

# Interim Financial Statements

H1 2024



AFARAK



## FINANCIAL INTERIM RELEASE H1 2024

|                           |             | H1/24 | H1/23 | 2023  |
|---------------------------|-------------|-------|-------|-------|
| Revenue                   | EUR million | 71.4  | 95.4  | 153.7 |
| EBITDA                    | EUR million | 4.2   | 15.1  | 16.6  |
| EBIT                      | EUR million | 3.1   | 14.4  | 15.0  |
| Earnings before taxes     | EUR million | 1.9   | 12.1  | 12.0  |
| Profit                    | EUR million | 0.5   | 10.5  | 10.0  |
| Earnings per share        | EUR         | 0.0   | 0.04  | 0.04  |
| EBITDA margin             | %           | 5.9   | 15.8  | 10.8  |
| EBIT margin               | %           | 4.3   | 15.1  | 9.8   |
| Earnings margin           | %           | 0.0   | 12.7  | 7.8   |
| Personnel (end of period) |             | 588   | 610   | 595   |

## FIRST HALF 2024 HIGHLIGHTS

- Revenue decreased by 25.1% to EUR 71.4 (H1/2023: 95.4) million;
- Processed material sold decreased by 7% to 11,922 (H1/2023: 12,855) tonnes;
- Tonnage mined increased significantly by 15% to 187,958 (H1/2023: 162,971) tonnes;
- The Group's EBITDA was EUR 4.2 (H1/2023: 15.1) million and the EBITDA margin was 5.9% (H1/2023: 15.8%);
- EBIT was EUR 3.1 (H1/2023: 14.4) million, with the EBIT margin at 4.3% (H1/2023: 15.1%);
- Profit for the period totalled EUR 0.5 (H1/2023: 10.5) million;
- Cash flow from operations stood at EUR -5.4 (H1/2023: 8.3) million;
- The interest-bearing debt amounted to EUR 4.6 (3.8) (31 December 2023: 3.1) million;
- Cash and cash equivalents at 30 June totalled EUR 10.1 (30 June 2023: 19.9) (31 December 2023: 18.0) million.

## OUTLOOK FOR THE SECOND HALF OF 2024

On the low carbon ferro-chrome side, the sanctions against Russian material will only be fully implemented by end of 2024. Increased demand in aeronautics and defense applications should also start to show some positive impact on the supply and demand balances. Domestic price levels in China seem to have bottomed out as well. We expect further improvements in our cost structure during the second half-year and continue to develop new revenue streams in Europe. The market for low carbon ferro-chrome will be continuously competitive throughout the year.

The chrome ore market, on the other hand, is expected to remain strong. We have been finalizing investment decisions that will enable us to swiftly increase the output of chrome ore concentrates in South Africa.

## CEO Mr. Guy Konsbruck

Afarak achieved a positive EBITDA of €4.2 Million for the six months ended 30 June 2024. This is no small achievement in a very difficult business environment. Higher realized chrome ore prices helped counterbalancing Low Carbon Ferrochrome prices that remained under pressure, mainly due to the presence of massive inventory of Russian material and low-cost imports, especially from India. The efficiency of our operations provided some buffer to protect our profitability. Afarak has been for many years now the only Western producer of low carbon ferro-chrome, a critical material for the production of the Aerospace, Defense, Automotive, Green energies, and various other industries.

