

# Financial Statements

2024



A F A R A K

## FINANCIAL STATEMENTS RELEASE 2024

		H2/24	H2/23	FY2024	FY2023
Revenue	EUR million	57.2	58.3	128.6	153.7
EBITDA	EUR million	-1.6	1.5	2.6	16.6
EBIT	EUR million	-3.2	0.6	-0.1	15.0
Earnings before taxes	EUR million	-7.2	-0.2	-5.3	12.0
Loss for the period	EUR million	-7.8	-0.5	-7.2	10.0
Earnings per share	EUR	-0.03	0.00	-0.03	0.04
EBITDA margin	%	-2.9	2.5	2.0	10.8
EBIT margin	%	-5.6	1.2	-0.1	9.8
Earnings margin	%	-12.5	-0.3	-4.1	7.8
Personnel (end of period)		602	595	602	595

### SECOND HALF 2024 HIGHLIGHTS

- Revenue for the second half of 2024 decreased to EUR 57.2 (H2/2023: 58.3) million;
- Speciality Alloys processed material sold increased by 25.2%, to 9,837 (H2/2023: 7,854) tonnes;
- Tonnage mined increased by 3%, to 177,972 (H2/2023: 173,629) tonnes;
- Group's EBITDA decreased to EUR -1.6 (H2/2023: 1.5) million and the EBITDA margin stood at -2.9% (H2/2023: 2.5%);
- EBIT was EUR -3.2 (H2/2023: 0.6) million and the EBIT margin stood at -5.6% (H2/2023: 1.2%);
- Loss for the period totalled EUR -7.8 (H2/2023: -0.5) million;
- Cash flow from operations during H2 2024 was EUR -0.9 (H2/2023: 1.3) million;
- The interest-bearing debt of the Group reduced to EUR 2.6 (31 December 2023: 3.1) (30 June 2024: 4.6) million;
- Cash and cash equivalents at 31 December totalled EUR 4.0 (31 December 2023: 18.0) (30 June 2024: 10.1) million.

### FULL YEAR 2024 HIGHLIGHTS

- The Group revenue was lower compared to prior year EUR 128.6 (FY/2023: 153.7) million;
- Speciality Alloys Processed material sold increased by 5.1%, to 21,759 (FY/2023: 20,709) tonnes;
- Tonnage mined increased by 8.7%, to 365,929 (FY/2023: 336,601) tonnes;
- EBITDA during the year decreased to EUR 2.6 (FY/2023: 16.6) million. EBIT stood at EUR -0.1 (FY/2023: 15.0) million;
- Loss for the full year 2024 totalled EUR -7.2 (FY/2023: 10.0) million.
- A hyperinflation adjustment of 1.9 million is included in the financial expenses with respect to the Turkish entities.

### MARKET SENTIMENT FOR Q1/2025

Output of LC FeCr is expected to increase compared to Q4 2024. The low market prices show signs of bottoming out. We continue our efforts to lower our COP and dilute the fix cost via increased production of standard grades. Output of chrome ore is expected to remain at the same level. The market prices have recently begun to improve again.

## CEO GUY KONSBRUCK

In an extremely tough year 2024, we generated a positive EBITDA of € 2.6M. The stainless steel demand was historically low, especially in Europe.

The demand for low carbon ferro-chrome suffered from this fact. In addition the price pressure from low cost imports (India, Kazakhstan, Russia and China) weighed heavily on our margins. We have decreased the OPEX by 21.2%, but that wasn't enough to generate a good result.

The Chrome Ore prices decreased sharply in the second half year, which further impacted the revenues and margins.

Nonetheless, we succeeded in keeping our financial situation stable. The company will follow the new dividend policy and the board intends to decide about the actual dividend allocation at a later stage.

## OVERVIEW OF RESULTS

*This Interim Report is prepared in accordance with the IAS 34 standard and is unaudited. All the corresponding comparable figures of 2024 are presented in brackets, unless otherwise explicitly stated.*

### MARKET OVERVIEW

The stainless steel industry faced significant challenges in 2024, and signals are indicating that 2025 could become another challenging year. Throughout 2024, demand for stainless steel remained weak, particularly in Germany, with the entire European market remained subdued.

