and specialised training programs such as the Normet Leadership Development program. To help attract future talent, Normet continues to cooperate closely with universities and colleges among others.

Sustainability, brand and reputation
Normet has identified potential financial and reputational risks in the event of a significant safety, compliance, or other sustainability-related incident. A failure in this regard would negatively public and employee perceptions of Normet.

To mitigate these risks, safety and sustainability continue to be key strategic concerns. The company is actively engaged in prioritising its sustainability work. Normet has strengthened its compliance frameworks and educates its employees on the fundamental principles of ethical business conduct. Normet has zero tolerance of acts of bribery, corruption, or deliberate breaches of its policies.

Hazard risks
An incident at any Normet facility can cause a major business interruption, thus negatively affecting the reliability of our deliveries and, ultimately, our customer relationships.

To mitigate this risk, Normet focuses on careful risk assessment, planning and root-cause analysis procedures. At the site level, frequent fire safety awareness and other relevant trainings are in place for employees.

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

REPORTING SCOPE AND PRACTICES

Normet's Annual Report sustainability sections have been prepared with reference to the Global Reporting Initiative (GRI) Standards version 2021 General Standards Disclosure. Comparison and additional information to the GRI Standards can be found in the GRI Content Index 2022 in this section. Additionally, references to pages in the Annual Report are indicated in the Index.

Reporting mostly follows the same rules as Normet's financial reporting 1 January – 31 December 2022. Any restrictions and omissions to the rules are reported in the ESG 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 companies with majority ownership (50% or over) have been taken into account in the calculations with the exception of Garock Pty Ltd (acquisition in 2022) and Hong Kong sites. Data for Aliva Equipment, an acquisition in 2022, is included and reported data covers the entire 2022 reporting period. A list of the Normet-owned companies can be found in the financial statements for 2022 on PAGE 78. Methods of collecting data from 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 Protocol (GHG). For Scope 1 and 2 emissions, the climate impact consists of CO_2 emissions, as the share of other greenhouse gas emissions is estimated to be very low and therefore irrelevant for reporting purposes. Methods of collecting GHG emissions from Normet's 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 (2022). Scope 2 GHG emissions are calculated by using country-specific emission factors (location based): The National Greenhouse Accounts (NGA) Factors 2022, Australian Government; Association of Issuing Bodies (AIB) 2022; Climate Transparency (2022); The International Renewable Energy Agency (IRENA) 2022; The Energy Market Authority (EMA) 2022, Singapore; Department of Environment and Climate Change 2022, Canada; Bureau of Energy, Ministry of Economic Affairs 2022, Taiwan and United States Environmental Protection Agency (EPA) 2023.

GRI INDEX

		Location	Comments
GRI 2: General disclosures (2021)			
Organisational profile			
2-1	Organisational details	• Normet in brief, pp. 4–5; • Notes to the consolidated financial statements, p. 52	
2-2	Entities included in the organisation's sustainability reporting	• Reporting principles, p. 33	
2-3	Reporting period, frequency and contact point	• Reporting principles, p. 33	
2-4	Restatements of information	• GRI index	No restatements have been made concerning previous years' sustainability 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, pp. 4–5; • Strategy and business, pp. 11–15	
2-7	Employees	• Social responsibility, p. 24	Reported partly. Gender and regional distribution not reported. In 2023, Normet will start monitoring gender representation in its entire workforce.
2-8	Workers who are not employees	• Social responsibility, p. 24	Reported partly. Normet reports the total number of contingent labour.
Governance			
2-9	Governance structure and composition	• Corporate governance, p. 36–41; • Board of Directors' Report, p. 43	
2-11	Chair of the highest governance body	• Board of Directors' Report, p. 43	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. 17	
2-13	Delegation of responsibility for managing impacts	• Our approach to sustainability, p. 17	

		Location	Comments
2-14	Role of the highest governance body in sustainability reporting	• Our approach to sustainability, p. 17	Normet's Board of Directors approves the entire annual report, including the ESG section.
2-16	Communication of critical concerns	• Good governance and ethical behaviour, p. 29	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	• Review by President and CEO, pp. 6–7	
2-23	Policy commitments	• Good governance and ethical behaviour, pp. 29–30; • Webpage: www.normet.com/wp-content/uploads/2020/01/Normet-Supplier-Code-of-Conduct-2019-EN.pdf	Reported partly.
2-24	Embedding policy commitments	• Good governance and ethical behaviour, pp. 29–30	
2-25	Processes to remediate negative impacts		
2-26	Mechanisms for seeking advice and raising concerns	• Good governance and ethical behaviour, p. 30; • Webpage: www.normet.com/suppliers/	
2-27	Compliance with laws and regulations	• GRI index	There has been no incidents of non-compliance with laws and regulations in 2022.
2-28	Membership associations	• Our approach to sustainability, p. 17	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	• Our approach to sustainability, p. 17	
GRI 3: Material Topics (2021)			
3-1	Process to determine material topics	• Our approach to sustainability, p. 17	
3-2	List of material topics	• Our approach to sustainability, pp. 17–18	
3-3	Management of material topics	• Environmental responsibility, pp. 20–23 • Social responsibility, pp. 24–28 • Good governance and ethical behaviour, pp. 29–30	

		Location	Comments
ECONOMIC STANDARDS			
GRI 201: Economic performance (2016)			
201-1	Direct economic value generated and distributed	• Board of Directors' Report, p. 43; • Consolidated financial statements, p. 48; • Notes to the consolidated financial statements, p. 52	Reported partly. Economic value retained not reported.
GRI 205: Anti-corruption (2016)			
205-1	Operations assessed for risks related to corruption	• Risks and risk management, pp. 31–32	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	• Good governance and ethical behaviour, pp. 29–30	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 has been no reported incidents of corruption in 2022.
ENVIRONMENTAL STANDARDS			
GRI 302: Energy (2016)			
302-1	Energy consumption within the organisation	• Environmental responsibility, pp. 20–23	
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	• Environmental responsibility, pp. 20–23	
305-2	Energy indirect (Scope 2) GHG emissions	• Environmental responsibility, pp. 20–23	
GRI 306: Waste (2020)			
306-2	Management of significant waste-related impacts	• Environmental responsibility, pp. 20–23	
306-3	Waste generated	• Environmental responsibility, pp. 20–23	
306-4	Waste diverted from disposal	• Environmental responsibility, p. 22	
306-5	Waste directed to disposal	• Environmental responsibility, p. 22	

		Location	Comments
SOCIAL STANDARDS			
GRI 401: Employment (2016)			
401-1	New employee hires and employee turnover	• Social responsibility, p. 28	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. 25–26	
403-2	Hazard identification, risk assessment, and incident investigation	• Social responsibility, p. 24	
403-3	Occupational health services	• Social responsibility, p. 26	
403-4	Worker participation, consultation, and communication on occupational health and safety	• Social responsibility, pp. 24–26	
403-5	Worker training on occupational health and safety	• Social responsibility, p. 26	
403-6	Promotion of worker health	• Social responsibility, p. 26	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Social responsibility, p. 26	
403-8	Workers covered by an occupational health and safety management system	• Social responsibility, pp. 24–25	Reported partly. Normet reports the sites with a certified OHS system.
403-9	Work-related injuries	• Social responsibility, pp. 26	Reported partly. Normet reports LTIF, TRIF and the main types of work-related injuries.
GRI 404: Training and education (2016)			
404-2	Programs for upgrading employee skills and transition assistance programs	• Social sustainability, pp. 26–27	Reported partly. Normet reports on the programs for upgrading employee skills.
404-3	Percentage of employees receiving regular performance and career development reviews	• Social sustainability, p. 26	Reported partly. Gender distribution not reported.

CORPORATE GOVERNANCE

NORMET'S CORPORATE GOVERNANCE

Normet Group's parent company is Normet Group Oy, and its Board of Directors has a general objective to direct the Group's business and strategies to ensure the increase of its value to its shareholders. The general task of the Board of Directors is to organise and oversee Normet Group's management and operations. It has the duty, at all times, to act in the best interest of Normet Group. The tasks and responsibilities of the Board of Directors are determined in accordance with the Finnish Companies Act, as well as all other applicable legislation.

Accountability for the management of property, assets, and financial and human resources in Normet rests ultimately with the Normet Leadership Team (NLT), led by the President and CEO, who have delegated authorities to the business organisation in order to achieve efficient operations, management and governance structure. The NLT expects those with delegated authority to safeguard Normet's resources, by establishing and maintaining sound business practices and controls that deter and detect potential misuse of those resources.

Normet's operative business organisation consists of the NLT, Business Lines, Sales Areas and Functions. The managerial duties and decision-making authorities within Normet are designed to primarily follow this business structure. The NLT has monthly meetings, during which the Group's monthly financial performance is reviewed, and group-wide management topics are considered and resolved. Normet's President and CEO, together with the CFO, Head of Global HR and General Counsel, and supporting managers conduct quarterly performance reviews of the Business Lines and sales areas.

As a general rule, each Normet Group company's governance bodies shall include the Board of Directors consisting of not less than three members elected from the Normet Group's senior management, a managing director or similar role under local legislation, and a financial controller. The members of the subsidiary Board of Directors and the managing director are appointed by Normet Group's President and CEO, and the financial controller is appointed by Normet Group's CFO.

COMPOSITION OF THE BOARD OF DIRECTORS

AARO CANTELL (b. 1964)
Chairman of the Board of Directors

Nationality: Finnish

Education: M.Sc. (Technical Physics)
Non-independent Member

Main Occupation: Chairman, Normet Group

Chairman: Technology Industries of Finland Employers Federation and Technology Industries of Finland Centennial Foundation
Vice-Chairman: Solidium Oyj
Board Member: Valmet Oyj

Key Experience:
- Owner and Chairman of Normet, Group since 2005
- Managing Partner & Owner of Fenno Management, 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 (b. 1955)
Board member

Nationality: Norwegian

Education: Tunnelling Engineer
Independent of the major shareholders

Main Occupation: Senior Advisor and Board Professional

Board Member: Normet Group Oy, Forcit Group Oy, Rental Group AS (Norway), PROMACOR Holding AG (Switzerland), Chairman 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

ANNA HYVÖNEN (b. 1968)
Board member

Nationality: Finnish

Education: Lic.Sc. (Tech.)
Independent Member

Main Occupation: Executice Vice President, Passenger car tyres and Vianor, Nokian Tyres plc

Chairman of the Board: Duell Corporation
Board Member: Normet Group Oy

Key Experience:
- Senior Vice President, Nordics, North America & Vianor, Nokian Tyres plc 2016–
- Ramirent Plc, Executive Vice President, 2012–2016
- Vice President, Maintenance Business, Kone Corporation, 2008–2012
- Nokia Networks, various international management positions 1994–2007 in Singapore, Hungary, Brazil, UK

MIKKO KETO (b. 1967)
Board member

Nationality: Finnish

Education: M.Sc. (Econ.)
Independent Member

Main Occupation: Group CEO, FLSmidth

Key Experience:
- President, Mining Industry FLSmidth, 2021
- President, Minerals Services and Pumps business areas, Metso Oyj, 2017–2020
- Senior Vice President, Spare Parts business line, Metso, 2016–2017
- Several management positions in different service businesses, Metso, 2010–2015
- Head of Sales, Maintenance business unit, KONE Corporation, 2008–2009
- Various international management and sales positions, Nokia Networks, 1994–2007

LARS ENGSTRÖM (b. 1963)
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 (b. 1969)
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
- Director Finance Europe, Elcoteq SE 2004–2007
- Manager Finance, Elcoteq AG 2001–2003
- Operations Controller, Huhtamaki Oyj 1999–2001
- Manager Finance, Leaf Poland Sp. Z.o.o. 1997–1999
- Various treasury positions in Huhtamaki in Switzerland and Finland 1995–1997

BOARD MEMBER HARRI KERMINEN RETIRED FROM THE BOARD OF DIRECTORS IN APRIL 2022.