## OVERVIEW OF RESULTS

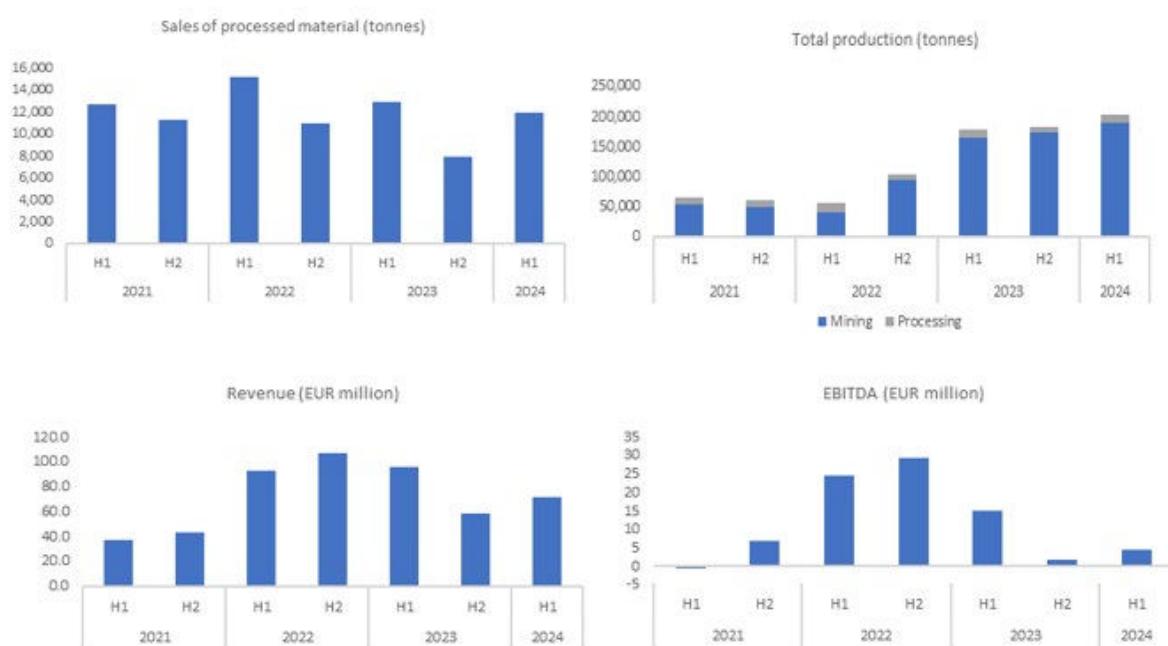
*This Interim Report is prepared in accordance with the IAS 34 standard and is unaudited. All the corresponding comparable figures of 2023 are presented in brackets, unless otherwise explicitly stated.*

### MARKET OVERVIEW

The Chrome Ore prices are expected to remain firm while the Low carbon ferrochrome prices for standard grade are expected to stabilize going forward, but they remain very low. We do not expect an increase in the output for these grades, unless the stainless mills improve their activity. The special grade market continues to grow and show upside.

### FIRST HALF 2024 COMPARED TO FIRST HALF 2023

The Group's revenue fell by 25.1% in the first half of 2024, primarily due to lower sales volumes as a result of lower demand and reduced average selling prices of Low Carbon Ferrochrome. However, this was partially mitigated by sales to third parties from the Group's mines in Turkey and South Africa supported by favorable Chrome Ore prices. In South Africa, sales volumes continued to rise, with new sales from the Vlakpoort mine contributing to this growth. Operationally, higher mining activity at the South African mines, however a slight decrease in the Turkish mines due to a maintenance shutdown at one of the Turkish mines. The lower marginality due to low selling prices of Low Carbon Ferrochrome negatively affected EBITDA for the period, which reduced to EUR 4.2 (15.1) million. Reduced production levels led to higher unabsorbed costs, increasing the cost of production. Financial income and expenditure during the first half of the year were EUR -1.2 (-2.2) million.



## SEGMENT PERFORMANCE

### SPECIALITY ALLOYS BUSINESS

*The Speciality Alloys business consists of Türk Maadin 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

|                         |               | H1/24         | H1/23         | 2023          |
|-------------------------|---------------|---------------|---------------|---------------|
| Revenue                 | EUR million   | 62.8          | 89.6          | 140.3         |
| EBITDA                  | EUR million   | 3.4           | 15.4          | 17.5          |
| EBIT                    | EUR million   | 2.4           | 14.8          | 16.3          |
| EBITDA margin           | %             | 5.4           | 17.2          | 12.4          |
| EBIT margin             | %             | 3.9           | 16.5          | 11.6          |
| <b>Total sales</b>      | <b>Tonnes</b> | <b>23,476</b> | <b>24,655</b> | <b>53,871</b> |
| Mining                  | Tonnes        | 11,554        | 11,800        | 33,162        |
| Processing              | Tonnes        | 11,922        | 12,855        | 20,709        |
| <b>Total production</b> | <b>Tonnes</b> | <b>46,382</b> | <b>46,997</b> | <b>86,834</b> |
| Mining                  | Tonnes        | 31,929        | 33,468        | 65,655        |
| Processing              | Tonnes        | 14,454        | 13,529        | 21,179        |
| Personnel               |               | 471           | 482           | 468           |