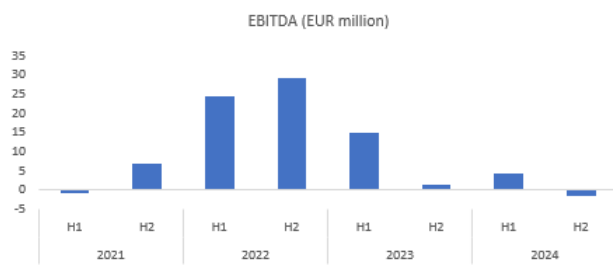
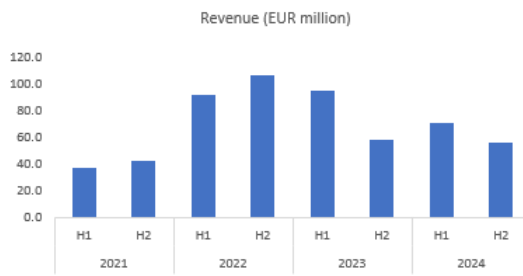
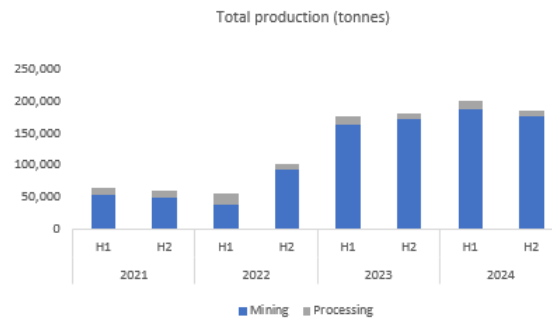
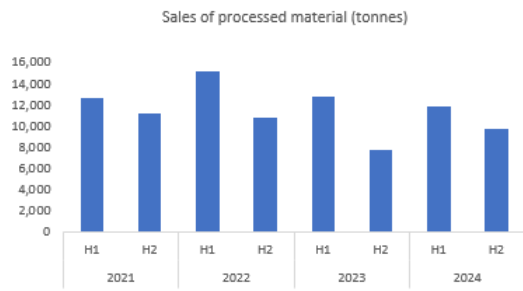
In the third quarter, and especially in the fourth Cr Ore prices saw an unexpected and substantial decline, driven by economic weakness in China. However, since mid-January, this trend has reversed, and market signals for Cr Ore have turned more positive.

### H2 2024 COMPARED TO H2 2023

In the second half of 2024, the Group faced challenges due to a market slowdown, which led to a decrease in revenue and profitability margins. Revenue was at the same level of same period last year EUR 57.2 (58.3) million. Mining operations in both Turkey and South Africa experienced growth, with increased sales and activity compared to the same period in the previous year. However, the decline in average selling prices and sales volumes of LC Ferrochrome had an adverse effect on overall profitability, with EBITDA reaching EUR -1.6 (1.5) million and EBIT at EUR -3.2 (0.6) million.

### 2024 COMPARED TO 2023

In 2024, market has been under pressure, leading to a 16.3% decline in Group revenue to EUR 128.6 (153.7) million. This was primarily due to lower selling prices of Ferrochrome amid weaker demand. The mining activity helped mitigate the impact, as the sale of Chrome Ore material to third parties was supported by favourable Chrome Ore prices during the beginning of the year. However, prices declined towards the end of the year. Lower energy costs and higher production volumes contributed to cost reductions. Despite the market challenges, the Group achieved a positive EBITDA of EUR 2.6 (16.6) million during 2024. Financial income and expenditure during the year were EUR -5.2 (-3.1) million. This included a hyperinflation loss of EUR 1.9 million in accordance with IAS 29 – Financial Reporting in Hyperinflationary Economies, following Turkey's classification as a hyperinflationary economy. Consequently, the Company has adjusted its financial statements to reflect the impact of inflation.



## SEGMENT PERFORMANCE

### SPECIALITY ALLOYS BUSINESS

*The Speciality Alloys business consists of Türk Maden Şirketi A.S (“TMS”), the mining and beneficiation operation in Turkey, and Elektrowerk Weisweiler GmbH (“EWW”), the chromite concentrate processing plant in Germany. TMS supplies EWW with high quality chromite concentrate which produces speciality products including specialised low carbon and ultra-low carbon ferrochrome. Chrome ore from TMS that is not utilised for the production of specialised low carbon ferrochrome is sold to the market.*

#### Speciality Alloys key figures

		H2/24	H2/23	FY2024	FY2023
Revenue	EUR million	48.5	50.7	111.3	140.3
EBITDA	EUR million	-1.6	2.1	1.7	17.5
EBIT	EUR million	-2.9	1.5	-0.4	16.3
EBITDA margin	%	-3.4	4.1	1.5	12.4
EBIT margin	%	-5.9	2.8	-0.4	11.6
Sales	Tonnes	9,837	7,854	21,759	20,709
Total production	Tonnes	41,525	39,837	87,907	86,834
Mining	Tonnes	33,016	32,187	64,945	65,655
Processing	Tonnes	8,509	7,650	22,963	21,179
Personnel		479	468	479	468

#### PERFORMANCE COMPARED TO SECOND HALF 2023/2024

- During the second half of 2024, revenue decreased slightly by 4.5% to EUR 48.5 (50.7) million, due to lower average selling prices;
- The mining operations at TMS remained consistent, leading to an increase of 6.8% compared to same period last year;
- Processing levels at the EWW plant in Germany was higher than same period last year by 11.2%.
- EBITDA declined to EUR -1.6 (2.1) million, attributed to weaker demand and pricing pressure in the ferrochrome industry.

#### PERFORMANCE COMPARED TO FULL YEAR 2023/2024

- Revenue for the full year decreased by 20.7% to EUR 111.3 (140.3) million, driven by a substantially weaker market environment which saw a consistent decline in prices throughout the year.
- The above factors resulted in a lower EBITDA for the year to EUR 1.7 (17.5) million, and EBIT of EUR -0.4 (16.3) million.

## FERROALLOYS BUSINESS

The FerroAlloys business consists of the Vlakpoort mine, Stellite mine, Mecklenburg mine and Zeerust mine in South Africa. The business produces chrome ore for sale to global markets.

