



EAGLE FILTERS GROUP

EAGLE FILTERS GROUP OYJ

HALF-YEAR REVIEW

JANUARY – JUNE 2024

Eagle Filters Group Half-Year Review 1 January – 30 June 2024

IMPROVED PROFITABILITY AND CONTINUED REVENUE GROWTH

HIGHLIGHTS OF THE REVIEW PERIOD

Eagle Filters Group has as of 31 December 2023 started to report consolidated group figures. The group consolidated figures comprise of Eagle Filters Group Oyj (parent company), Eagle Filters Oy, Eagle Filters DMCC and Lumeron Oy

JANUARY – JUNE 2024

- Revenue increased by 34 % and amounted to EUR 4.3 (3.2) million.
- Order intake increased by 15 % and amounted to EUR 2.5 (2.2) million.
- Order backlog amounted to EUR 2.0 (2.5) million at the end of the period.
- EBITDA was EUR -0.5 (-1.1) million.
- Operating result was EUR -1.1 (-1.6) million.
- Eagle Filters Group plans to raise additional funding during H2 2024.

Eagle Filters Group's description of risks and uncertainties is included later in the report.

KEY FIGURES

EUR '000	1-6 / 2024	1-6 / 2023	1-12 / 2023
Order intake	2 504	2 169	6 118
Order backlog	1 955	2 450	3 637
Revenue	4 303	3 209	6 028
EBITDA	-484	-1 093	-2 566
EBITDA-%	Neg.	Neg.	Neg.
Operating result	-1 051	-1 640	-3 726
Operating result-%	Neg.	Neg.	Neg.
Result for the financial period	-1 364	-2 321	-4 801
Earnings per share (EUR)	-0.01	-0.02	-0.03
Shareholders' equity at the end of the period	231	2 277	808
Equity ratio	2.5 %	22.0 %	8.2 %
Net debt	4 494	4 466	4 206
Head count at the end of the review period	61	65	63

CEO'S REVIEW

During H1 2024 we continued growing, reaching revenue of EUR 4.3 million. This was driven by the Clean Energy business area i.e. high-performance air filtration technology for gas turbines.

Our aim towards profitability continues and we reached significantly improved EBITDA of EUR -484 thousand compared to EUR -1 093 thousand in H1 2023. In June, we started production of a large contract which was announced at the beginning of June. However, no revenue has been recognized from this project yet as revenue is recognized only upon delivery. Large orders also tie up operating capital, affecting our financial position.

Our sales backlog has decreased to a more sustainable level. A manufacturing backlog beyond 2-3 months is not optimal from the customer point of view within this business. Gas turbine maintenance outages are scheduled in advance and filters need to be delivered in time for these.

We have started our Advanced Materials business with first low volume sales. We believe our filter material product is very competitive in the market.

At the moment we have stopped the sale of health and safety products i.e. respirators due to low demand. We won the national public tender by the National Emergency Supply Agency (NESA) but as NESA declined to include an inflation clause to the agreement to be made, we withdrew from the offer. Without an inflation clause in a multi-year contract, we would have potentially needed to deliver respirators at a loss. As customer demand is strong for our industrial filtration products, we are focusing our efforts in this business.

FINANCIAL TARGETS AND OUTLOOK

Eagle Filters Group has set long-term targets for its 100% owned subsidiary Eagle Filters Oy. Eagle Filters Oy targets an average annual revenue growth of more than 30% and an EBITDA margin exceeding 20% in the long term.

The company's management estimates that the special circumstances caused by Russia's war on Ukraine and growing unrest in the Middle East have caused disturbance in the company's operating environment. These events, however, are not expected to have an impact on Eagle Filters Group's long-term targets.

Eagle Filters Group does not publish a short-term outlook.

BUSINESS UPDATE & MARKET OVERVIEW

Eagle Filters has two main business areas: Clean Energy and Advanced Materials. Respirator deliveries have been discontinued and the company now focuses on its industrial filtration business.

Revenue growth continued due to high customer demand as well as increased production output. Customer awareness of the energy saving potential of high efficiency filtration continues to increase. Eagle Filters is in the negotiation phase regarding several potential large orders from existing and new customers.