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

- Revenue during the first half of 2024 decreased by 29.9% to EUR 62.8 (89.6) million. Lower revenue due to lower sales volumes when compared to same period last year;
- Processing levels at the EWW plant in Germany were higher than last year;
- The mining activity at TMS was lower during the first half of 2024, resulting a decrease of 5% when compared to prior periods due to a maintenance shutdown at one of the Turkish mines during the month of June;
- EBITDA was EUR 3.4 (15.4) million, the decrease is due to significant lower sales volumes as a result of lower demand and reduced average selling prices.

## 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

|                         |               | H1/24          | H1/23          | 2023           |
|-------------------------|---------------|----------------|----------------|----------------|
| Revenue                 | EUR million   | 8.3            | 5.7            | 13.2           |
| EBITDA                  | EUR million   | 2.5            | 1.7            | 3.0            |
| EBIT                    | EUR million   | 2.3            | 1.6            | 2.7            |
| EBITDA margin           | %             | 30.2           | 30.6           | 22.9           |
| EBIT margin             | %             | 27.7           | 27.9           | 20.6           |
| <b>Total sales</b>      | <b>Tonnes</b> | <b>56,553</b>  | <b>44,376</b>  | <b>86,630</b>  |
| Mining                  | Tonnes        | 56,553         | 44,350         | 86,604         |
| Processing              | Tonnes        | 0              | 26             | 26             |
| <b>Total production</b> | <b>Tonnes</b> | <b>156,029</b> | <b>129,505</b> | <b>270,946</b> |
| Mining                  | Tonnes        | 156,029        | 129,505        | 270,946        |
| Personnel               |               | 100            | 112            | 111            |

### PERFORMANCE COMPARED TO FIRST HALF 2024/2023

- Revenue increased significantly during the first half of 2024 due to higher sales volumes of Chrome Ore and favourable market prices;
- Production increased significantly at the South African mines to keep up with the demand and benefit from the improved market conditions;
- The above factors resulted in a positive EBITDA which stood at EUR 2.3 (1.7) million.

## UNALLOCATED ITEMS

For the first half of 2024, the EBITDA from unallocated items was EUR -1.6 (-2.0) million when compared to same period of last year.

## BALANCE SHEET, CASH FLOW AND FINANCING

The Group's total assets on 30 June 2024 stood at EUR 170.7 (162.7) (31 December 2023: 162.3) million and net assets totaled EUR 109.1 (109.1) (31 December 2023: 105.7) million. During the first half of 2024, currency movements had an effect on Afarak's balance sheet, with the translation reserve moving by EUR 2.6 (-4.7) million. The Group's cash and cash equivalents, as at 30 June 2024, totalled EUR 10.1 (19.9) million (31 December 2023: 18.0). Operating cash flow in the first half of the year was EUR -5.4 (8.3) million.

The equity ratio was 63.9% (67.1%) (31 December 2023: 65.1%). Afarak's gearing at the end of June 2024 was -5.1% (-14.8%) (31 December 2023: -14.1%) while the interest-bearing debt was EUR 4.6 (3.8) (31 December 2023: 3.1) million.

## INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the first half of 2024 increased to EUR 2.6 (1.4) million to sustain Group operations.

## IMPAIRMENT TESTING

Afarak Group has carried out impairment testing on goodwill and other assets as of 30 June 2024 for the Speciality Alloys business and the South African mining business.

During H1 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 first half 2024, Afarak had 588 (610) employees. The average number of employees during the first half of 2024 was 592 (598).

## SUSTAINABILITY

The company has not had any major incident during H1/2024.

Our goal is to keep the very highest standards across all the business unit concerning health and safety of our employees, which continue to be our key central focus.

## SHARES & SHAREHOLDERS

On 30 June 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 30 June 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 30 June 2024, was 261,000,300 (260,500,300).