### FerroAlloys key figures

		H2/24	H2/23	FY2024	FY2023
Revenue	EUR million	8.3	7.5	16.6	13.2
EBITDA	EUR million	1.8	1.3	4.3	3.0
EBIT	EUR million	1.6	1.2	3.9	2.7
EBITDA margin	%	21.5	17.1	25.9	22.9
EBIT margin	%	19.0	15.0	23.4	20.6
Sales	Tonnes	0	0	0	26
Mining production	Tonnes	144,956	141,442	300,985	270,946
Personnel		105	111	105	111

### PERFORMANCE COMPARED TO SECOND HALF 2023/2024

- Revenue during the second half of 2024 increased to EUR 8.3 (7.5) million;
- Production increased sharply in the second half of 2024 growing to 144,956 (141,442) tonnes, when compared to the same period in 2023;
- The segment's performance improved in the second half of the year, with EBITDA reaching EUR 1.8 (1.3) million.

### PERFORMANCE COMPARED TO FULL YEAR 2023/2024

- Revenue increased in 2024 when compared to prior year to EUR 16.6 (13.2) million;
- Production within the FerroAlloys segment increased significantly as the output increased in South African mines on account of the favourable mining conditions;
- The above factors, resulted in a positive EBITDA of EUR 4.3 (3.0) million during the reporting period.

## UNALLOCATED ITEMS

For the second half of 2024, the EBITDA from unallocated items was EUR -1.8 (-1.9) million, while the full year EBITDA from unallocated items was EUR -3.4 (-3.9) million.

## BALANCE SHEET, CASH FLOW AND FINANCING

The Group's total assets on 31 December 2024 stood at EUR 161.6 (162.3) (30 June 2024: 170.7) million and net assets totalled EUR 112.1 (105.7) (30 June 2024: 109.1) million. During the second half, the translation differences on conversion of foreign denominated subsidiaries was adjusted by EUR 2 million. The Group's cash and cash equivalents, as at 31 December 2024, totalled EUR 4.0 (18.0) million (30 June 2024: 10.1). Operating cash flow in 2024 stood at EUR -6.3 (-5.4) million.

The equity ratio stood at 69.3% (65.1%) (30 June 2024: 63.9%). Afarak's gearing at the end of the year was -1.2% (-14.1%) (30 June 2024: -5.1%), as the company kept low interest-bearing debt of EUR 2.6 (3.1) (30 June 2024: 4.6) million.

## INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the second half of 2024 totalled EUR 2.9 (H2/2023 1.6) million and for the full year of 2024 totalled EUR 5.8 (3.0) million. Capital Expenditure was mainly incurred to sustain Group operations.

## IMPAIRMENT TESTING

Afarak Group has carried out impairment testing on goodwill and other assets as of 31 December 2024 for the Speciality Alloys business and the South African minerals processing business.

During H2 2024, there were no indication of impairment at both the Speciality Alloys business and the South African mining business.

## GOING CONCERN

The company is in sound condition and presents a healthy balance sheet.

## PERSONNEL

At the end of the year 2024, Afarak had 602 (595) employees. The average number of employees during the year 2024 was 594 (599).

## PLEDGES AND CONTINGENT LIABILITIES

On 31 December 2024, the Group had loans from financial institutions totalling EUR 2.3 (2.8) million. The Group has provided real estate mortgages and other assets as collateral, and corporate guarantees for a combined total carrying value of EUR 8.3 (6.8) million.

## SUSTAINABILITY

There were two fatal accidents to a subcontractor's workers in the company's South African mines during 2024. The Board has taken seriously these incidents and have been investigating the cause so as to ensure that similar incidents do not happen in the future. Our goal is to ensure that our employees work in a safe environment at all times.



## SHARES & SHAREHOLDERS

On 31 December 2024, the registered number of Afarak Group SE shares was 277,041,814 (267,041,814) and the share capital was EUR 23,642,049.60 (23,642,049.60).

On 31 December 2024, the Company had 16,041,514 (6,541,514) own shares in treasury, which was equivalent to 5.79% (2.45%) of the issued shares. The total number of shares outstanding, excluding the treasury shares held by the Company on 31 December 2024, was 261,000,300 (260,500,300).

At the beginning of the period under review as at December 2023, the Company's share price was EUR 0.40 on NASDAQ Helsinki and GBP 0.20 on the London Stock Exchange. At the end of the review period as at December 2024, the share price was EUR 0.29 and GBP 0.20 respectively. During the second half of 2024, the Company's share price on NASDAQ Helsinki ranged from EUR 0.22 to 0.35 per share and the market capitalisation, as at 31 December 2024, was EUR 80.34 (1 January 2024: 107.88) million. For the same period on the London Stock Exchange, the share remained at GBP 0.20 per share and the market capitalisation was GBP 55.41 (1 January 2023: 53.41) million, as at 31 December 2024.

## RISKS & UNCERTAINTIES

Afarak's financial performance is dependent on the general market conditions of the mining, smelting and minerals processing business. Global stainless-steel demand also carries direct influence on the company and it depends on the general pace of recovery of the global economy and the stimulus policies applied by the governments around the world. In particular, the chrome ore prices as well as the benchmark settlements have been extremely volatile in the past. This situation is likely to continue going forward.