COMPOSITION OF THE LEADERSHIP TEAM

ED SANTAMARIA (b. 1959)
President and CEO

Nationality: Australian

Education: Master of Business Administration

Joined the company in **2019**

Normet Leadership Team member since **2019**

Key Experience:
- President, Parts & Services Division, Sandvik Mining & Rock Technology 2016–2019
- Senior Leader Positions, Sandvik 2006–2016
- SDS Corporation General Manager & Other Management Roles 1986–2006

KARI HÄMÄLÄINEN (b. 1967)
Senior Vice President, Equipment Business Line

Nationality: Finnish

Education: Master of Engineering

Joined the company in **2004**

Normet Leadership Team member since **2010**

Key Experience:
- SVP Equipment business 2017– Present
- VP APAC 2014–2016
- VP Service business 2010–2013
- Normet Production and Operations manager 2004–2009

RIKU HELANDER (b. 1974)
Senior Vice President, Services Business Line

Nationality: Finnish

Education: M.Sc. (Tech)

Joined the company 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
- Sales and pricing leadership roles at Nokia 2000–2012 in Finland, USA, Brazil and UK

ALAN PENGELLY (b. 1970)
Senior Vice President, Ground Control & Construction Technologies Business Line

Nationality: British

Education: M.Eng. Civil Engineering, MBA Manchester Business School

Joined the company in **2016**

Normet Leadership Team member since **2020**

Key Experience:
- 21 years experience in the management of construction chemicals businesses in mining and tunnelling, 8 years experience as a Civil Engneer in civil tunnelling projects in Asia
- Chartered Engineer in UK (MICE) and Hong Kong (MHKIE)

VILLE PASANEN (b. 1972)
Chief Financial Officer

Nationality: Finnish

Education: M.Sc. (Accounting)

Joined the company in **2018**

Normet Leadership Team member since **2018**

Key Experience:
- 20+ years experience in CFO and business controlling roles in various industries; telecommunications, chemicals, paper manufacturing, metal recycling and underground mining

DANIEL YANG (b. 1970)
Vice President, China

Nationality: Chinese

Education: MBA and B.Eng.

Joined the company in **2019**

Normet Leadership Team member since **2019**

Key Experience:
- Deputy General Manager, LGMRT (the JV of Sandvik and Lingong) 2017–2019
- Project and product development leadership roles, Sandvik Mining & Rock Technology 2011–2017
- Sales, marketing and project leadership roles in Terex (Noell Crane) 2001–2010

SUBHASIS MOHANTY (b. 1972)
Vice President, India

Nationality: Indian

Education: MBA (Mktg.) and Bachelor of Engineering (Mech.)

Joined the company 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, Sandvik 2014–2020
- Business Development and Regional Business Head, Hindustan Colas Ltd 2009–2014
- Prior to that different cross-functional roles in Reliance Industries Ltd. and Hindustan Petroleum Corporation Ltd.

JUKKA KURHINEN (b. 1965)
Senior Vice President, Eurasia

Nationality: Finnish

Education: B.Eng. (Industrial Management and Engineering)

Joined the company in **2017**

Normet Leadership Team member since **2018**

Key Experience:
- Head of Market Area CIS at Outotec 2009–2017
- Regional management and sales positions at YIT Industrial and Network Services 2007–2009
- Prior to that in different Sales, Project Management and Service roles

JAAKKO KOPPINEN (b. 1969)
Vice President, EMEA

Nationality: Finnish

Education: Master of Science (Mining and Rock Engineering)

Joined the company in **2021**

Normet Leadership Team member since **2021**

Key Experience:
Senior leadership positions in several prominent companies including:
- President Underground Drilling at Sandvik Mining & Rock Technology
- Managing Director at Orica Finland
- Managing Director at Witraktor-CAT
- Business Unit Director at Konecranes

JEAN-GUY COULOMBE (b. 1960)
Vice President, North America

Nationality: Canadian

Education: Mining Engineer (B.Sc. Eng.), MBA

Joined the company in **2022**

Normet Leadership Team member since **2022**

Key Experience:
- President Sandvik USA
- President Sandvik Europe
- CEO Mansour Mining

MARCELO ANABALON (b. 1970)
Senior Vice President, Latin America

Nationality: Chilean

Education: Mech. Engineer

Joined the company in **2008**

Normet Leadership Team member since **2018**

Key Experience:
- 22 years in Underground construction industry, initially focused in concrete spraying equipment and services, followed by construction chemicals and wider UG equipment offering. Responsible of various roles and focused in Latin America region.
- Semmco Managing Director since 1997–2008, since then with Normet in different positions in Latin America.

NIINA PESONEN (b. 1965)
Vice President, Human Resources

Nationality: Finnish

Education: M.Sc. (Social and Behaviour Science)

Joined the company in **2017**

Normet Leadership Team member since **2017**

Key Experience:
Various leadership roles in Human Resources in Nokia 1992–2007
Comptel SVP, Human Resources 2007–2017

KIMMO KARIHTALA (b. 1976)
General Counsel

Nationality: Finnish

Education: LL. M., eMBA

Joined the company in **2017**

Normet Leadership Team member since **2017**

Key Experience:
- Various leadership roles in legal, compliance and procurement in Outokumpu Plc. 2007–2017
- Senior Associate, attorney-at-law 2004–2007 in major Finnish law firm
- Legal Counsel in Finnish National Fund for Research and Development 2001–2004

FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT

ABOUT NORMET

Normet is a Finland-headquartered, global, innovative technology company. We provide solutions for selected customer processes in underground mining and tunnelling as well as for civil industries. Normet employs over 1,700 professionals and operates globally in over 50 locations and 30 countries.

BUSINESS PERFORMANCE

2022 was a successful year despite the continuing coronavirus pandemic and geopolitical challenges. Normet has continued to grow for several consecutive years and 2022 was no exception, achieving MEUR 439 in revenue, which is a 22% increase from the year before (2021: MEUR 359). Our profitability has also continued on an improvement path as EBIT grew to MEUR 51 (2021: MEUR 36). This demonstrates well the continued positive development across all business lines and sales areas and is a testament to our ability to remain profitable while growing rapidly.

We have experienced unprecedented market volatility in recent years due to the coronavirus pandemic and geopolitical challenges. We have contended with and overcome these challenges well. The industry fundamentals for our future growth however remain strong – driven largely by high demand for minerals required in the electrification area, the drive for more renewable energy sources, and ongoing urbanisation trends.

KEY RATIOS

Normet Group IFRS	2022	2021	2020
Order intake, Equipment, MEUR	192	178	102
Revenue, MEUR	439	359	306
Operating profit, MEUR	51	36	28
Operating profit %	12%	10%	9%
Interest bearing liabilities, net, MEUR	66	42	56
Total assets, MEUR	404	335	286
Return on equity %	26%	22%	13%
Equity to asset ratio %	40%	40%	44%
Gearing %	43%	32%	45%
Number of personnel (FY average)	1,699	1,577	1,475

As mines get deeper and grades become lower, more rock needs to be excavated to produce the same amount of refined metal. Working in demanding environments with high expectations on productivity matches with our positioning as a specialist in underground. Electrification and digitalisation are key enablers in helping our customers with achieving safety, productivity and sustainability goals as well. This area is evolving fast, we are well prepared, but we need to actively follow the direction of development.

2022 was a geopolitically challenging year. The resulting inflation and high energy prices have impacted virtually every person and industry. When the war in Ukraine started, Normet responded decisively. We discontinued our business in Russia and were able to counter this withdrawal by investing time and resources in other areas. Despite disruptions in the inbound supply chains that our industry depends on, we have managed to keep deliveries at a similar pace as before.

SAFETY AND SUSTAINABILITY UNDERGROUND

We often say there is no room for error underground. In 2022, the lost time injury frequency slightly increased compared to the previous year's level and was 4.9 (2021: 4.7). We believe that zero accidents are possible, and this is our long-term goal. Achieving this goal means making safety the top priority in every setting. We have set a high standard and high expectations. Every time we begin an internal meeting, a tour with visitors, or an external presentation, we start with talking about safety.

Ensuring everyone leaves the workplace safe and unharmed is our first priority. We can eliminate risks everywhere though being vigilant and using thorough risk assessment and safety observation processes. Additionally, new technologies help us to take people away from dangerous working places, improving not only job safety, but also quality and productivity.

We strongly believe that an industry leader needs to be a sustainability leader. Sustainable operations are critical to our customer 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.

OPERATING MODEL

Normet is the technology leader in the underground mining and tunnelling industry. Our underground equipment is used in hundreds of mines and tunnel worksites around the world. We work closely with our customers to develop equipment and technologies that meet and exceed even their most challenging requirements.

Normet's operating model is designed with Business Lines and Sales Areas supported by support functions:

- **Business Lines:** Equipment, Services and GCCT (Ground Control and Construction Technologies)
- **Sales Areas:** Europe, Eurasia, Latin America, North America, Asia Pacific Intia and China
- **Support Functions:** Finance & IT, HR, Legal

Normet's underground equipment is used in hundreds of mines and tunnel worksites around the globe. Our equipment is used for concrete spraying and transport, explosives charging, scaling, lifting, installation works, and underground logistics.

Ensuring that equipment performs at the highest level requires spare parts, maintenance and consumables. We offer a wide range of innovative aftermarket solutions, including field services, software for automation and digitalisation, remanufacturing of equipment, and bespoke equipment rental.

In addition to equipment and aftermarket services, we supply the underground mining, tunnelling and civil industries with construction chemicals and rock support equipment and expertise. Our solutions are constantly developed to meet industry needs safely and sustainably.

Perfomance of Business Lines
The business lines include equipment, services and ground control and construction technologies.

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Equipment	148,105	137,922
GCCT	99,285	69,801
Services	195,019	158,453
Elimination	-3,174	-6,851
Total	439,236	359,325

The net sales of the equipment business increased by 7% in 2022 compared to the previous year. The number of new orders reached a new record level in 2022, and the growth compared to the previous year was 7%. Despite significant supply chain disruptions, Normet managed to fulfill most of the delivery commitments in 2022. In the field of business development, the focus was, for example, to set up a new factory in Jaipur, India, to finalise the production readiness of new products and to develop the daily management system of the Iisalmi factory.