At the beginning of the period under review, 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, the share price was EUR 0.29 and GBP 0.20 respectively. During the first half of 2024, the Company's share price on NASDAQ Helsinki ranged from EUR 0.27 to 0.41 per share and the market capitalisation, as at 30 June 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 55.4 (1 January 2024: 53.4) million, as at 30 June 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

## FLAGGING NOTIFICATION

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.

## 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.

After the execution of the share issue 6,041,514 treasury shares shall remain in the possession of Afarak, representing approximately 2.26 per cent of the total shares and votes of the Company.

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.

As a result of the registration of the new shares, the number of Afarak Group SE's shares is 277,041,814, of which 16,041,514 are treasury shares.

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.

### EVENTS SINCE THE END OF THE REVIEW PERIOD

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 factors.

## FINANCIAL INFORMATION

### FINANCIAL TABLES

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

| <b>H1/2024</b><br>6 months<br>EUR '000 | Speciality<br>Alloys | Ferro<br>Alloys | Unallocated<br>items | Eliminations | Group<br>total |
|----------------------------------------|----------------------|-----------------|----------------------|--------------|----------------|
| Revenue                                | 62,814               | 8,313           | 1,104                | -817         | 71,414         |
| EBITDA                                 | 3,361                | 2,509           | -1,632               | 0            | 4,238          |
| EBIT                                   | 2,424                | 2,306           | -1,650               | 0            | 3,080          |
| Segment's assets                       | 157,864              | 54,462          | 6,815                | -48,427      | 170,714        |
| Segment's liabilities                  | 49,406               | 47,303          | 31,169               | -66,257      | 61,621         |

| <b>H1/2023</b><br>6 months<br>EUR '000 | Speciality<br>Alloys | Ferro<br>Alloys | Unallocated<br>items | Eliminations | Group<br>total |
|----------------------------------------|----------------------|-----------------|----------------------|--------------|----------------|
| Revenue                                | 89,578               | 5,684           | 898                  | -840         | 95,320         |
| EBITDA                                 | 15,363               | 1,737           | -1,993               | 0            | 15,107         |
| EBIT                                   | 14,817               | 1,584           | -2,010               | 0            | 14,391         |
| Segment's assets                       | 168,183              | 45,239          | 7,114                | -57,856      | 162,680        |
| Segment's liabilities                  | 47,364               | 39,781          | 39,778               | -73,346      | 53,577         |

| <b>FY 2023</b><br>12 months<br>EUR '000 | Speciality<br>Alloys | Ferro<br>Alloys | Unallocated<br>items | Eliminations | Group<br>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

|                       | H1/21         | H2/21         | H1/22         | H2/22         | H1/23         | H2/23         | H1/24         |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Sales (tonnes)</b> |               |               |               |               |               |               |               |
| Mining                | 33,656        | 16,311        | 10,764        | 57,118        | 56,150        | 63,616        | 68,107        |
| Processing            | 12,667        | 11,307        | 15,205        | 10,880        | 12,881        | 7,854         | 11,922        |
| Trading               | 31            | 12            | 25            | 0             | 23            | 142           | 275           |
| <b>Total</b>          | <b>46,354</b> | <b>27,630</b> | <b>25,994</b> | <b>67,998</b> | <b>69,054</b> | <b>71,612</b> | <b>80,304</b> |
|                       |               |               |               |               |               |               |               |
| <b>Average rates*</b> |               |               |               |               |               |               |               |
| EUR/USD               | 1.2053        | 1.161         | 1.0934        | 1.014         | 1.081         | 1.082         | 1.0813        |
| EUR/ZAR               | 17.5244       | 17.431        | 16.8485       | 17.560        | 19.679        | 20.229        | 20.2476       |
|                       |               |               |               |               |               |               |               |
| <b>Euro (million)</b> |               |               |               |               |               |               |               |
| Revenue               | 37.3          | 42.9          | 92.1          | 106.6         | 95.3          | 58.3          | 71.4          |
| EBITDA                | -0.9          | 6.8           | 24.5          | 29.2          | 15.1          | 1.5           | 4.2           |
| EBITDA margin         | -2.4%         | 15.9%         | 26.7%         | 27.4%         | 15.8%         | 2.5%          | 5.9%          |
| EBIT                  | 0.9           | 5.9           | 24.0          | 28.2          | 14.4          | 0.6           | 3.1           |
| EBIT margin           | 2.4%          | 13.8%         | 26.1%         | 26.5%         | 15.1 %        | 1.1%          | 4.3%          |