Changes in foreign exchange rates, if adverse, could have a negative impact on the Group's profitability, in particular changes in US Dollar/South African Rand. To better manage its foreign exchange US Dollar/South African Rand exposure, the Group constantly evaluates its current and potential exposures and the need to enter into forward contract arrangements. The Group continuously assesses its working capital to minimise the time during which the Group is exposed to exchange movements and to ensure that it has sufficient funds to meet its liabilities.

Afarak's processing operations in Germany and South African mines are intensive users of energy, primarily electricity. Fuel and energy prices globally have been characterised by volatility and cost inflation. In South Africa the majority of the electricity supply, price and availability are controlled by one entity, Eskom. Increased electricity prices and/or reduced, or uncertain electricity supply, or allocation may negatively impact Afarak's current operations, which could have an impact on the Group's financial performance.

## CORPORATE GOVERNANCE

### ANNUAL GENERAL MEETING

Afarak Group SE's Annual General Meeting was held in Helsinki on 31 May 2024.

The AGM adopted the financial statements and the consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial period 2023. The AGM resolved that no dividend would be paid for 2023. The AGM also adopted the Remuneration Report and Remuneration Policy for the Company's governing bodies.

### THE BOARD OF DIRECTORS



The AGM resolved that the Board of Directors would comprise of three (3) members: Dr Jelena Manojlovic (UK citizen), Mr. Thorstein Abrahamsen (Norwegian citizen) and Mr. Guy Konsbruck (Luxembourg citizen) were re-elected as Board members.

The AGM resolved that the Non-executive Board Members shall be paid EUR 5,000 per month and the Chairman of the board shall be paid an additional EUR 1,500 per month. Non-Executive Board Members who serve on the Board's Committees shall be paid an additional EUR 1,500 per month for committee work. Those members of the Board of Directors that are executives of the Company are not entitled to receive any remuneration for Board membership. Board Members shall be compensated for travel and accommodation expenses as well as other costs directly related to Board and Committee work in accordance with the company's travel rules.

#### THE AUDITOR

The AGM resolved that the Company will pay the fee to the auditor against an invoice that is inspected by the Company and that according to the recommendation by the Audit Committee, the Authorised Public Accountant Tietotili Audit Oy was re-elected as the Auditor of the Company. Tietotili Audit Oy has informed the Company that the individual with the principal responsibility at Tietotili Audit Oy, is Authorised Public Accountant Urpo Salo.

#### ONE-OFF RETROACTIVE ADDITIONAL COMPENSATION TO NON-EXECUTIVE BOARD MEMBERS

The AGM resolved that the Non-Executive Board Members Thorstein Abrahamsen and Dr Jelena Manojlovic shall be paid EUR 25,000 each as a one-off retroactive additional compensation for during the last year having continued to take on substantial more work on a 24/7 availability basis, to facilitate operating through difficult times with challenged market conditions during the year and with further changes in the Company organization and a slimmed management team and continued recovery and improvement of the Company to one of the best financial result in 2023.

#### AUTHORIZATION TO THE BOARD OF DIRECTORS TO DECIDE UPON SHARE ISSUE AND UPON ISSUING OTHER SPECIAL RIGHTS THAT ENTITLE TO SHARES

The AGM resolved to authorize the Board of Directors to issue shares and stock options and other special rights that entitle to shares in one or more tranches up to a maximum of 250,000,000 new shares or shares owned by the Company. This equates to approximately 90.24 % of the Company's currently registered shares. The authorization may be used among other things to raise additional finance and enabling corporate and business acquisitions or other arrangements and investments of business activity or for employee incentive and commitment schemes. By virtue of the authorization, the Board of Directors can decide both on share issues against payment and on share issues without payment. The payment of the subscription price can also be made with consideration other than money. The authorization contains the right to decide on derogating from shareholders' pre-emptive right to share subscriptions provided that the conditions set in the Finnish Companies' Act are fulfilled. The authorization replaces all previous authorizations granted in the Annual General Meeting in 2023 and is valid two (2) years from the decision of the Annual General Meeting.

#### BOARD OF DIRECTORS

Following the AGM, the Board of Directors held a meeting in which Thorstein Abrahamsen was unanimously re-elected as the Chairperson.

The Board Committees and their composition are as follows:

##### **Audit and Risk Management Committee**

Thorstein Abrahamsen (Chair) and Jelena Manojlovic

##### **Nomination and Remuneration Committee**

Jelena Manojlovic (Chair) and Thorstein Abrahamsen

## Health, Safety and Sustainable Development Committee

Thorstein Abrahamsen (Chair), Jelena Manojlovic and Guy Konsbruck

### REPORTING

#### EVENTS DURING THE REVIEW PERIOD

On **22 January 2024**, pursuant to the share issue authorization granted by the Company's Annual General Meeting held on June 21, 2023, the Board of Directors has resolved on a directed share issue without payment. Based on the share issue 500,000 of the Company's treasury shares ("Shares") have now been transferred to CEO Guy Konsbruck. The Shares form a part of the remuneration package under the CEO agreement.