Services sales increased by 23% in 2022 from 2021 thanks to increased customer activity, growth in fleet and continuous measures to develop and expand the service business offering. Spare parts sales continued their strong growth. The digital portfolio and connectivity services expanded significantly during 2022.

GCCT's sales increased by 42% in 2022 from 2021. Among the businesses, growth in rock reinforcement was the strongest, as it more than doubled its turnover, partly driven by the acquisition of the Garock business in Australia and strong growth in Canada. The growth of construction chemicals was 26% - India's market share continued its strong growth, and the UK also grew strongly. On the construction chemicals side, the strong growth of the higher-margin Injection Resins product group around the world is also notable. Almost all main market areas continued to grow their turnover in 2022.

ACQUISITIONS

We aim to grow organically and through acquisitions. In 2022, we concluded two strategic acquisitions. Rock reinforcement is one area where we see particular promise. That's why we acquired Garock, a leading manufacturer of ground support systems for the mining and civil industries. As an Australian company, Garock also helps us enforce our geographical presence in the Asia Pacific region.

The acquisition of Aliva Equipment and its strong brand name strengthen Normet's sprayed concrete offering and increases our market share in Europe. As a world-leading manufacturer of equipment and accessories for the application of sprayed concrete, Aliva is a great addition to our business.

Our latest acquisition in early 2023 included the Finland-based boom systems manufacturer Rambooms and the hydraulic attachments supplier Marakon. These two companies, which comprise Marakon Group, will bolster Normet's position in scaling, breaking, automation and electrification. We see tremendous upside opportunities with all these strategic acquisitions. Normet welcomes the employees from Garock, Aliva Equipment, Rambooms and Marakon, and will support each in their future growth and development. The ambition is that the company will double again in size over a period of time.

RESEARCH AND DEVELOPMENT

The company continued to launch new equipment, including the fully modernised Scamec LC Thor scaling machine that meets all underground scaling operations requirements. R&D, conducted together with customers, focused on improved boom accuracy, ergonomics, safety, and visibility in the work area.

Normet invested heavily to develop the internal competencies and skills required to remain a technology leader.

EUR thousand	2022	2021
Research and development	9,524	6,892

SUSTAINABILITY

We act safely and sustainably
Sustainable development plays a key role in Normet's strategy. We want to be a company that leads through the ethical standards we set and the performance we achieve. For us at Normet, sustainability means addressing the global issues of resource scarcity and climate change, improving the health and safety of our employees and clients, and ensuring good governance in our operations. We improve underground mining and

tunnelling processes by using our expertise and technology to create value for our clients and society. Our future as a company depends on acting honestly at all times and in all areas.

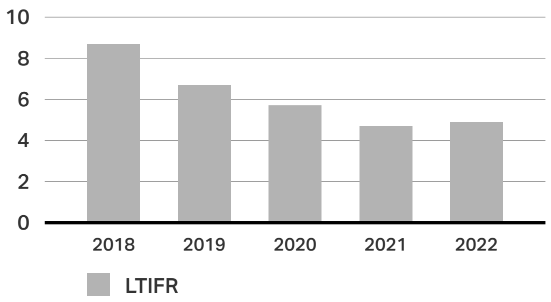
Our goal is to exceed mining and tunnelling industry standards and, by doing that, set an example for others. We do this by extending the life of used resources to enable the more efficient use of materials, optimising our current processes to improve energy efficiency and the use of water, improve the management of wastewater, and reduce the amount of cement in production. This way we will also cut the carbon footprint of tunnelling and mining projects.

In addition to our ambition of building a more environmentally sustainable mining and tunnelling industry, the safety of our employees and clients is key. Tunnels and mines are places where there is no room for error. To ensure safety at the workplace, we strive for zero accidents through building a culture of responsibility.

We continuously develop and introduce new sustainable and safe solutions for underground mining. In tunnelling, we are re-setting our approach and aim to be seen as the industry benchmark bringing end-to-end solutions for a low carbon, high efficiency sprayed concrete processes.

Where are we now?
The number of lost time injuries (measured by Lost Time Injury Frequency Rate, LTIFR) was at 4.9 in 2022 (2021: 4.7). However, we believe that zero accidents is possible and this is our long-term goal. Achieving this goal means that safety is the top priority in all circumstances.

LOST TIME INJURY FREQUENCY RATE



In addition to our own operations, it is important for us to positively impact our supply network. All new suppliers are required to adhere to our Supplier Code of Conduct. These requirements are in line with Normet's internal Code of Conduct and are the basis for continuous improvement for greater sustainability.

Building the foundation for sustainability
To strengthen our sustainability work, in 2021 we identified our most material topics by reviewing and analysing our external and internal stakeholder expectations and industry-wide priorities. The material topics were prioritised and validated internally. In 2022, the work continued in setting baselines, goals and KPI's.

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 sustainability training was included in the key topics included in the sustainability work.

These form three priorities:

1. Cutting carbon emissions from our own operations and value chain in accordance with the Paris agreement.
2. Increasing innovation and collaboration through materials and products and by creating long-term partnerships.
3. Building an inspirational work environment with greater employee satisfaction.

Systematic sustainability management is needed to meet all topics outlined in the materiality analysis. That is why we have created a roadmap that sets clear goals for 2022 and beyond. Normet aims to report with reference to the Global Reporting Initiative (GRI) in order to facilitate better reporting quality and content and aid comparison between different companies in the industry.

Our goal is to guide Normet's business to reduce the negative and increase the positive impact. Normet's corporate responsibility action plan is developed in such a way that it is in line with globally recognised corporate responsibility management systems.

PERSONNEL

On average, the number of personnel totalled 1,699 (1,577) in 2022.

INVESTMENTS

In 2022, the Group's investments totalled MEUR 15.1 (2021: MEUR 18.6). The most significant individual investments were made in R&D expenses, ERP projects and the increase in the Group's leased equipment inventory.

GROUP STRUCTURE

Normet Group Oy is the parent company who owns 95.46% of Normet Oy's share capital. The remaining share capital is owned by the Normet Group Board of Directors and executive management representatives.

On 1 July 2022, Normet Group acquired 100% of the voting shares of Garock Pty Ltd (Garock). Garock is an unlisted company based in Australia that specialises in the business of designing, manufacturing, and supplying ground support system products for the mining and civil industries. With the acquisition, Normet strengthens its portfolio in dynamic ground support in underground mining and construction infrastructure projects. Acquired operations and assets together with the transferring employees meet the definition of business and are accounted for as a business combination in accordance with IFRS 3. Consolidated financial statements include the results of Garock for the six-month period from the acquisition date.

On 2 August 2022, the Group acquired Aliva Equipment business. Aliva Equipment is one of the world's leading manufacturers of equipment and accessories for the application of sprayed concrete. In addition to classic underground construction, Aliva machines are also used in special civil engineering, on tunnel boring machines and for the application of refractory material in the steel industry. Aliva Equipment's main operations are in Widen, Switzerland with operations also in Lüdinghausen, Germany. The Group has acquired Aliva equipment because it expands both its existing product portfolio and customer base. Acquired operations and assets together with the transferring employees meet the definition of business and are accounted for as a business combination in accordance with IFRS 3. Consolidated financial statements include the results of Aliva equipment for the five-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 2022. The company has only one class of shares.

FINANCING

In September 2020, Normet Group Oy issued a bond treated as equity (hybrid bond) in the amount of MEUR 35. The annual interest in accordance with the agreement is 7.5%. In Normet Group Oy, the loans are recognised in non-current liabilities and on the consolidated statement of financial position, they are recognised in shareholders' equity. The hybrid bond has no finite maturity date, but the company has the right, not an obligation, to redeem the loans after three years. Hybrid bond interests are paid annually and are treated on the consolidated 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. In Normet Group Oy, interests are recognised in profit or loss for the financial year. The hybrid bonds have a lower priority position than the other debt obligations of the Group.

In December 2021, the Group signed a new four-year financing agreement. The agreement was raised to MEUR 180 in total in December 2022. According to this agreement, MEUR 70 debt raised in December 2021 to refinance existing loans and becomes due for bullet payment in January 2026. The loan has a variable interest rate. The financing agreement also includes credit commitment up to MEUR 20. As of 31 December, 2022, MEUR 7 remain unspent.
In December 2022, a new credit facility of a maximum of MEUR 50 was added to the financing agreement. The financing agreement also includes MEUR 40 revolving credit facility. On 31.12.2022, the Group had approximately MEUR 92.7 of undrawn credit facilities at its disposal.

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 685.2 (MEUR 8.3) on 31.12.2022 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.

BOARD OF DIRECTORS

During financial year 2022, the members of the Board of Directors of Normet Group Oy were **Aaro Cantell**, **Anna Hyvönen**, **Harri Kerminen** (until April 2022), **Lars Engström**, **Mikko Puolakka** (from April 2022), **Mikko Keto** and **Tom Melbye**. **Aaro Cantell** served as the Chairman of the Board of Directors.

On 28 June 2022, the Board of Directors decided to form an audit and risk management committee (ARC). Members of the committee are **Mikko Puolakka** (chair), **Aaro Cantell** and **Lars Engström**. The committee monitors, among other things, the financial statement reporting and interim report process, oversees the financial reporting process, and monitors 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.

Edoardo Santamaria serves as the company's 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 17 April 2022, 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 7.32 per share in total for the year 2021. The total amount paid was EUR 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 four years from the date of disbursement. Such loans are unsecured, and the interest rate is variable. Normet Group have loan receivables from the executive management amounting to MEUR 0.8 (MEUR 0.9 on 31 December 2021).

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD, NEAR-TERM OUTLOOK AND POSSIBLE UNCERTAINTIES

Overview
The war in Ukraine is weakening the operation of manufacturing networks. Russia, Belarus and Ukraine have played a significant role in the supply chains of the European steel industry, and at the same time, Russia's role as an energy supplier in Europe has been significant. Because of the war, the availability of raw materials used in the production of steel has weakened significantly, and the rise in energy prices has accelerated the costs of refining steel to the extreme. In addition, Ukraine has supplied, among other things, gases used in the processes of the semiconductor industry, which has already been reflected in the further decreasing availability of semiconductors. The delivery capacity of manufacturing networks has weakened, and inflation has risen significantly due to the impact of the crisis.

The coronavirus pandemic continues to affect our operating environment, especially through the supplier network, and can therefore weaken the supply chain material availability. In addition, the pandemic can affect the delivery of goods when logistic hubs become congested or come to a standstill, for example in ports.

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 the Group will remain capable of operating and that the covenants of the financial instruments will not be breached.

Approximately MEUR 83 of the Group's debt financing include financial covenants which are tied to, e.g. the Group's net debt-to-EBITDA 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 Group's cash flow is being constantly monitored, and the required corrective action is taken without delay to ensure the company's liquidity. At the time of signing of the financial statements, the company has approximately MEUR 46 of undrawn credit facilities at its disposal.