\*Average rates in the respective half year

## CONSOLIDATED INCOME STATEMENT, SUMMARY

| EUR '000                                                                                  | H1/24         | H1/23         | FY2023         |
|-------------------------------------------------------------------------------------------|---------------|---------------|----------------|
| <b>Revenue</b>                                                                            | <b>71,414</b> | <b>95,320</b> | <b>153,655</b> |
| Other operating income                                                                    | 1,375         | 970           | 5,722          |
| Operating expenses                                                                        | -68,550       | -81,183       | -142,783       |
| Depreciation and amortisation                                                             | -1,159        | -716          | -1,562         |
| Impairment                                                                                | 0             | 0             | 0              |
| <b>Operating profit</b>                                                                   | <b>3,080</b>  | <b>14,391</b> | <b>15,032</b>  |
| Financial income and expense                                                              | -1,207        | -2,242        | -3,067         |
| <b>Profit before tax</b>                                                                  | <b>1,873</b>  | <b>12,149</b> | <b>11,965</b>  |
| Income tax                                                                                | -1,338        | -1,688        | -1,966         |
| <b>Profit for the period</b>                                                              | <b>535</b>    | <b>10,461</b> | <b>9,999</b>   |
| Profit attributable to:                                                                   |               |               |                |
| Owners of the parent                                                                      | 215           | 10,306        | 9,450          |
| Non-controlling interests                                                                 | 320           | 155           | 549            |
| Total                                                                                     | 535           | 10,461        | 9,999          |
| Earnings per share for profit attributable to the shareholders of the parent company, EUR |               |               |                |
| Basic earnings per share, EUR                                                             | 0.00          | 0.04          | 0.04           |
| Diluted earnings per share, EUR                                                           | 0.00          | 0.04          | 0.04           |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR '000                                                       | H1/24        | H1/23         | FY2023        |
|----------------------------------------------------------------|--------------|---------------|---------------|
| <b>Profit for the period</b>                                   | <b>535</b>   | <b>10,461</b> | <b>9,999</b>  |
| <b>Other comprehensive income</b>                              |              |               |               |
| Remeasurement of defined benefit pension plans                 | 0            | 0             | -1,241        |
| Exchange differences on translating foreign operations – Group | 2,611        | -4,611        | -6,394        |
| <b>Other comprehensive income/(loss), net of tax</b>           | <b>2,611</b> | <b>-4,611</b> | <b>-7,634</b> |
| <b>Total comprehensive income for the period</b>               | <b>3,146</b> | <b>5,850</b>  | <b>2,365</b>  |
| Total comprehensive income attributable to:                    |              |               |               |
| Owners of the parent                                           | 2,834        | 5,604         | 1,751         |
| Non-controlling interests                                      | 312          | 246           | 614           |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