On **14 February 2024**, Afarak's Board of Directors has decided, to direct a share issuance without payment to the Company itself, by virtue of the authority granted by the General Annual Meeting of 21 June 2023 and according to chapter 9, section 20 of the Companies' Act.

The share issuance consists of 10,000,000 new shares. The shares are of the same share series than the existing shares of the Company and they have the same share rights as of their registration than the Company's existing shares. The shares which will be held by the Company may be used among other things to raise additional finance and enabling corporate and business acquisitions or other arrangements and investments of business activity or for employee incentive and commitment schemes.

The new shares will be registered into the Trade Register without undue delay after which the Company will apply for the shares to be publicly traded on Nasdaq Helsinki Oy.

On **29 February 2024**, a total of 10,000,000 new shares issued on the basis of the directed share issuance without payment to the Company itself was decided by Afarak's Board of Directors on February 14, 2024 based on the authorization granted by Afarak's Annual General Meeting on June 21, 2023 have been registered in the Trade Register today. The new shares are of the same share series as the existing shares of the Company.

The new shares will be applied for public trading on Nasdaq Helsinki Oy from on or about March 1, 2024.

On **22 April 2024**, Afarak held an Extraordinary General Meeting in connection with the Report of the Special Audit which was published on 25 March 2024. No resolutions were made during this Extraordinary General Meeting.

On **1 July 2024**, the company issued a profit warning that it expected to post an EBITDA in the region of 4 to 5 million and a turnover between 70 to 75 million euro for the first half of year 2024, representing a decrease of 70% and 26% respectively when compared to same period 2023. The reasons for these decreases are due to a range of market-induced factor

On **25 September 2024**, the company reported a fatality at Ilitha Mine, South Africa.

On **7 October 2024**, the company reported a fatality at Zeerust Chrome Mine, South Africa.

On **23 December 2024**, the Board of Directors issued a dividend policy to set a framework for the distribution of dividends by the Company to ensure an attractive and consistent return on investment for the Company's shareholders. The Company shall distribute to its shareholders in the form of a dividend or a capital redemption all funds surplus to the operating and development needs of the Company as determined by the Board of Directors. The target dividend payout ratio in respect to each financial year shall be minimum 10% (ten percent) of the Afarak Group's EBITDA per full year.

## EVENTS SINCE THE END OF THE REVIEW PERIOD

On **21 February 2025**, the Board of Directors issued a profit warning regarding the decrease of turnover and EBITDA for the financial year 2024.

## FLAGGING NOTIFICATIONS

Afarak Group SE has on **29 February 2024** made a flagging notification to FIN-FSA pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act. According to the flagging notification Afarak's portion of the Company's shares has exceeded the threshold of 5 per cent.

According to the notification, Afarak holds 16,041,514 treasury shares in Afarak, which corresponds to approximately 5.79 % of the total shares in Afarak. This is based on the fact that a total of 10,000,000 new shares issued on the basis of the directed share issuance without payment to the Company itself decided by Afarak's Board of Directors on February 14, 2024 based on the authorization granted by Afarak's Annual General Meeting on June 21, 2023 have been registered in the Trade Register on 29 February 2024.

## FINANCIAL INFORMATION

### FINANCIAL TABLES

#### FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

<b>FY 2024</b> 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	111,275	16,577	3,284	-2,495	128,641
EBITDA	1,715	4,289	-3,397	0	2,607
EBIT	-448	3,872	-3,570	0	-146
Segment's assets	154,750	49,429	4,630	-47,207	161,602
Segment's liabilities	42,270	42,478	21,034	-56,248	49,534

<b>FY 2023</b> 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	140,308	13,166	2,648	-2,467	153,655
EBITDA	17,464	3,018	-3,888	0	16,594
EBIT	16,251	2,710	-3,929	0	15,032
Segment's assets	166,573	47,650	7,714	-59,595	162,342
Segment's liabilities	49,635	42,407	40,798	-76,239	56,601

#### RESULTS DEVELOPMENT

	H1/22	H2/22	H1/23	H2/23	H1/24	H2/24
<b>Sales (tons)</b>						
Mining	10,764	57,118	56,150	63,616	68,107	64,920
Processing	15,205	10,880	12,881	7,854	11,922	9,837
Trading	25	0	23	142	275	0
<b>Total</b>	<b>25,994</b>	<b>67,998</b>	<b>69,054</b>	<b>71,612</b>	<b>80,304</b>	<b>74,757</b>
<b>Average rates*</b>						
EUR/USD	1.093	1.014	1.081	1.082	1.081	1.083
EUR/ZAR	16.848	17.560	19.679	20.229	20.248	19.425
<b>Euro (million)</b>						
Revenue	92.1	106.6	95.3	58.3	71.4	57.2
EBITDA	24.5	29.2	15.1	1.5	4.2	-1.6
EBIT	24.0	28.2	14.4	0.6	3.1	-3.2
EBITDA margin	26.7%	27.4%	15.8 %	2.5 %	5.9%	-2.9%
EBIT margin	26.1%	26.5%	15.1 %	1.1 %	4.3%	-5.6%