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.

Acquisitions
In January 2023, Normet acquired 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, with a manufacturing facility in Lahti, Finland, form the Marakon Group. The Group has a wide customer base, and its products are found in most mining and construction markets. Marakon Group has 35 employees and net sales of MEUR 26 in 2022. With the acquistion, 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.

In February 2023, Normet acquired Remion Ltd, a specialist in industrial internet solutions and advisory services. Remion offers innovative IoT solutions and services for various industries, machine and equipment manufacturers, service companies and development organisations. Remion is based in Tampere, Finland, and employs 28 professionals.

BOARD OF DIRECTORS' PROPOSAL ON THE USE OF PROFIT

The parent company's distributable funds total EUR 9,456,199.71 which includes EUR 8,565,568.19 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 4,000,000.00. The remaining distributable equity, EUR 5,456,199.71 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.–31.12.2022	1.1.–31.12.2021
REVENUE	4	**439,236**	**359,325**
Materials, supplies and subcontracting	6,16	-217,178	-179,148
Personnel cost	7	-98,282	-80,341
Depreciation and impairments		-19,783	-25,483
Other operating expenses and income, net	5	-52,934	-38,638
OPERATING PROFIT		**51,059**	**35,714**
Financing income	9	14,699	14,899
Financing expenses	9	-17,086	-17,480
Share of profit/loss accounted for using the equity method	14	-557	-204
PROFIT/LOSS BEFORE TAX		**48,114**	**32,930**
Tax on income from operations	10	-11,424	-5,022
Profit/loss from continuing operations		**36,690**	**27,907**
PROFIT/LOSS FOR THE PERIOD		**36,690**	**27,907**

EUR thousand	Note	1.1.–31.12.2022	1.1.–31.12.2021
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		203	233
Exchange differences on translating foreign operations		-385	985
Other comprehensive income for the period, net of tax		**-182**	**1,218**
TOTAL COMPREHENSIVE INCOME		**36,509**	**29,125**
Profit attributable to:			
Owners of the parent company		35,696	27,293
Non-controlling interests in net income		994	614
		36,690	**27,907**
Total comprehensive income attributable to:			
Owners of the parent company		35,518	28,458
Non-controlling interests		990	667
		36,509	**29,125**

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	31.12.2022	31.12.2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	5.2	17,528	18,614
Goodwill	5.1	12,409	11,011
Property, plant, equipment	5.3	38,133	35,857
Right-of-use assets	5.5	14,548	9,244
Investments accounted for using the equity method	6.2	3,959	4,417
Other non-current financial assets	7.2	723	53
Non-current trade and other receivables	4.4	3,651	2,934
Deferred tax asset	3.4	15,524	14,280
NON-CURRENT ASSETS		**106,475**	**96,409**
CURRENT ASSETS			
Inventories	4.3	154,873	111,684
Trade receivables and other receivables	4.4	103,487	81,296
Tax Receivable, income tax	4.4	2,730	2,952
Cash and cash equivalents	7.5	36,896	42,255
CURRENT ASSETS		**297,985**	**238,187**
ASSETS		**404,460**	**334,597**
EQUITY AND LIABILITIES			
Owners of the parent company			
Share capital		3,423	3,423
Share premium		3,350	3,350

EUR thousand	Note	31.12.2022	31.12.2021
Unrestricted equity reserve		2,860	3,206
Hybrid bond		34,666	34,666
Reserves		304	263
Translation differences		-4,007	-3,622
Retained earnings		110,838	85,525
Owners of the parent company	7.7	**151,435**	**126,812**
Non-controlling interests	7.7	**2,465**	**2,059**
EQUITY		**153,900**	**128,871**
NON-CURRENT LIABILITIES			
Non-current liabilities, interest-bearing	7.2, 7.5	93,892	76,268
Non-current interest-free liabilities	7.5	16,041	15,019
Non-current provisions	4.6	351	250
Liabilities from defined benefit plan	2.4	1,399	3,005
Deferred tax liability	3.4	2,957	2,290
NON-CURRENT LIABILITIES		**114,640**	**96,833**
CURRENT LIABILITIES			
Current interest-bearing liabilities	7.2, 7.5	10,628	7,840
Trade Payables and Other Liabilities	4.5	110,418	93,219
Tax liability, income tax	4.5	9,076	6,854
Current provisions	4.6	5,797	979
CURRENT LIABILITIES		**135,920**	**108,892**
Liabilities		**250,560**	**205,725**
EQUITY AND LIABILITIES		**404,460**	**334,597**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Cash flow from operating activities		
Profit for the period	36,690	27,293
Depreciation, amortisation and impairment	19,783	25,483
Share of profit/loss accounted for using equity method	557	204
Other items without cash flow impact	525	-1,481
Financial income and expenses	2,387	2,581
Taxes	11,424	5,022
Change in provisions	5,501	155
Other adjustments	39	-6
Operating income before change in net working capital	**76,907**	**59,252**
Change in inventories	-35,316	-17,586
Change in interest-free current receivables	-17,783	-9,444
Change in interest-free current liabilities	12,026	39,051
Change in net working capital	**-41,074**	**12,021**
Financial expense	-2,665	-5,327
Financial income	807	454
Income taxes paid	-9,553	-3,555
Net cash from operating activities	**24,423**	**62,844**

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Cash flow from investing activities		
Purchase of tangible and intangible assets	-15,831	-22,767
Proceeds from sale of tangible and intangible assets	91	142
Other investments	-670	0
Acquisition of a subsidiary and business acquistions, net of cash acquired	-12,839	0
Net cash used in investing activities	**-29,249**	**-22,626**
Cash flow from financing activities		
Share issue	0	2,073
Proceeds from loans	12,307	74,555
Loan repayments	0	-70,000
Repayment of lease liabilities	-5,537	-4,337
Hybrid bond repayments	0	-15,743
Hybrid bond interest and expenses	-2,625	-4,317
Dividends paid	-6,154	-5,360
Net cash from financing activities	**-2,009**	**-23,130**
Change in cash flows	**-6,836**	**17,089**
Cash and cash equivalents, at beginning	**42,255**	**24,134**
Change in cash flows	-6,836	17,089
Cash increase through acquisitions	328	0
Effects of exchange rate fluctuations on cash held	1,149	1,032
Cash and cash equivalents, at end	**36,896**	**42,255**

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, 2021	**3,423**	**3,350**	**3,906**	**50,476**	**223**	**-4,067**	**65,141**	**122,452**	**2,192**	**124,644**
Dividends paid to equity holders							-4,157	-4,157	-204	-4,361
Return of equity to shareholders			-700				0	-700		-700
Share issue			2,040					2,040		2,040
Other changes			-2,039	-67	40		875	-1,192	-595	-1,787
Hybrid bond repayments				-15,743				-15,743		-15,743
Hybrid bond interests and costs							-3,860	-3,860		-3,860
Profit for the period							27,293	27,293	614	27,907
Other comprehensive income						445	233	678	53	731
Total comprehensive income	0	0	0	0	0	445	27,526	27,971	-132	27,839
Balance at December 31, 2021	**3,423**	**3,350**	**3,207**	**34,666**	**263**	**-3,622**	**85,525**	**126,812**	**2,059**	**128,871**

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**

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 operations (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 2022. 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 2022 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 2023 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 on 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 judgements 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 judgements 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 judgements 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 judgements 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 REVENUE

2022 was a successful year despite the continuing coronavirus pandemic and geopolitical challenges. Normet has had continued growth for several consecutive years and 2022 was no exception since achieving MEUR 439 in revenue, which is a 22% increase from the year before (2021: MEUR 359).

Accounting policy

The Normet Group's revenue 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.

Revenue 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 revenue, 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 revenue 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 revenue 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 revenue recognition.

REVENUE BY REGION

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Europe and Eurasia	135,760	121,851
Latin America and North America	83,808	72,756
Asia Pacific, China and India	219,668	164,719
Total	**439,236**	**359,325**

SALES BY BUSINESS LINE

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Equipment	148,105	137,922
Services	195,019	158,453
GCCT	99,285	69,801
Elimination	-3,174	-6,851
Total	**439,236**	**359,325**

EXCHANGE DIFFERENCES INCLUDED IN THE REVENUE

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Foreign exchange gain and loss, realised	1,671	-236
Foreign exchange gain and loss, unrealised	-923	1,487
Total	**748**	**1,252**

1.2 COST OF SALES

PROCUREMENT AND PRODUCTION

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Materials, supplies and subcontracting	197,343	162,750
External services	19,834	16,399
Total	**217,178**	**179,148**

EXCHANGE DIFFERENCES INCLUDED IN SALES

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Foreign exchange gain and loss, realised	1,389	-1,827
Foreign exchange gain and loss, unrealised	-311	1,251
Total	**1,078**	**-576**

1.3 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME AND EXPENSES

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Rental income	12	12
Gain on disposal of tangible and intangible assets	91	142
Other	1,127	878
Total	**1,231**	**1,032**

OTHER FIXED OPERATING EXPENSES

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Non-statutory employee benefits	1,989	1,503
Rents	1,543	1,613
Other variable expenses	18,024	12,381
General business costs	24,185	16,898
Operating and maintenance costs	3,147	2,786
Other expenses	4,031	2,666
Sales and marketing costs	1,509	1,947
Change in provision for bad debt	-263	-124
	54,165	**39,669**

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.–31.12.2022	1.1.–31.12.2021
Interest income	807	454
Foreign exchange gain	13,892	14,445
Total	**14,699**	**14,899**

FINANCING EXPENSES

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Interest on borrowings from others	2,405	2,874
Interest of right-of-use assets	444	401
Foreign exchange loss	14,195	14,214
Other items	43	-9
Total	**17,086**	**17,480**

2 PERSONNEL

2.1 PERSONNEL EXPENSES

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Salaries and fees	81,941	66,407
Share-based payments	1,414	1,847
Variable pension expenses, defined contribution plans	2,419	2,198
Pension expenses, defined contribution plans	4,780	4,069
Pension expenses, defined benefit plans	193	208
Other variable employee benefits	3,073	2,465
Other indirect employee costs	4,461	3,148
Total	**98,282**	**80,341**

In full year 2022, the Group had an average of 1699 employees (1577).

2.2 SHARE-BASED PAYMENTS

Normet has an 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 or in shares. Holder of the option decides will the payments be paid in cash. The majority of the shares subscribed under the program 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 program 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 programs, which are 2018A, 2018B and 2018C. Each program 1/3 has a performance condition and for 2/3 there is only a service condition. The exercise price of the arrangement is EUR 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 program 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 programs, 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 EUR 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.

Program	Number of options 31.12.2022	Number of options 31.12.2021	Vested options 2022	Marked options 2022	Debt in balance sheet 31.12.2022 (kEUR)
2018A	24,839	38,922		4,055	950
2018B	28,402	39,659	23,409	6,461	973
2018C	34,863	39,659			1,012
2019A	12,187	13,711		1,016	379
2019D	12,187	13,711	8,125	338	379
2019C	12,176	13,698			350
Total	**124,654**	**159,360**	**31,534**	**11,870**	**4,044**

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 program conditions. Forecasted changes in equity have been discounted using the weighted average cost of capital before taxes (WACC).