Production capacity continues to be the main bottleneck for growth. The company has taken several measures to increase its production output and the company has a ramp-up plan in order to significantly further increase the production output through new machinery and automation.

The company conducted several cost reduction measures, including reductions in labor cost and other cost optimization. These measures included change negotiations regarding personnel reductions.

Material sales efforts continued with first low volume sales during the end of H1. A number of material products are undergoing third party verification in order to launch global sales in the new Advanced Materials business area.

Newsec Advisory Finland Oy was assigned to conduct a valuation process to determine the fair value of Eagle Filters Group's industrial property. According to the valuation analysis, the fair value of the industrial property is approximately EUR 4.4 million. The purchase price of the property was EUR 0.3 million.

ORDERS & SALES

JANUARY – JUNE 2024

Orders received in H1 2024 increased by 15% from H1 2023 and amounted to EUR 2 504 (2 169) thousand. Sales were driven by the Clean Energy business.

The order book at the end of the period was EUR 1 955 (2 450) thousand, reflecting improved efficiency in production.

The sales pipeline is at an all time high level at the time of reporting.

Revenue in H1 2024 increased by 34 % from H1 2023 and amounted to EUR 4 303 (3 209) thousand. Revenue was driven by the Clean Energy business.

RESULT

JANUARY – JUNE 2024

EBITDA for H1 2024 amounted to EUR -484 (-1 093) thousand. The EBITDA improvement was driven by increased production output and production efficiencies by reduced relative labor and material cost.

The operating result for H1 2024 amounted to EUR -1 051 (-1 640) thousand. The operating result was heavily impacted by the planned depreciations and amortization of EUR -566 (-546) thousand, of which amortization of goodwill was EUR -422 (-396) thousand.

Net financial items improved to EUR -314 (-681) thousand. Previous year was affected by impairments of EUR -214 thousand.

The result for H1 2024 was EUR -1 364 (-2 321) thousand and earnings per share were EUR -0.01 (-0.02).

FINANCIAL POSITION AND CASHFLOW

The balance sheet total at the end of the review period was EUR 9 618 (10 548) thousand, of which equity accounted for EUR 231 (2 277) thousand.

At the end of the review period, net debt amounted to EUR 4 494 (4 466) thousand. Loans from credit institutions at the end of the review period were EUR 4 705 (4 918) thousand, of which EUR 937 (1 211) thousand were short term loans. Cash and cash equivalents at the end of the period amounted to EUR 211 (452) thousand.

During H1 2024, the Group's cash flows from operating activities were EUR -725 (-1 729) thousand. Changes in working capital had an impact of EUR -112 (-500) thousand on operating cash flow. Cash flow from investing activities was EUR -154 (-228) thousand, impacted by investments in intangible and tangible assets. Cash flow from financing activities was EUR 542 (1 557) thousand, impacted by directed share issues of EUR 800 thousand and loan amortizations.

To execute Eagle Filters growth-strategy, management is actively evaluating ways for more effective use of capital. To support the working capital and investment needs and to secure liquidity, Eagle Filters Group plans to raise additional funding during H2 2024.

INVESTMENTS, RESEARCH AND PRODUCT DEVELOPMENT

Investments to tangible and intangible assets in January–June amounted to EUR 154 (228) thousand. During H1 2024, Eagle Filters invested in machinery upgrades and maintenance in its factory as well as development of its Advanced Materials business area.

ACQUISITIONS

Other long- and short-term liabilities include a purchase price liability related to the acquisition of 15% of the shares of Eagle Filters Oy in 2021. The purchase price of the shares is tied to the development of Eagle Filters Oy's revenue and EBIT for the financial years 2023-2025, and the purchase price is paid in installments during the years 2024-2026. Eagle Filters Group has the option to pay 50% of the purchase price in the company's shares. The maximum purchase price may be up to EUR 3.0 million, which would require Eagle Filters Oy's cumulative revenue for 2023-2025 to be EUR 44.4 million or Eagle Filters Oy's aggregate annual positive EBIT for the corresponding period to be EUR 8.9 million euros. In the H1 2024 figures, Eagle Filters Group has recorded a conditional purchase price liability of EUR 2.0 million, of which EUR 0.3 million is recorded as short-term liabilities.