\*Average rates in the respective half year

## CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	H2/24	H2/23	FY/24	FY/23
<b>Revenue</b>	<b>57,227</b>	<b>58,334</b>	<b>128,641</b>	<b>153,655</b>
Other operating income	4,030	4,752	5,405	5,722
Operating expenses	-62,889	-61,599	-131,439	-142,783
Depreciation and amortisation	<u>-1,594</u>	<u>-845</u>	<u>-2,753</u>	<u>-1,562</u>
<b>Operating profit</b>	<b>-3,226</b>	<b>642</b>	<b>-146</b>	<b>15,032</b>
Financial income and expense	-3,944	-826	-5,151	-3,067
<b>Profit before tax</b>	<b>-7,170</b>	<b>-184</b>	<b>-5,297</b>	<b>11,965</b>
Income tax	<u>-583</u>	<u>-278</u>	<u>-1,921</u>	<u>-1,966</u>
<b>Profit for the period</b>	<b>-7,753</b>	<b>-462</b>	<b>-7,218</b>	<b>9,999</b>
Profit attributable to				
Owners of the parent	-7,787	-856	-7,572	9,451
Non-controlling interests	<u>34</u>	<u>394</u>	<u>354</u>	<u>549</u>
Total	-7,753	-462	-7,218	9,999
Earnings per share for profit attributable to the shareholders of the parent company, EUR				
Basic earnings per share, EUR	-0.03	0.00	-0.03	0.04
Diluted earnings per share, EUR	-0.03	0.00	-0.03	0.04

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	H2/24	H2/23	FY2024	FY2023
<b>Profit/(loss) for the period</b>	-7,753	-462	-7,218	9,999
<b>Other comprehensive income</b>				
Remeasurement of defined benefit pension plans	1,166	-1,241	1,166	-1,241
Exchange differences on translating foreign operations – Group	1,976	-1,782	4,587	-6,394
<b>Other comprehensive income, net of tax</b>	<b>3,142</b>	<b>-3,023</b>	<b>5,753</b>	<b>-7,634</b>
<b>Total comprehensive income for the period</b>	<b>-4,611</b>	<b>-3,485</b>	<b>-1,465</b>	<b>2,365</b>
Total comprehensive income attributable to:				
Owners of the parent	-4,630	-3,853	-1,796	1,751
Non-controlling interests	19	368	331	614

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

	31.12.2024	31.12.2023
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	49,779	46,996
Other intangible assets	4,942	4,643
Property, plant and equipment	46,925	37,497
Deferred tax	478	1,044
Other non-current assets	<u>1,679</u>	<u>1,202</u>
<b>Non-current assets total</b>	<b>103,803</b>	<b>91,382</b>
<b>Current assets</b>		
Inventories	28,829	29,583
Trade receivables	7,502	7,467
Other receivables	17,514	15,878
Cash and cash equivalents	<u>3,954</u>	<u>18,032</u>
<b>Current assets total</b>	<b>57,799</b>	<b>70,960</b>
<b>Total assets</b>	<b>161,602</b>	<b>162,342</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	23,642	23,642
Share premium reserve	25,364	25,223
Paid-up unrestricted equity reserve	215,556	215,359
Legal Reserve	-47	18
Translation reserves	-38,073	-42,683
Retained earnings	<u>-114,397</u>	<u>-115,512</u>
<b>Equity attributable to owners of the parent</b>	<b>112,045</b>	<b>106,047</b>
<b>Non-controlling interests</b>	<b><u>23</u></b>	<b><u>-306</u></b>
<b>Total equity</b>	<b>112,068</b>	<b>105,741</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	8,283	8,051
Provisions	11,776	11,400
Pension liabilities	11,249	12,839
Financial liabilities	<u>357</u>	<u>342</u>
<b>Non-current liabilities total</b>	<b>31,665</b>	<b>32,632</b>
<b>Current liabilities</b>		
Trade payables	7,075	10,863
Other current liabilities	<u>10,794</u>	<u>13,106</u>
<b>Current liabilities total</b>	<b>17,869</b>	<b>23,969</b>
<b>Total liabilities</b>	<b>49,534</b>	<b>56,601</b>
<b>Total equity and liabilities</b>	<b>161,602</b>	<b>162,342</b>



**SUMMARY OF CASH, INTEREST-BEARING RECEIVABLES AND INTEREST-BEARING LIABILITIES**

EUR '000	31.12.2024	31.12.2023
<b>Cash and cash equivalents</b>	<b>3,954</b>	<b>18,032</b>
Interest-bearing receivables		
Current	0	0
Non-current	83	78
<b>Interest-bearing receivables</b>	<b>83</b>	<b>78</b>
Interest-bearing liabilities		
Current	2,260	2,766
Non-current	335	362
<b>Interest-bearing liabilities</b>	<b>2,595</b>	<b>3,128</b>
<b>NET TOTAL</b>	<b>1,442</b>	<b>14,982</b>