There were 124,654 outstanding options on 31 December, 2022 (159,360 on 31 December, 2021).

The adjusted exercise price of the options in the financial year 2022 was EUR 15.63 per share. The adjusted subscription price paid in cash for the shares subscribed for with the options was EUR 5.39 per share, resulting in a value of EUR 21.02 per share.

The accrued liability recognised in the balance sheet for the option arrangements was MEUR 5.6 at 31.12.2022. 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 management. The remuneration paid or payable based on the work performed consists of the following:

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Salary, bonuses and other short-term employee benefits	4,690	3,104
Share-based payments	1,328	1,345
	6,017	4,448

The composition of Normet's executive management changed during the 2022 and 2021 financial years. The remuneration of the executive management 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 management amount to MEUR 0.8 (MEUR 0.9 on 31 December 2021). Normet had no loans, liabilities or commitments from persons belonging to Normet's related parties at the end of financial year 2022 or 2021.

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. The 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	2022	2021
Present value of unfunded obligations	2,354	2,689
Present value of funded obligations	12,189	3,963
Fair value of plan assets	11,523	3,648
Pension obligations in the balance sheet	**3,019**	**3,005**
Defined benefit pension plans and other post-employment benefits expenses	-18	406
Expenses in the income statement	**-18**	**406**
Change in value of the defined benefit pensions plans and other post-employment benefits	-243	-283
Amounts recognised through other comprehensive income	**-243**	**-283**

Expected contributions to defined benefit plans during the next financial period are EUR 0.1 (31 December 2021: 0.1) million. The duration of the most significant defined benefit obligation at the end of the reporting period was 10.7 (31 December 2021: 12.8) years.

CHANGES IN PENSION OBLIGATIONS DURING THE FINANCIAL YEAR

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:	**0**	**0**	**0**
Return on plan assets, excluding interest recognised in profit and loss	0	-359	359
Actuarial gains (-) and losses (+) arising from changes in demographic assumptions	0	0	0
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**

EUR thousand	Present value of plan assets	Fair value of plan assets	Total
1.1.2021	**7,014**	**3,432**	**3,582**
Current service cost	511	0	511
Interest expense (+) / income (-)	53	8	45
Past service cost	-64	0	-64
Remeasurement of value:			
Return on plan assets, excluding interest recognised in profit and loss	0	-130	130
Actuarial gains (-) and losses (+) arising from changes in demographic assumptions	-187	0	-187
Actuarial gains (-) and losses (+) arising from changes in economic assumptions	-291	0	-291
Experience gains (-) and losses (+)	64	0	64
Actuarial gains (-) and losses (+) recognised in income statement	-145	0	-145
Foreign exchange gains (-) and losses (+)	213	151	62
Contributions by employer	0	248	-248
Contributions by plan participants	65	65	0
Benefits paid	-170	-126	-44
Settlement of obligations	0	0	0
Acquisitions and disposals	0	0	0
Other	58	0	59
31.12.2021	**7,122**	**3,648**	**3,475**

BREAKDOWN OF ASSETS AND LIABILITIES BY GEOGRAPHICAL AREA

EUR thousand	Finland	Switzerland	Other countries
Present value of plan obligations:			
2022	2,276	12,017	643
2021	2,936	3,611	576

BREAKDOWN OF ASSETS

EUR thousand	2022	2021
Qualifying insurance policy	164	312
Other assets	11,359	3,335
Total	**11,523**	**3,648**

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 2022 (2021)	3.80% (0.85%)	1.90% (0.50%)	7.01% (6.18%)
Future salary increase assumption 2022 (2021)	N/A	1.0% (1.0%)	6.0% (6.0%)
Pension increase assumption 2022 (2021)	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	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 b.nefit 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**

EUR thousand	2021	Change
0.25% -point increase in the used variable rate would impact defined benefit liability as follows:		
Discount rate	3,499	11
Future salary increase assumption	3,619	-15
Pension increase assumption	0	0
0.25% -point decrease in the used variable rate would impact defined benefit liability as follows:		
Discount rate	3,730	-38
Future salary increase assumption	3,602	-11
Pension increase assumption	0	0
Increase of life expectancy by one year	**3,672**	**-13**
Decrease of life expectancy by one year	**3,549**	**-11**

Expected contributions to defined benefit plans during the next financial period are EUR 0.1 (31 December 2021: 0.1) million. The duration of the most significant defined benefit obligation at the end of the reporting period was 10.7 (31 December 2021: 12.8) years.

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	31.12.2022	31.12.2021
Tax on income from operations	-11,279	-8,892
Tax for previous accounting periods	50	120
Change in deferred tax asset	1,280	4,136
Change in deferred tax liability	-471	6
Income tax	-10,421	-4,630
Other direct tax	-1,003	-392
Total	**-11,424**	**-5,022**

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

	1.1.–31.12.2022			1.1.–31.12.2021		
EUR thousand	**Before taxes**	**Taxes**	**After taxes**	**Before taxes**	**Taxes**	**After taxes**
Actuarial profit (+) / losses (-) of defined benefit plans	227	-24	203	242	-9	233
Other OCI-items	227	-24	203	242	-9	233

3.3 EFFECTIVE TAX RATE RECONCILIATION

EUR thousand	31.12.2022	31.12.2021
Profit before taxes	48,114	32,930
Tax calculated at the domestic corporation tax rate of 20.0%	-9,623	-6,586
Effect of different tax rates of foreign subsidiaries	913	549
Tax from previous years	50	120
Tax free income and undeductible expenses	-2,569	-2,855
Change in deferred taxes	808	4,142
Other items	-1,003	-392
Total	-11,424	-5,022
Effective tax rate %	23.7%	15.3%

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.

DEFERRED TAX ASSETS

EUR thousand	31.12.2022	31.12.2021
Inventories	7,100	7,115
Intangible and tangible assets	2,618	2,654
Provisions	1,421	1,520
Pension liabilities	1,753	1,186
Other items	2,632	1,805
Total	15,524	14,280
Tax expense reported in the statement of profit or loss	1,280	4,136

The tax losses, for which no deferred tax assets are recognised due to the uncertainty of the utilisation of the losses, amounted to MEUR 35.1 at the end of 2022 (MEUR 42.4). Of these, MEUR 28.7 will expire within the next five years and the rest will expire later or never.

DEFERRED TAX LIABILITIES

EUR thousand	31.12.2022	31.12.2021
Inventories	62	62
Intangible and tangible assets	2,534	1,805
Other items	361	297
Total	**2,957**	**2,163**
Tax expense reported in the statement of profit or loss	**-471**	**6**

4 OPERATIONAL ASSETS AND LIABILITIES

4.1 NET WORKING CAPITAL

EUR thousand	31.12.2022	31.12.2021
Inventories	154,873	111,684
Trade receivables	74,090	61,434
Other non-interest-bearing receivables	31,456	22,940
Accounts payable	-63,921	-55,297
Other non-interest bearing liabilities	-29,194	-25,130
Advances received	-17,372	-12,238
	149,931	**103,394**

4.2 CAPITAL EMPLOYED

EUR thousand	31.12.2022	31.12.2021
Net working capital	149,931	103,394
Intangible assets	29,937	29,625
Property, plant, equipment	38,133	35,857
Right-of-use assets	14,548	9,244
Non-current investments	4,682	4,470
Interest-bearing receivables	3	681
Cash and cash equivalents	36,896	42,255
Income tax payables and receivables, net	-6,346	-3,903
Interest payables, net	-95	-583
	267,688	221,040

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 (>10%) 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	31.12.2022	31.12.2021
Raw materials and consumables	74,856	54,086
Work in progress	26,683	16,680
Finished goods	50,146	36,089
Equipment related to buy backs	2,366	4,549
Advance payments for inventory	822	282
	154,873	111,684

The inventories contain a total of MEUR 6.9 of obsolescence provision at the end of the financial year (MEUR 6.0).

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 behaviour 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 revenue recognition.

EUR thousand	31.12.2022	31.12.2021
Trade receivables gross	74,090	61,434
Bad debt allowance	-3,510	-3,760
Trade receivables net	70,580	57,675

OTHER RECEIVABLES

	31.12.2022			31.12.2021		
EUR thousand	Non-current	Current	Total	Non-current	Current	Total
Loan receivables	0	3	3	0	681	681
Prepaid expenses and accrued income	0	8,220	8,220	0	5,734	5,734
Tax receivable	0	2,730	2,730	0	2,952	2,952
Other receivables	4,374	23,236	27,610	2,987	17,206	20,193
Non-interest-bearing receivables total	4,374	34,189	38,563	2,987	26,574	29,561

AGEING ANALYSIS OF TRADE RECEIVABLES

EUR thousand	31.12.2022	Expected credit losses
AR not due yet	55,304	346
AR 1-90 days due	14,484	654
AR 91-360 days due	3,097	1,305
AR over 360 days due	1,206	1,206
	74,090	**3,510**

There has not been any significant indication of change in customer payment behaviour, and therefore same principles have been applied for expected credit loss recognition as in the financial statements 2021. 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. Order cancellations and postponements have remained very close to the Group's normal level.

CREDIT LOSS PROVISION OF TRADE RECEIVABLES

EUR thousand	31.12.2022	31.12.2021
Accumulated provision at beginning of year	3,760	3,883
Write-offs	-154	-144
Change in provision	-96	21
Accumulated provision at end of year	3,510	3,760

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 0.4).

4.5 TRADE PAYABLE AND OTHER LIABILITIES

	31.12.2022			31.12.2021		
EUR thousand	Non-current	Current	Total	Non-current	Current	Total
Accounts payable	0	63,921	63,921	0	55,297	55,297
Derivative instruments	0	0	0	0	542	542
Other payables						
Accrued interests	0	9,076	9,076	0	6,854	6,854
Accrued personnel costs	3,772	8,313	12,085	3,953	8,134	12,087
Advances received	0	17,372	17,372	0	12,238	12,238
Buy back liabilities	2,608	0	2,608	4,815	578	5,394
Interest payable	0	95	95	0	583	583
Dividends payable	0	2,070	2,070	0	48	48
Other payables	9,661	18,716	28,377	8,407	15,786	24,194
Other payables total	**16,041**	**55,642**	**71,683**	**17,175**	**44,222**	**61,398**

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.

	31.12.2022			31.12.2021		
EUR thousand	Non-current	Current	Total	Non-current	Current	Total
Warranty provision	0	1,015	1,015	34	979	1,013
Other provisions	351	0	351	217	0	217
	351	1,015	1,366	250	979	1,229

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 revenue.