PERSONNEL

The company underwent personnel change negotiations during the review period. The number of personnel employed by Eagle Filters Group reduced to 61 employees on 30 June 2024 from 65 employees a year before and averaged 64 (60) in January–June 2024.

SHARES AND SHAREHOLDERS

Eagle Filters Group's registered share capital is EUR 80,000 and at the end of the review period, the company had 170 869 281 fully paid shares each having one vote at shareholders' meetings. Eagle Filters Group's shares are traded on Nasdaq First North Finland. The share trading volume during the review period was EUR 1.0 (0.7) million and 15 858 511 (7 966 101) shares. The share's volume weighted average price during the review period was EUR 0.062, the highest price was EUR 0.108 in January 2024 and the lowest EUR 0.037 in April 2024. The closing price of the share at the end of the review period was EUR 0.052. The market value of the share capital at the end of the review period was EUR 8.9 (12.7) million.

The number of registered shareholders at the end of the review period was 3 474 (3 592), including nominee shareholders.

At the end of the review period Eagle Filters Group board members and the management owned a total of 40 306 380 shares, and options that give a right to subscribe 719 886 shares taking into account all shares and options owned directly and indirectly through companies controlled or influenced by them or through their family members.

The company releases on notifications of changes in holdings (flagging notifications) are available on the company's website at www.eaglefiltersgroup.com.

GOVERNANCE

Annual General Meeting

Eagle Filters Group's Annual General Meeting (the "AGM"), held on 30th of May 2024, approved the financial statements and discharged the members of the Board of Directors and the company's CEO from liability for the financial year 2023. The AGM decided that no dividend will be paid for the financial year that ended on 31.12.2023.

The AGM resolved the Board of Directors consists of four members. Matti Vuoria, Jarkko Joki-Tokola, Markku Hämäläinen and Harri Kairento were re-elected to the Board of Directors. The AGM resolved that the remuneration of the members of the Board of Directors remain the same and that the members of the Board of Directors be paid EUR 400 per month. In addition, the Chairman of the Board be granted 25,000, Vice Chairman 20,000 and other Board members 15,000 stock options as annual remuneration. The stock options will be issued based on authorization granted by the AGM. The remuneration of the members of the Board of Directors is not paid to persons working for the company. The members of the Board of Directors are reimbursed for reasonable travel and lodging costs. Travel and lodging costs will not be compensated to those members of the Board of Directors who reside in the greater Helsinki area when the meetings are held in the greater Helsinki area.

The Annual General Meeting resolved that the auditor's fees are paid according to the auditor's invoice approved by the company. The Annual General Meeting elected auditing firm BDO Oy as the company's auditor. BDO Oy has informed that the principal auditor will be Mr. Timo Helle, Authorised Public Accountant.

The AGM authorized the Board of Directors to 1) decide in one or more transactions on the issuance of shares and 2) decide on issuance of options.

The AGM decisions are available in detail on the company website at: <https://www.eaglefiltersgroup.com>.

Share based incentive schemes

Eagle Filters Group has established stock option programs covering, among others, employees, and the members of the Board of Directors and the Management Team of the company. Based on the outstanding option programs, options corresponding to a total 3 613 170 shares remain that can be subscribed as of 30 June 2024, corresponding to 2.1 % of the diluted total number of shares.

Stock option program 2/2016

Based on the authorization granted by the Extraordinary General Meeting on 9 March 2016, the Board of Directors has on 10 June 2016 decided on a stock option program for the key employees, under which a maximum 1 000 000 new class A shares can be subscribed. The details of the program are presented in the latest financial statements, which can be read at: <https://eaglefiltersgroup.com/reports-and-presentations/>.

Stock option program 1-2020

Based on the authorization granted by the Annual General Meeting on 3 August 2020, the Board of Directors has on 16 December 2020 decided on a stock option program for the key employees, under which a maximum 1,200,000 new shares can be subscribed. The details of the program are presented in the latest financial statements, which can be read at: <https://eaglefiltersgroup.com/reports-and-presentations/>.