## SUMMARY OF GROUP'S PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR '000	Property, plant and equipment	Intangible assets
<b>Acquisition cost 1.1.2024</b>	<b>68,540</b>	<b>128,247</b>
Additions	5,493	261
Disposals	-113	-97
Right-of-use assets (IFRS 16)	79	0
Reclass between items	501	391
Effect of movements in exchange rates	1,789	7,317
Hyperinflation adjustment (Turkish entities)	8,384	55
<b>Acquisition cost 31.12.2024</b>	<b>84,673</b>	<b>136,174</b>
<b>Accumulated depreciation and impairment 1.1.2024</b>	<b>-31,041</b>	<b>-76,606</b>
Depreciation	-2,650	-104
Disposals	40	4
Effect of movements in exchange rates	-4,096	-4,748
<b>Accumulated depreciation and impairment at 31.12.2024</b>	<b>-37,747</b>	<b>-81,454</b>
<b>Carrying amount at 1.1.2024</b>	<b>37,497</b>	<b>51,640</b>
<b>Carrying amount at 31.12.2024</b>	<b>46,925</b>	<b>54,721</b>
<b>Acquisition cost 1.1.2023</b>	<b>73,378</b>	<b>133,319</b>
Additions	2,988	104
Disposals	-702	-71
Right-of-use assets (IFRS 16)	5	0
Reclass between items	689	0
Effect of movements in exchange rates	-7,819	-5,105
<b>Acquisition cost 31.12.2023</b>	<b>68,540</b>	<b>128,247</b>
<b>Accumulated depreciation and impairment 1.1.2023</b>	<b>-34,401</b>	<b>-79,359</b>
Depreciation	-1,460	-101
Disposals	592	44
Effect of movements in exchange rates	4,228	2,809
<b>Accumulated depreciation and impairment at 31.12.2023</b>	<b>-31,041</b>	<b>-76,606</b>
<b>Carrying amount at 1.1.2023</b>	<b>38,978</b>	<b>53,960</b>
<b>Carrying amount at 31.12.2023</b>	<b>37,497</b>	<b>51,640</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000	FY2024	FY2023
(Loss)/Profit from continuing operation	-7,218	9,999
Adjustments to profit for the period	-9,713	1,761
Changes in working capital	10,636	-2,181
<b>Net cash used in operating activities</b>	<b>-6,295</b>	<b>9,579</b>
Capital expenditure on non-current assets, net	-5,687	-3,216
Other investments, net	-15	-19
Proceeds from repayments of loans and loans given	-1,495	-200
<b>Net cash used in investing activities</b>	<b>-7,197</b>	<b>-3,435</b>
Proceeds from borrowings	3	61
Repayment of borrowings, and other financing activities	-49	-115
Movement in short-term financing activities*	-602	1,122
<b>Net cash from / used in financing activities</b>	<b>-648</b>	<b>1,069</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-14,140</b>	<b>7,212</b>
Cash at the beginning of the period	18,032	12,418
Translation differences	62	-1,599
Cash at the end of the period	3,954	18,032
<b>Change in the statement of financial position</b>	<b>-14,140</b>	<b>7,212</b>

\*This includes trade receivable facilities.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital  
 B = Share premium reserve  
 C = Paid-up unrestricted equity reserve  
 D = Translation reserve  
 E = Retained earnings  
 F = Legal reserve  
 G = Equity attributable to owners of the parent, total  
 H = Non-controlling interests  
 I = Total equity

EUR '000	A	B	C	D	E	F	G	H	I
<b>Equity at 31.12.2022</b>	<b>23,642</b>	<b>25,223</b>	<b>215,116</b>	<b>-36,224</b>	<b>-122,081</b>	<b>31</b>	<b>105,707</b>	<b>-920</b>	<b>104,787</b>
Profit for the period 1-12/2023 + comprehensive income				-8,100	9,451		1,351	549	1,900
Translation differences							0	65	65
Share-based payments			242				242		242
Remeasurements of defined benefit pension plans					-1,241		-1,241		-1,241
Other changes in equity				1,641	-1,641	-12	-12		-12
<b>Equity at 31.12.2023</b>	<b>23,642</b>	<b>25,223</b>	<b>215,359</b>	<b>-42,683</b>	<b>-115,512</b>	<b>18</b>	<b>106,047</b>	<b>-306</b>	<b>105,741</b>
Profit for the period 1-12/2024 + comprehensive income				4,610	-7,572		-2,962	353	-2,609
Translation differences					-4		-4	-23	-27
Share-based payments			197				197		197
Remeasurements of defined benefit pension plans					1,166		1,166		1,166
Acquisition of non-controlling interest					-9		-9	-99	-108
Hyperinflation adjustment (Turkish entities)		141			7,534		7,675	98	7,773
Other changes in equity						-65	-65		-65
<b>Equity at 31.12.2024</b>	<b>23,642</b>	<b>25,364</b>	<b>215,556</b>	<b>-38,073</b>	<b>-114,397</b>	<b>-47</b>	<b>112,045</b>	<b>23</b>	<b>112,068</b>

## RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	FY2024	FY2023
Financing expense to other related parties	0	0
Trade and other receivables from other related parties	52	47
Loan payable to other related party	0	0

## FINANCIAL INDICATORS

	FY2024	FY2023
Return on equity, % p.a.	-6.6%	9.5%
Return on capital employed, % p.a.	2.6%	18.8%
Equity ratio, %	69.3%	65.1%
Gearing, %	-1.2%	-14.1%
Personnel at the end of the period	602	595

## EXCHANGE RATES

The balance sheet date rate is based on exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of daily rates from the European Central Bank during the year.