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 overall economic impact of the coronavirus pandemic cannot be estimated now, since the effects depend on the duration and severity of the pandemic in different geological areas. They depend on the measures used to control the virus, which in turn defines how fast different areas recover. Therefore, estimating the market development, growth and other influencing factors is challenging in the current situation. The projections used in the estimation of the goodwill's present value are based on the management's best estimate under the 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 per cent 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	15.1%	9.3%	Yes	2.0%	925	101,457	177,052
Services	20.0%	5.4%	Yes	2.0%	1,783	105,476	138,865
GCCT	18.5%	10.1%	Yes	2.0%	9,701	38,391	31,596

ALLOCATION OF GOODWILL

EUR thousand	31.12.2022	31.12.2021
Goodwill is allocated to the following cash-generating units:		
Equipment	925	880
Services	1,783	1,748
GCCT	9,701	8,383
	12,409	**11,011**

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 15% (2021:12), for Services 20% (15), and for GCCT 18% (13).

There are no indications of impairment of goodwill after the annual impairment testing performed during Q4 2022. There have been no impairments in goodwill in 2022 or 2021.

TESTED BOOK VALUES OF GCCT BUSINESS

EUR thousand	31.12.2022	31.12.2021
Fixed assets	9,483	8,118
Net working capital	19,208	16,063
Goodwill	9,701	8,383
	38,391	**32,564**

Based on impairment testing performed book values exceed discounted cash flows in GCCT business by MEUR 39.1 at year-end 2022 (MEUR 34.9). The growth rate of the projection period of the GCCT unit's sales is 6.9%. 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 revenue, profitability and discount interest.

The impairment testing process includes a sensitivity analysis in which the CGU specific cash flow estimates were reduced by 12-28% and the discount rates were increased by 8–14 percentage points. Based on the sensitivity analysis, the probability for material impairment losses was low in all CGUs. Under the basic scenario for CGUs, the value-in-use calculations were on average 2.3 times higher than the value of CGUs' assets employed.

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 three 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 1.1.2021	23,238	7,465	18,281	2,907	11,310	29,895	93,095
Translation differences	0	28	18	0	-32	868	881
Additions	4,042	1,417	584	195	0	0	6,238
Reclassifications	1,254	0	0	0	0	0	1,254
Cost 31.12.2021	28,533	8,911	18,883	3,102	11,278	30,762	101,468
Cumulative amortisation and impairment 1.1.2021	-10,344	-6,428	-10,147	0	-8,080	-22,449	-57,449
Translation differences	0	-28	80	0	15	-515	-448
Cumulative amortisation on disposals and reclassifications	0	-6	0	0	0	0	-6
Amortisation	-3,081	-151	-6,017	0	0	0	-9,250
Impairment	-3,694	-1,000	0	0	0	0	-4,694
Cumulative amortisation and impairment 31.12.2021	-17,119	-7,612	-16,083	0	-8,065	-22,964	-71,844
Carrying amount 1.1.2021	12,894	1,037	8,135	2,907	3,231	7,445	35,649
Carrying amount 31.12.2021	**11,415**	**1,298**	**2,799**	**3,102**	**3,213**	**7,798**	**29,625**
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**

5.3 TANGIBLE ASSETS

Accounting policy

Land, buildings, machinery and equipment form a 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 1.1.2021	638	18,657	50,420	341	4,503	74,557
Translation differences	6	15	669	6	18	713
Additions	0	3,723	12,109	-1	923	16,755
Disposals	0	-1,134	-3,122	-252	-53	-4,561
Reclassifications	0	0	208	0	-4,375	-4,167
Cost 31.12.2021	643	21,261	60,285	93	1,015	83,298
Cumulative amortisation and impairment 1.1.2021	0	-8,195	-34,117	-162	0	-42,473
Translation differences	0	-37	-475	0	0	-512
Cumulative amortisation on disposals and reclassifications	0	-32	2,559	162	0	2,689
Amortisation	0	-775	-6,370	0	0	-7,145
Cumulative amortisation and impairment 31.12.2021	0	-9,039	-38,402	0	0	-47,441
Carrying amount 1.1.2021	638	10,462	16,303	178	4,503	32,084
Carrying amount 31.12.2021	**643**	**12,222**	**21,882**	**93**	**1,015**	**35,857**
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		-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**

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 AMORTIZATION

EUR thousand	31.12.2022	31.12.2021
Tangible assets		
Machinery and equipment	6,388	6,340
Buildings and structures	838	775
Other tangible assets	0	0
Intangible assets		
Development costs	4,236	3,081
Immaterial rights	377	151
Other intangible assets	2,181	6,017
Right-of-use assets		
Machinery and equipment	767	853
Buildings and structures	4,487	3,573
Total	**19,275**	**20,790**

IMPAIRMENT

EUR thousand	31.12.2022	31.12.2021
Development costs	508	3,694
Immaterial rights	0	1,000
Total	**508**	**4,694**

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 judgement 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. In the Normet Group, the coronavirus pandemic has only slightly affected the rental commitments based on the IFRS16 standard and their payments.

TANGIBLE ASSETS

EUR thousand	Buildings, right-of-use assets	Machinery and equipment, right -of-use assets	Total
Cost 1.1.2021	13,711	3,034	16,745
Translation differences	365	31	396
Additions	3,138	603	3,742
Disposals	-131	-143	-274
Cost 31.12.2021	17,073	3,254	20,328
Cumulative amortisation and impairment 1.1.2021	-5,286	-1,626	-6,912
Translation differences	-142	104	-38
Cumulative amortisation on disposals and reclassifications	8	285	293
Amortisation	-3,621	-805	-4,426
Cumulative amortisation and impairment 31.12.2021	-9,041	-2,042	-11,084
Carrying amount 1.1.2021	8,425	1,408	9,833
Carrying amount 31.12.2021	**8,032**	**1,212**	**9,244**
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**

MATURITY OF LEASE LIABILITIES

EUR thousand	31.12.2022	31.12.2021
within 1 year	5,697	4,017
1-5 years	7,161	5,405
over 5 years	2,119	140
Total	**14,977**	**9,562**

The cash flow of leases in which the Normet Group is the lessee amounted to MEUR -5.1 in the financial year 2022 (MEUR -4.3).

EUR thousand	31.12.2022	31.12.2021
Lease liabilities 1.1.	9,561	11,111
Additions	10,525	2,787
Lease payments	-5,110	-4,338
Lease liabilities 31.12.	14,978	9,561

ITEMS RECOGNISED IN THE INCOME STATEMENT

EUR thousand	31.12.2022	31.12.2021
Depreciation expense on right-of-use assets	5,254	4,426
Rental expense relating to leases of short-term assets	56	776
Rental expense relating to leases of low-value assets	717	58
Interest expense on lease liabilities	444	401
Total	**6,471**	**5,561**

NORMET AS A LESSOR

EUR thousand	31.12.2022	31.12.2021
within 1 year	314	1,463
1-5 years	16	42
over 5 years	93	66
Total	**423**	**1,572**

Revenue for the financial year includes MEUR 8.0 (6.1) 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 2022. 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 1 July 2022, Normet Group acquired 100% of the voting shares of Garock Pty Ltd (Garock). Garock is an unlisted company based in Australia that specialises in the business of designing, manufacturing, and supplying ground support system products for the mining and civil industries. With the acquisition, Normet strengthens its portfolio in dynamic ground support in underground mining and construction infrastructure projects. Acquired operations and assets together with the transferring employees meet the definition of business and are accounted for as a business combination in accordance with IFRS 3. Consolidated financial statements include the results of Garock for the six-month period from the acquisition date.

On 2 August 2022, the Group acquired Aliva Equipment business. Aliva Equipment is one of the world's leading manufacturers of equipment and accessories for the application of sprayed concrete. In addition to classic underground construction, Aliva machines are also used in special civil engineering, on tunnel boring machines and for the application of refractory material in the steel industry. Aliva Equipment's main operations are in Widen, Switzerland with operations also in Lüdinghausen, Germany. The Group has acquired Aliva equipment because it expands both its existing product portfolio and customer base. Acquired operations and assets together with the transferring employees meet the definition of business and are accounted for as a business combination in accordance with IFRS 3. Consolidated financial statements include the results of Aliva equipment for the five-month period from the acquisition date.

The goodwill arising from the acquisitions was mainly attributable to workforce and expected synergies. The goodwill was not tax deductible. The Garock Pty Ltd and Aliva Equipment transaction prices were not disclosed.

There were no acquisitions or business disposals in Normet Group in 2021. Events after the balance sheet date 2022 Normet has acquired 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, with a manufacturing facility in Lahti, Finland, form the Marakon Group. The Group has a wide customer base, and its products are found in most mining and construction markets. Marakon Group has 35 employees and net sales of MEUR 26 in 2022. 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. More detailed information regarding the procurement is not yet available. According to a preliminary estimate on acquired operations and assets together with the transferring employees meet the definition of business and are accounted for as a business combination in accordance with IFRS 3, when detailed information is obtained.

Acquired unit	Business unit	Technical area	Acquisition type	Acquisition period	Number of employees
Garock Pty Ltd	GCCT	Rock reinforcement	Share	July	17
Aliva Equipment	Services	Sprayed concrete	Business	August	58

ASSETS AND LIABILITIES OF THE ACQUIRED BUSINESSES

EUR thousand	2022	2021
Intangible assets	2,770	0
Tangible assets	733	0
Inventories	8,784	0
Trade and other receivables	3,955	0
Cash and cash equivalents	328	0
Total assets	**16,570**	**0**
Trade payables	2,246	0
Pension liabilities	645	0
Provisions	56	0
Deferred tax liabilities	88	0
Other liabilities	150	0
Total liabilities	**3,892**	**0**
Net assets	**12,679**	**0**
Acquisition cost paid in cash during the fiscal period	**12,930**	**0**
Contingent consideration, to be paid during future fiscal periods	**1,262**	**0**
Goodwill	**1,513**	**0**

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 recognises 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) 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 2022 were as follows:

- revenue MEUR 6.2
- profit for the financial year MEUR -1.3
- total assets MEUR 17.6
- shareholders' equity MEUR 7.9

SHARES IN ASSOCIATES

EUR thousand	31.12.2022	31.12.2021
Cost 1.1.	4,417	4,971
Translation differences	99	-350
Share of result	-557	-204
Cost 31.12.	**3,959**	**4,417**
Carrying amount 1.1.	4,417	4,971
Carrying amount 31.12.	**3,959**	**4,417**

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 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
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

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

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

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) 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 revenue 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	2022 Change +/-10 %	2021 Change +/-10 %
AUD	3,334	2,511
CAD	718	585
CLP	2,456	1,880
INR	444	1,121
NOK	711	681
USD	706	778

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 Trade 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

	2022	2021
Increase in per cent	1%	1%
Effect on profit after tax	-560	-560
Variable rate loans	-700	-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, since the reference interest rate pursuant to the credit agreement has in the reviewed financial years been 0. 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 83 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.