| EUR '000                                           | 30.6.2024       | 30.6.2023       | 31.12.2023      |
|----------------------------------------------------|-----------------|-----------------|-----------------|
| <b>ASSETS</b>                                      |                 |                 |                 |
| <b>Non-current assets</b>                          |                 |                 |                 |
| Goodwill                                           | 48,572          | 47,476          | 46,996          |
| Other intangible assets                            | 4,883           | 4,590           | 4,643           |
| Property, plant and equipment                      | 39,889          | 36,196          | 37,497          |
| Deferred tax asset                                 | 810             | 480             | 1,044           |
| Other non-current assets                           | <u>1,353</u>    | <u>932</u>      | <u>1,202</u>    |
| <b>Non-current assets total</b>                    | <b>95,507</b>   | <b>89,674</b>   | <b>91,382</b>   |
|                                                    |                 |                 |                 |
| <b>Current assets</b>                              |                 |                 |                 |
| Inventories                                        | 32,314          | 25,098          | 29,583          |
| Trade receivables                                  | 14,014          | 8,371           | 7,467           |
| Other receivables                                  | 18,809          | 19,591          | 15,878          |
| Cash and cash equivalents                          | <u>10,070</u>   | <u>19,946</u>   | <u>18,032</u>   |
| <b>Current assets total</b>                        | <b>75,207</b>   | <b>73,006</b>   | <b>70,960</b>   |
|                                                    |                 |                 |                 |
| <b>Total assets</b>                                | <b>170,714</b>  | <b>162,680</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          | 23,642          |
| Share premium reserve                              | 25,223          | 25,223          | 25,223          |
| Paid-up unrestricted equity reserve                | 215,460         | 215,233         | 215,359         |
| Legal Reserve                                      | 17              | 21              | 18              |
| Translation reserves                               | -40,065         | -40,926         | -42,683         |
| Retained earnings                                  | <u>-115,187</u> | <u>-113,415</u> | <u>-115,512</u> |
| <b>Equity attributable to owners of the parent</b> | <b>109,090</b>  | <b>109,778</b>  | <b>106,047</b>  |
|                                                    |                 |                 |                 |
| <b>Non-controlling interests</b>                   | <b>3</b>        | <b>-675</b>     | <b>-306</b>     |
| <b>Total equity</b>                                | <b>109,093</b>  | <b>109,103</b>  | <b>105,741</b>  |
|                                                    |                 |                 |                 |
| <b>Liabilities</b>                                 |                 |                 |                 |
|                                                    |                 |                 |                 |
| <b>Non-current liabilities</b>                     |                 |                 |                 |
| Deferred tax liabilities                           | 8,367           | 7,986           | 8,051           |
| Provisions                                         | 13,017          | 11,253          | 11,400          |
| Pension liabilities                                | 12,572          | 11,434          | 12,839          |
| Financial liabilities                              | <u>369</u>      | <u>384</u>      | <u>342</u>      |
| <b>Non-current liabilities total</b>               | <b>34,325</b>   | <b>31,057</b>   | <b>32,632</b>   |
|                                                    |                 |                 |                 |
| <b>Current liabilities</b>                         |                 |                 |                 |
| Trade payables                                     | 9,019           | 3,636           | 10,863          |
| Other current liabilities                          | <u>18,277</u>   | <u>18,884</u>   | <u>13,106</u>   |
| <b>Current liabilities total</b>                   | <b>27,296</b>   | <b>22,520</b>   | <b>23,969</b>   |
|                                                    |                 |                 |                 |
| <b>Total liabilities</b>                           | <b>61,621</b>   | <b>53,577</b>   | <b>56,601</b>   |
|                                                    |                 |                 |                 |
| <b>Total equity and liabilities</b>                | <b>170,714</b>  | <b>162,680</b>  | <b>162,342</b>  |