The key exchange rates applied in the accounts:

Average rates

	FY2024	FY2023
TRY	35.5734	25.7597
USD	1.0824	1.0813
ZAR	19.8297	19.9551

Balance sheet rates

	31.12.2024	31.12.2023
TRY	36.7372	32.6531
USD	1.0389	1.1050
ZAR	19.6188	20.3477

## FORMULAS FOR FINANCIAL INDICATORS

Financial ratios and indicators have been calculated with the same principles as applied in the 2023 financial statements. These principles are presented below.

Return on equity, % = Profit for the period / Total equity (average for the period) \* 100

Return on capital employed, % = (Profit before taxes + financing expenses) / (Total assets - interest-free liabilities) average \* 100

Equity ratio, % = Total equity / (Total assets - prepayments received) \* 100

Gearing, % = (Interest-bearing debt - liquid funds) / Total equity \* 100

Net interest-bearing debt = Interest-bearing debt - liquid funds

Earnings per share, basic, EUR = Profit attributable to owners of the parent company / Average number of shares during the period

Earnings per share, diluted, EUR = Profit attributable to owners of the parent company / Average number of shares during the period, diluted

Operating profit (EBIT) = Operating profit is the net of revenue plus other operating income, plus gain/loss on finished goods inventory change, minus employee benefits expense, minus depreciation, amortisation and impairment and minus other operating expense. Foreign exchange gains or losses are included in operating profit when generated from ordinary activities. Exchange gains or losses related to financing activities are recognised as financial income or expense.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) = Operating profit + depreciation + amortisation + impairment losses

## ACCOUNTING POLICIES

This Interim Report is prepared in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with Afarak's financial statements for 2023. Afarak has applied the same accounting principles in the preparation of this Interim Report as in its financial statements for 2023, except for the adoption of new standards and interpretations that become effective in 2024. The changes did not have material impact on the Interim Report.

IAS 29 Financial Reporting in Hyperinflationary Economies applies where an entity's functional currency is that of a hyperinflationary economy. The standard requires the financial statements of an entity with a functional currency that is hyperinflationary to be restated for the changes in the general pricing power of the functional currency. The Group assessed the impact of IAS 29, and as of 31 December 2024, the standard has been applied to the annual consolidated financial statements.

The preparation of the Interim Report in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

The figures in the tables have been rounded off, which must be considered when calculating totals. Average exchange rates for the period have been used for income statement conversions, and period-end exchange rates for balance sheet.

The Interim Report data is unaudited.

## SHARE-RELATED KEY FIGURES

		H2/2024	H2/2023	FY2024	FY 2023
<b>Share price development in London Stock Exchange</b>					
Average share price*	EUR	0.24	0.23	0.24	0.23
	GBP	0.20	0.20	0.20	0.20
Lowest share price*	EUR	0.00	0.00	0.00	0.00
	GBP	0.00	0.00	0.00	0.00
Highest share price*	EUR	0.24	0.23	0.24	0.23
	GBP	0.20	0.20	0.20	0.20
Share price at the end of the period**	EUR	0.24	0.23	0.24	0.23
	GBP	0.20	0.20	0.20	0.20
Market capitalisation at the end of the period**	EUR million	66.82	61.46	66.82	61.46
	GBP million	55.41	53.41	55.41	53.41
<b>Share trading development</b>					
Share turnover	thousand shares	0	9	5	63
Share turnover	EUR thousand	0	4	0	34
Share turnover	GBP thousand	0	3	176	29
Share turnover	%	0.00	0.00	0.00	0.02
<b>Share price development in NASDAQ Helsinki</b>					
Average share price	EUR	0.26	0.43	0.31	0.52
Lowest share price	EUR	0.22	0.36	0.22	0.35
Highest share price	EUR	0.42	0.50	0.42	0.69
Share price at the end of the period	EUR	0.29	0.40	0.29	0.40
Market capitalisation at the end of the period	EUR million	80.34	107.88	80.34	107.88
<b>Share trading development</b>					
Share turnover	thousand shares	9,791	21,362	23,635	81,870
Share turnover	EUR thousand	2,625	9,107	7,494	42,513
Share turnover	%	3.53	8.0	8.53	30.7

\* Share prices have been calculated on the average EUR/GBP exchange rate published by Bank of Finland.

\*\* Share price and market capitalisation at the end of the period have been calculated on the EUR/GBP exchange rate published by Bank of Finland at the end of the period.



Formulas for share-related key indicators

Average share price = Total value of shares traded in currency / Number of shares traded during the period

Market capitalisation, million = Number of shares \* Share price at the end of the period

## **FORWARD LOOKING STATEMENTS**

This report contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. Save as required by law (including the Finnish Securities Markets Acts (746/2012), as amended, or by the Listing Rules or the Disclosure and Transparency Rules of the UK Financial Services Authority), the Company undertakes no obligation to update any forward-looking statements in this report that may occur due to any changes in the Directors' expectations or to reflect events or circumstances after the date of this report.