	31.12.2022	31.12.2021
Cash and cash equivalents	36,896	42,255
Binding long-term undrawn credit facility	47,000	57,625
Interest-bearing liabilities payable within the next twelve months	0	0
Liquidity position	83,896	99,880

In December 2021, the Group signed a new four-year financing agreement. The agreement was raised to MEUR 180 in total in December 2022. According to this agreement MEUR 70 debt raised in December 2021 to refinance existing loans and becomes due for bullet payment in January 2026. The loan has a variable interest rate. The financing agreement also includes credit commitment up to MEUR 20. As of December 31, 2022, MEUR 7 remain unspent. In December 2022, a new binding credit promise of a maximum of MEUR 50 was added to the financing agreement.

The financing agreement also includes MEUR 40 revolving credit facility. On 31.12.2021, the Group had approximately MEUR 92.7 of undrawn credit facilities at its disposal.

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 revenue.

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 revenue.

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				
31.12.2022				
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**

EUR thousand	Measured at amortised cost	Fair value through OCI	Balance sheet values	Fair value
Non-current financial assets				
31.12.2021				
Held to maturity investments	53	0	53	53
Non-current trade receivables	467	0	467	467
Non-current loan receivables	10	0	10	10
Other non-current receivables	1,974	0	1,974	1,974
Total	**2,504**	**0**	**2,504**	**2,504**
Current financial assets				
31.12.2021				
Trade receivables	57,675	0	57,675	57,675
Other receivables	17,206	0	17,206	17,206
Loan receivables	681	0	681	681
Cash and cash equivalents	42,255	0	42,255	42,255
Total	**117,817**	**0**	**117,817**	**117,817**
Non-current financial liabilities				
31.12.2021				
Loans from financial institutions	70,724	0	70,724	70,724
Lease liabilities	5,545	0	5,545	5,545
Total	**76,268**	**0**	**76,268**	**76,268**
Current financial liabilities				
31.12.2021				
Loans from financial institutions	2,022	0	2,022	2,022
Lease liabilities	4,017	0	4,017	4,017
Accounts payable	55,297	0	55,297	55,297
Other payable	0	542	542	542
Total	**61,336**	**542**	**61,878**	**61,878**

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

	31.12.2022	
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	

	31.12.2021	
Financial assets	**Level 2**	**Level 3**
Other investments		53
Interest-bearing investments, non-current	10	
Other receivables, non-current	2,441	
Financial liabilities		
Interest-bearing debt, non-current	76,268	
Derivatives	542	

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.

	31.12.2022	31.12.2021
Cash and cash equivalents	36,896	42,255
Total	**36,896**	**42,255**

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 685.2 (MEUR 8.3) on 31.12.2022 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

	31.12.2022	31.12.2021
Non-current interest bearing liabilities	83,329	70,724
Lease liabilities	14,977	9,561
Current interest bearing liabilities	4,931	3,823
Cash and cash equivalents	-36,896	-42,255
Total	**66,341**	**41,854**

MATURITY ANALYSIS ON FINANCIAL LIABILITIES

	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**

	31.12.2021			
EUR thousand	Balance Sheet total	Less than 1 year	1-5 years	More than 5 years
Loans from financial institutions	72,745	2,022	70,723	0
Other liabilities	1,801	1,801	0	0
Lease liabilities	9,561	4,017	5,405	140
Trade Payables and Other Liabilities	65,223	65,223	0	0
	149,331	**73,063**	**76,128**	**140**

CHANGES IN LIABILITIES DUE TO FINANCING

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**

EUR thousand	Loans from financial institutions	Lease liabilities	Total
1.1.2021	68,851	11,111	79,962
Loan payments	-70,000	-4,337	-74,337
New contracts	74,555	3,467	78,022
Foreign exchange rate impact	-660	-680	-1,340
31.12.2021	**72,746**	**9,561**	**82,307**

7.6 DERIVATIVES

	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**

	31.12.2021			
EUR thousand	Nominal value	Positive market value	Negative market value	Net market value
Forward exchange contracts	22,704	33	-576	-542
	22,704	**33**	**-576**	**-542**

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.

	31.12.2022	31.12.2021
Share capital	3,423	3,423
Share premium	3,350	3,350
Unrestricted equity reserve	2,860	3,206
Hybrid bond	34,666	34,666
Treasury shares	0	0
Reserves	304	263
Translation differences	-4,007	-3,622
Accumulated earnings	110,838	85,525
EQUITY	151,435	126,812
Non-controlling interests	2,465	2,059

Normet Group Oy's fully paid share capital registered in the trade register was at the end of 2022 and 2021 EUR 3,423,000.00. The shares have no par value. The company did not hold any of its 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 started an incentive scheme in 2018 in which options are granted and an 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 the right to subscribe to 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 MEUR 4.0. The 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 the 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 MEUR 5.6.

Hybrid bond

A 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 redeem 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 September 2020, Normet Group Oy issued a bond treated as equity (= hybrid bond) in the amount of MEUR 35 whose interest rate pursuant to the agreement is 7.5%.

A hybrid bond that is unsecured and ranked below other debt obligations is recognised in the equity. In Normet Group Oy, the loans mentioned above are recognised in non-current liabilities and on the consolidated balance sheet in the Group equity. The hybrid bond has no finite maturity date, but the company has the right, not an obligation, to redeem the loan after three years. Hybrid bond interests are paid annually and are treated on the consolidated 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. In Normet Group Oy, interests are recognised in profit or loss for the financial year. 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

	31.12.2022	31.12.2021
Equity	153,900	128,871
Assets	404,460	334,597
Advances received	17,372	12,238
Equity to asset ratio	**39.8%**	**40.0%**

Dividends
The parent company's distributable funds total EUR 9,456,199.71 which includes EUR 8,565,568.19 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 4,000,000.00. The re-maining distributable equity, EUR 5,456,199.71 will be retained and carried forward.

In 2022, Normet Oy paid group contribution amounting to MEUR 3.0 to Cantell Oy. In addition, Normet Group paid dividend and return of capital to shareholders MEUR 4.8 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	31.12.2022	31.12.2021
Loans from financial institutions secured by real estate mortgages, business mortgages and pledges	70,000	70,000
Promises of credit and credit limit secured by real estate mortgages, business mortgages and pledges	55,725	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	**150,000**	**150,000**
Credit limit in use	3,135	2,457
Bank guarantee limit in use	14,135	14,349
Total	**17,271**	**16,806**
Securities provided		
Real estate mortgages	20,000	20,000
Other mortgage	169,000	169,000
Pledged securities	19,926	19,926
Other	14,260	14,260
Total	**223,186**	**223,186**
Current repurchase obligations	0	578
Repurchase obligations maturing in 1-5 years	2,608	4,815
Total	**2,608**	**5,394**

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 2022, the AGM appointed the audit firm Ernst & Young Oy as Normet Group's auditor.

	1.1.–31.12.2022	1.1.–31.12.2021
Audit	555	538
Tax services	208	146
Other non-audit services	76	48
Total	839	731

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 management 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.–31.12.2022	1.1.–31.12.2021
Sale of goods and services associated companies	245	0
Purchases of goods and services from associated companies	683	2,008
Purchases of goods and services from other related companies	579	587
Contributions given to the related party companies	3,000	1,000

RELATED PARTY RECEIVABLES AND LIABILITIES

EUR thousand	1.1.–31.12.2022	1.1.–31.12.2021
Accounts receivable from associated companies	258	318
Loan receivable from associated companies	2,264	1,635
Other receivables from related party companies	13	17
Accounts payable to associated companies	129	391
Loan receivable from executive management members	805	872

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 9.9 on December 2022. Management remuneration and share-based payments are disclosed in note 2.1 Personnel expenses.

The Group offers the executive management a facility to borrow related to share subscription of Normet Oy. The facility is repayable within four years from the date of disbursement. Such loans are unsecured, and the interest rate is variable. Normet Group have loan receivables from the executive management amounting to MEUR 0.8 (MEUR 0.9 on 31 December 2021).

8.4 EVENTS AFTER THE BALANCE SHEET DATE

The demand and order backlog remained strong in the first months of 2022. The global demand prospects remain uncertain due to the coronavirus pandemic, component shortage and geopolitical situation. The Russian military actions in Ukraine and the consequent sanctions have caused significant uncertainty related to Russia, to the functionality of the Russian financial and payment system, and to the Russian ruble exchange rate. We expect the market to remain unstable and continue to fluctuate. However, this should not impact the Group's capacity to continue its business activities. The Group's liquidity has remained strong and no changes are expected. Revenue from the Russia market area was approximately 10% of Normet Group total revenue in 2021.

Management has prepared scenarios based on anticipated development of various external factors and will deploy necessary mitigation actions promptly to maintain profitability in line with strategic targets.

PARENT COMPANY FINANCIAL STATEMENTS (FAS)

NORMET GROUP OY INCOME STATEMENT

EUR	1.1.–31.12.2022	1.1.–31.12.2021
REVENUE	**5,073,289.41**	**4,662,248.46**
Other operating income	30,701.72	6,158.83
Material and services	1,642.12	-0.33
Personnel expenses	-5,965,243.85	-5,763,890.91
Depreciation, amortisation and impairment	-2,569,330.37	-6,846,479.07
Other operating expenses	-11,529,456.15	-9,476,893.63
OPERATING PROFIT (LOSS)	**-14,958,397.12**	**-17,418,856.65**
Financing income and expenses	21,974,139.65	6,038,013.17
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	**7,015,742.53**	**-11,380,843.48**
Appropriations	1,852,045.28	15,914,891.56
Income taxes	-302,219.62	-81,095.39
PROFIT/LOSS FOR THE PERIOD	**8,565,568.19**	**4,452,952.69**

NORMET GROUP OY BALANCE SHEET

EUR	1.1.–31.12.2022	1.1.–31.12.2021
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	9,362,802.40	6,893,409.69
Tangible assets	72,023.04	94,783.68
Investments	19,928,173.42	19,926,173.42
NON-CURRENT ASSETS	29,362,998.86	26,914,366.79
CURRENT ASSETS		
Non-current receivables	345,595.23	1,045,595.23
Current receivables	39,103,812.17	30,403,008.15
Cash and bank	116,766.66	12,632.02
CURRENT ASSETS	39,566,174.06	31,461,235.40
ASSETS	68,929,172.92	58,375,602.19

EUR	1.1.–31.12.2022	1.1.–31.12.2021
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	1,232,672.40
Retained earnings	5,006.49	5,006.49
Profit/loss for the period	8,565,568.19	4,452,952.69
EQUITY	16,229,199.77	12,463,631.58
APPROPRIATIONS	1,088,867.56	140,912.84
LIABILITIES		
Non-current liabilities	35,000,000.00	35,000,000.00
CURRENT LIABILITIES	16,611,105.59	10,771,057.77
LIABILITIES	51,611,105.59	45,771,057.77
EQUITY AND LIABILITIES	68,929,172.92	58,375,602.19