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

| EUR '000                            | 30.6.2024     | 30.6.2023     | 31.12.2023    |
|-------------------------------------|---------------|---------------|---------------|
| <b>Cash and cash equivalents</b>    | <b>10,070</b> | <b>19,946</b> | <b>18,032</b> |
| Interest-bearing receivables        |               |               |               |
| Current                             | 0             | 0             | 0             |
| Non-current                         | 90            | 87            | 78            |
| <b>Interest-bearing receivables</b> | <b>90</b>     | <b>87</b>     | <b>78</b>     |
| Interest-bearing liabilities        |               |               |               |
| Current                             | 4,206         | 3,438         | 2,766         |
| Non-current                         | 346           | 362           | 362           |
| <b>Interest-bearing liabilities</b> | <b>4,552</b>  | <b>3,800</b>  | <b>3,128</b>  |
| <b>NET TOTAL</b>                    | <b>5,608</b>  | <b>16,233</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                                                    | 2,512                         | 109               |
| Disposals                                                    | -33                           | -9                |
| Right-of-use assets (IFRS 16)                                | 79                            | 0                 |
| Reclass between items                                        | 164                           | 0                 |
| Effect of movements in exchange rates                        | 1,601                         | 4,027             |
| <b>Acquisition cost 30.06.2024</b>                           | <b>72,863</b>                 | <b>132,374</b>    |
| <b>Accumulated depreciation and impairment 1.1.2024</b>      | <b>-31,041</b>                | <b>-76,606</b>    |
| Depreciation                                                 | -1,112                        | -47               |
| Disposals                                                    | 27                            | 4                 |
| Effect of movements in exchange rates                        | -847                          | -2,268            |
| <b>Accumulated depreciation and impairment at 30.06.2024</b> | <b>-32,972</b>                | <b>-78,917</b>    |
| <b>Carrying amount at 1.1.2024</b>                           | <b>37,497</b>                 | <b>51,639</b>     |
| <b>Carrying amount at 30.06.2024</b>                         | <b>39,889</b>                 | <b>53,455</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                                                | H1/24         | H1/23         | FY2023        |
|---------------------------------------------------------|---------------|---------------|---------------|
| Profit for the period                                   | 535           | 10,461        | 9,999         |
| Adjustments to profit for the period                    | 3,098         | 2,226         | 1,761         |
| Changes in working capital                              | -8,986        | -4,375        | -2,181        |
| <b>Net cash from operating activities</b>               | <b>-5,353</b> | <b>8,312</b>  | <b>9,579</b>  |
| Capital expenditure on non-current assets, net          | -2,713        | -1,583        | -3,216        |
| Other investments, net                                  | -18           | -20           | -19           |
| Repayments of loan receivables and loans given, net     | -1,499        | 0             | -200          |
| <b>Net cash used in investing activities</b>            | <b>-4,230</b> | <b>-1,603</b> | <b>-3,435</b> |
| Proceeds from borrowings                                | 3             | 0             | 61            |
| Repayment of borrowings, and other financing activities | -51           | -18           | -115          |
| Movement in short-term financing activities*            | 1,389         | 1,700         | 1,122         |
| <b>Net cash used in financing activities</b>            | <b>1,341</b>  | <b>1,682</b>  | <b>1,069</b>  |
| <b>Net increase in cash and cash equivalents</b>        | <b>-8,242</b> | <b>8,391</b>  | <b>7,212</b>  |
| Cash at the beginning of the period                     | 18,032        | 12,418        | 12,418        |
| Translation differences                                 | 280           | -863          | -1,599        |
| Cash at the end of the period                           | 10,070        | 19,946        | 18,032        |
| <b>Change in the statement of financial position</b>    | <b>-8,242</b> | <b>8,391</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>215,117</b> | <b>-36,224</b> | <b>-122,081</b> | <b>30</b> | <b>105,707</b> | <b>-920</b> | <b>104,787</b> |
| Profit for the period 1-6/2023 + comprehensive income                         |               |               |                | -6,343         | 10,306          |           | 3,963          | 155         | 4,118          |
| Translation differences                                                       |               |               |                |                | 0               |           | 0              | 91          | 91             |
| Share-based payments                                                          |               |               | 116            |                |                 |           | 116            |             | 116            |
| Reclassification of exchange differences on translation of foreign operations |               |               |                | 1,641          | -1,641          |           | 0              |             | 0              |
| Other changes in equity                                                       |               |               |                |                |                 | -9        | -9             |             | -9             |
| <b>Equity at 30.06.2023</b>                                                   | <b>23,642</b> | <b>25,223</b> | <b>215,233</b> | <b>-40,926</b> | <b>-113,415</b> | <b>21</b> | <b>109,777</b> | <b>-675</b> | <b>109,103</b> |
| Profit for the period 7-12/2023 + comprehensive income                        |               |               |                | -1,757         | -856            |           | -2,613         | 394         | -2,219         |
| Translation differences                                                       |               |               |                |                |                 |           | 0              | -25         | -25            |
| Remeasurements of defined benefit pension plans                               |               |               |                |                | -1,241          |           | -1,241         |             | -1,241         |
| Share-based payments                                                          |               |               | 126            |                |                 |           | 126            |             | 126            |
| Other changes in equity                                                       |               |               |                |                |                 | -3        | -3             |             | -3             |
| <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 1-6/2024 + comprehensive income                         |               |               |                | 2,618          | 216             |           | 2,834          | 320         | 3,154          |
| Translation differences                                                       |               |               |                |                |                 |           | 0              | -11         | -11            |
| Share-based payments                                                          |               |               | 101            |                |                 |           | 101            | 0           | 101            |
| Other changes in equity                                                       |               |               |                |                | 109             | -1        | 108            | 0           | 108            |
| <b>Equity at 30.06.2024</b>                                                   | <b>23,642</b> | <b>25,223</b> | <b>215,460</b> | <b>-40,065</b> | <b>-115,187</b> | <b>17</b> | <b>109,090</b> | <b>3</b>    | <b>109,093</b> |

## RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

| EUR '000                                               | H1/24 | H1/23 | FY2023 |
|--------------------------------------------------------|-------|-------|--------|
| Financing expense to other related parties             | 0     | 0     | 0      |
| Trade and other receivables from other related parties | 47    | 6     | 47     |
| Loan payables to other related parties                 | 0     | 0     | 0      |

## FINANCIAL INDICATORS

|                                    | H1/24 | H1/23  | FY2023 |
|------------------------------------|-------|--------|--------|
| Return on equity, % p.a.           | 1.0%  | 19.6%  | 9.5%   |
| Return on capital employed, % p.a. | 11.6% | 35.2%  | 18.8%  |
| Equity ratio, %                    | 63.9% | 67.1%  | 65.1%  |
| Gearing, %                         | -5.1% | -14.8% | -14.1% |
| Personnel at the end of the period | 588   | 610    | 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

|     | H1/24   | H1/23   | FY2023  |
|-----|---------|---------|---------|
| TRY | 34.2364 | 21.5662 | 25.7597 |
| USD | 1.0813  | 1.0807  | 1.0813  |
| ZAR | 20.2476 | 19.6792 | 19.9551 |

Balance sheet rates

|     | 30.6.2024 | 30.6.2023 | 31.12.2023 |
|-----|-----------|-----------|------------|
| TRY | 35.1868   | 28.3193   | 32.6531    |
| USD | 1.0705    | 1.0866    | 1.1050     |
| ZAR | 19.497    | 20.5785   | 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.

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 are unaudited.

## SHARE-RELATED KEY FIGURES

|                                                         |                 | H1/24  | H1/23  | FY2023 |
|---------------------------------------------------------|-----------------|--------|--------|--------|
| <b>Share price development in London Stock Exchange</b> |                 |        |        |        |
| Average share price*                                    | EUR             | 0.23   | 0.23   | 0.23   |
|                                                         | GBP             | 0.20   | 0.20   | 0.20   |
| Lowest share price*                                     | EUR             | 0.23   | 0.23   | 0.00   |
|                                                         | GBP             | 0.20   | 0.20   | 0.00   |
| Highest share price*                                    | EUR             | 0.23   | 0.23   | 0.23   |
|                                                         | GBP             | 0.20   | 0.20   | 0.20   |
| Share price at the end of the period**                  | EUR             | 0.23   | 0.23   | 0.23   |
|                                                         | GBP             | 0.20   | 0.20   | 0.20   |
| Market capitalisation at the end of the period**        | EUR million     | 65.47  | 62.23  | 61.46  |
|                                                         | GBP million     | 55.41  | 53.41  | 53.41  |
| <b>Share trading development</b>                        |                 |        |        |        |
| Share turnover                                          | thousand shares | 5      | 54     | 63     |
| Share turnover                                          | EUR thousand    | 2      | 30     | 34     |
| Share turnover                                          | GBP thousand    | 2      | 26     | 29     |
| Share turnover                                          | %               | 0.00   | 0.02   | 0.02   |
|                                                         |                 |        |        |        |
| <b>Share price development in NASDAQ Helsinki</b>       |                 |        |        |        |
| Average share price                                     | EUR             | 0.36   | 0.55   | 0.52   |
| Lowest share price                                      | EUR             | 0.27   | 0.35   | 0.35   |
| Highest share price                                     | EUR             | 0.42   | 0.69   | 0.69   |
| Share price at the end of the period                    | EUR             | 0.29   | 0.47   | 0.40   |
| Market capitalisation at the end of the period          | EUR million     | 80.34  | 125.38 | 107.88 |
| <b>Share trading development</b>                        |                 |        |        |        |
| Share turnover                                          | thousand shares | 13,844 | 60,508 | 81,870 |
| Share turnover                                          | EUR thousand    | 4,869  | 33,406 | 42,513 |
| Share turnover                                          | %               | 5.0    | 22.7   | 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.