NORMET GROUP OY STATEMENT OF CASH FLOWS

EUR	1.1.–31.12.2022	1.1.–31.12.2021
Cash flow from operating activities		
PROFIT (LOSS) BEFORE TAXES	7,015,742.53	-11,380,843.48
	0.00	0.00
Depreciation, amortisation and impairment	2,569,330.37	6,846,479.07
Unrealised foreign exchange gains and losses	-6,111.14	-59,952.37
Other items without cash flow impact	760,118.08	0.00
Financial income and expenses	-21,974,139.65	-5,978,060.80
Operating cash flow before working capital changes	**-11,635,059.81**	**-10,572,377.58**
Working capital changes		
Increase /decrease in trade and other receivables	-1,127,805.89	338,523.18
Increase / decrease in trade payables	5,060,866.29	-6,881,586.10
Cash flows from operations before financing items and taxes	**-7,701,999.41**	**-17,115,440.50**
Interest paid	-2,941,363.43	-4,877,371.60
Interest received	15,404.15	16,885.10
Other financing items	0.00	-52,778.69
Income taxes paid	-114,944.23	-81,095.39
Cash flow from business activities	**-10,742,902.92**	**-22,109,801.08**

EUR	1.1.–31.12.2022	1.1.–31.12.2021
Net cash from operating activities		
Capital expenditure	-5,017,962.44	-2,133,703.81
Net cash used in investing activities	**-5,017,962.44**	**-2,133,703.81**
Cash flows from financing activities		
Repayment of non-current borrowings	0.00	-16,200,000.00
Dividends paid	-4,800,000.00	-4,000,000.00
Dividends received	4,900,000.00	4,000,118.43
Group contribution received and paid	15,765,000.00	40,450,000.00
Net cash used in financing activities	**15,865,000.00**	**24,250,118.43**
Net change in cash and cash equivalents	**104,134.64**	**6,613.54**
Cash and cash equivalents, opening amount	12,632.02	6,018.48
Net change in cash and cash equivalents	104,134.64	6,613.54
Cash and cash equivalents, closing balance	116,766.66	12,632.02

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 revenue.

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.

1 REVENUE BY REGION

EUR	31.12.2022	31.12.2021
Europe and Eurasia	2,605,844.13	2,431,071.20
Latin America and North America	889,930.60	715,706.65
Asia Pacific, China and India	1,577,514.68	1,515,470.61
	5,073,289.41	**4,662,248.46**

2 MATERIAL AND SERVICES

EUR	31.12.2022	31.12.2021
Purchases during the period	1,642.12	-0.33
	1,642.12	**-0.33**

3 PERSONNEL

EUR	31.12.2022	31.12.2021
Salaries and fees	4,976,115.89	4,857,651.79
Pension expenses	834,174.01	790,806.20
Other employee benefit	154,953.95	115,432.92
	5,965,243.85	**5,763,890.91**
The number of personnel on average	**48**	**45**

4 DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR	31.12.2022	31.12.2021
Depreciation, intangible assets	2,446,569.73	5,818,333.95
Depreciation, tangible assets	22,760.64	28,145.12
Impairment, immaterial rights	100,000.00	1,000,000.00
	2,569,330.37	**6,846,479.07**

5 OTHER OPERATING EXPENSES

EUR	31.12.2022	31.12.2021
Non-statutory employee benefits	217,732.21	98,526.05
Rents/leases	220,014.56	215,836.84
Others	11,091,709.38	9,162,530.74
	11,529,456.15	**9,476,893.63**

6 FINANCING INCOME AND EXPENSES

EUR	31.12.2022	31.12.2021
Other interests and financing income, external	15,503.08	17,289.37
Interest on borrowings from Group entities	-286,071.21	-1,024,088.69
Internal dividend income	24,900,000.00	10,000,000.00
Interests and other financial expenses, external	-2,655,292.22	-2,955,187.51
	21,974,139.65	**6,038,013.17**
Exchange rate gains	98,93	404,27
Exchange rate losses	-2 478,81	-1 718,26
Total	**-2 379,88**	**-1 313,99**

7 APPROPRIATIONS

EUR	31.12.2022	31.12.2021
Group contributions received	2,800,000.00	15,065,000.00
Change in cumulative accelerated depreciation	-947,954.72	849,891.56
	1,852,045.28	15,914,891.56

8 INCOME TAXES

EUR	31.12.2022	31.12.2021
Tax for previous accounting periods	-8,956.65	0.00
Other direct tax	-293,262.97	-81,095.39
	-302,219.62	-81,095.39

9 CHANGES IN EQUITY

EUR	Share capital	Share premium	Unrestricted equity reserve	Treasury shares	Accumulated earnings	Total
EQUITY 1.1.2022	3,423,000.00	3,350,000.00	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	885,625.09	-2,580,508.80	11,151,083.48	16,229,199.77

EUR	Share capital	Share premium	Unrestricted equity reserve	Treasury shares	Accumulated earnings	Total
EQUITY 1.1.2021	3,423,000.00	3,350,000.00	1,932,672.40	-2,580,508.80	5,885,515.29	12,010,678.89
Dividend distribution				0.00	-3,300,000.00	-3,300,000.00
Return of capital			-700,000.00	0.00	0.00	-700,000.00
Profit/loss for the period				0.00,	4,452,952.69	4,452,952.69
EQUITY 31.12.2021	3,423,000.00	3,350,000.00	1,232,672.40	-2,580,508.80	7,038,467.98	12,463,631.58

The Board of Directors proposes to the Annual General Meeting of Normet Group Oy that a dividend amounting to profit for the financial year EUR 4,000,000.00 be paid. The dividend total to EUR 4,000,000.00, which is 6.10 EUR per share.

In 2022, Normet Group Oy paid dividend and return of capital to shareholders MEUR 4.8 in total.

DISTRIBUTABLE FUNDS

EUR	31.12.2022	31.12.2021
Unrestricted equity reserve	885,625.09	1,232,672.40
Retained earnings	5,006.49	5,006.49
Profit/loss for the period	8,565,568.19	4,452,952.69
Total	9,456,199.77	5,690,631.58

10 CLASSIFICATION OF NON-CURRENT ASSETS

EUR	31.12.2022	31.12.2021
NON-CURRENT ASSETS		
INTANGIBLE ASSETS		
Immaterial rights		
Cost 1.1.	1,249,423.06	897,990.40
Additions	993,719.62	1,351,432.66
Cost 31.12.	**2,243,142.68**	**1,249,423.06**
Cumulative amortisation and impairment 1.1.	-713,155.26	-617,830.83
Depreciation	-337,023.25	-95,324.43
Cumulative amortisation and impairment 31.12.	**-1,050,178.51**	**-713,155.26**
Carrying amount 31.12.	**1,192,964.17**	**536,267.80**
Other intangible assets		
Cost 1.1.	18,492,171.54	17,908,501.01
Additions	1,323,155.44	583,670.53
Cost 31.12.	**19,815,326.98**	**18,492,171.54**
Cumulative amortisation and impairment 1.1.	-15,236,946.37	-9,520,048.29
Depreciation	-2,109,546.48	-5,716,898.08
Cumulative amortisation and impairment 31.12.	**-17,346,492.85**	**-15,236,946.37**
Carrying amount 31.12.	**2,468,834.13**	**3,255,225.17**
Advance payments for intangible assets		
Cost 1.1.	3,101,916.72	2,906,906.74
Additions	2,599,087.38	195,009.98
Cost 31.12.	**5,701,004.10**	**3,101,916.72**
Carrying amount 31.12.	**5,701,004.10**	**3,101,916.72**
Intangible assets	9,362,802.40	6,893,409.69

EUR	31.12.2022	31.12.2021
TANGIBLE ASSETS		
Land and water		
Machinery and equipment		
Cost 1.1.	214,516.73	210,926.09
Additions	0.00	3,590.64
Cost 31.12.	**214,516.73**	**214,516.73**
Cumulative amortisation and impairment 1.1.	-119,733.05	-91,587.93
Depreciation	-22,760.64	-28,145.12
Cumulative amortisation and impairment 31.12.	**-142,493.69**	**-119,733.05**
Carrying amount 31.12.	**72,023.04**	**94,783.68**
Tangible assets	72,023.04	94,783.68
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	19,926,173.42
NON-CURRENT ASSETS	29,362,998.86	26,914,366.79

11 OTHER NOTES TO THE BALANCE SHEET

NON-CURRENT RECEIVABLES

EUR	31.12.2022	31.12.2021
Non-current group contribution receivables	285,000.00	985,000.00
Other receivables	60,595.23	60,595.23
	345,595.23	**1,045,595.23**

CURRENT RECEIVABLES

EUR	31.12.2022	31.12.2021
Trade receivables from group companies	4,144,836.36	3,198,932.76
Other receivables from group companies	32,800,000.00	25,065,000.00
Trade receivables	188,779.20	188,779.20
Other receivables	1,138,812.05	1,087,850.18
Accruals	831,384.56	862,446.01
	39,103,812.17	**30,403,008.15**

MATERIAL ITEMS IN ACCRUED CREDITS AND DEFERRED CHARGES

EUR	31.12.2022	31.12.2021
Tax receivables (income taxes)	278,279.40	440,281.27
Other prepayments and accrued income on expenses (from others)	553,105.16	422,164.74
	831,384.56	**862,446.01**

In September 2020, Normet Group Oy issued a bond treated as equity (= hybrid bond) in the amount of MEUR 35 whose interest rate pursuant to the agreement is 7.5%.

NON-CURRENT LIABILITIES

EUR	31.12.2022	31.12.2021
Hybrid bond	35,000,000.00	35,000,000.00
	35,000,000.00	**35,000,000.00**

CURRENT LIABILITIES

EUR	31.12.2022	31.12.2021
Current internal trade payables, interest-free	116,311.59	59,462.43
Accruals and deferred income, internal	11,996,644.15	6,830,504.81
Trade payables, external	2,029,381.41	1,355,420.47
Other liabilities, external	935,354.84	158,415.27
Accruals and deferred income, external	1,533,413.60	2,367,254.79
	16,611,105.59	**10,771,057.77**

SUBSTANTIAL ITEMS IN ACCRUED EXPENSES

EUR	31.12.2022	31.12.2021
Current interest liabilities, interest-free	668,835.62	668,835.62
Accrued employee expenses, interest-free	864,577.98	805,786.67
Other current accrued liabilities on expenses, interest-free	0.00	892,632.50
	1,533,413.60	**2,367,254.79**

COMMITMENTS AND CONTINGENT LIABILITIES

EUR	31.12.2022	31.12.2021
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	14,135,369.27	14,348,967.97
	14,135,369.27	**14,348,967.97**
Pledged securities		
Pledged securities provided for loans from financial institutions	19,126,173.42	19,926,173.42
	19,126,173.42	**19,926,173.42**
Lease liabilities		
Current lease liabilities	202,802.80	219,895.56
Lease liabilities maturing in 1-5 years	410,663.37	26,106.68
	613,466.17	**246,002.24**

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

In Espoo, on 27 March 2023

Aaro Cantell
Chairman 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

Anna Hyvönen
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, 2022. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, 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 as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) 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 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 International Financial Reporting Standards (IFRS) 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 28 March 2023

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