Stock option program 1-2021

Based on the authorization granted by the Extraordinary General Meeting on 25 February 2021, the Board of Directors has on 19 April 2021 decided on a stock option program for the former holders of stock options belonging to the stock option program 2013, under which a maximum 1,439,680 new shares can be subscribed. The details of the program are presented in the latest financial statements, which can be read at: <https://eaglefiltersgroup.com/reports-and-presentations/>.

Stock option program 1-2022

Based on the authorization granted by the Annual General Meeting on 20 June 2022, the Board of Directors has on 25 August 2022 decided on a stock option program for the key personnel of the Company, under which a maximum 2,000,000 new shares can be subscribed. The details of the program are presented in the latest financial statements, which can be read at: <https://eaglefiltersgroup.com/reports-and-presentations/>.

Share issues

In March 2024 Eagle Filters Group carried out a directed share issue of approximately EUR 0.8 million to a group of private investors, in which 14 285 711 new shares were offered. The entire subscription price of EUR 0.8 million was entered in the reserve for invested unrestricted equity. These shares were registered in the Trade Register on 15 April 2024 and started trading in the First North Growth Market Finland maintained by Nasdaq Helsinki Oy together with the old shares as of 16 April 2024.

RISKS AND UNCERTAINTIES

Eagle Filters Group is associated with a number of risks and uncertainties, including but not limited to the following, that can affect the level of sales and profits as well as operations or financing.

Russia's war against Ukraine as well as the increasing tension in the Middle-East and the subsequent global geopolitical instability combined with high inflation, supply chain challenges, and European energy market problems have caused various supply and demand-related risks as well as increased uncertainty and financial instability.

Especially the global disruption in the availability of raw materials/components and their price development can cause fast changes in the company's operating environment. The company monitors the development of the situation and actively strives to ensure the availability of materials/components required for product deliveries but challenges in raw material/component availability, or price increases, can have a detrimental

effect on company's production and deliveries as well as on profitability of the company.

Strategic risks refer to uncertainty that is primarily, but not entirely limited, related to changes in the operating environment and the ability to utilize or anticipate these changes. These changes may relate, for example, to the general economic situation, customer consumption behavior, competition, politics and legislation/regulatory or technological developments. When assessing strategic risks and opportunities, the goal is to find the business opportunities that are available to achieve the set goals with manageable risks, while avoiding those that present unreasonably high risks.

Operational risks refer to circumstances or events that can prevent or hinder the achievement of objectives or cause harm to people, property, business, information, or the environment. Operational risks include risks related to, but not limited to manufacturing, management & personnel, suppliers & subcontractors, products, contracts, commodities, litigation, authoritative or administrative proceedings and financial sanctions.

Financial risks are those related to Eagle Filters Group's financial position. These include, but are not limited to e.g., availability and cost of finance, inflation, NWC and liquidity, credit losses and foreign exchange rate fluctuations.

Non-economic impacts are also considered when assessing risks. Reputation risk arises if Eagle Filter Group's operations conflict with the expectations of various stakeholders, such as customers, suppliers, regulators, shareholders, financiers, or other societal stakeholders. Responsible practices are key to preventing reputational risks. Reputation risks are also managed through timely and adequate communication.

EVENTS AFTER THE REVIEW PERIOD

After the review period Eagle Filters Group has continued negotiation regarding large potential customer projects. The company is also preparing to raise additional funding during H2 2024.

ACCOUNTS PRINCIPLES, ESTIMATES AND MANAGEMENT JUDGMENT MADE IN PREPARATION OF THE ANNUAL AND SEMI-ANNUAL ACCOUNTS

Annual and semi-annual accounts have been prepared following generally accepted accounting principles and applicable laws. Eagle Filters Group has as of 31 December 2023 started to report consolidated group figures. The group consolidated figures comprise of Eagle Filters Group Oyj (parent company), Eagle Filters Oy, Eagle Filters DMCC and Lumeron Oy. Associate companies have been consolidated into the group financial statements based on Eagle Filters Group's ownership stakes, reflecting its portion of the associate company's profit or loss, as well as changes in equity.

The figures in this full-year review are not audited. The figures have been rounded, and consequently, the sum of individual figures may deviate from the presented sum figure.

The preparation of annual and semi-annual accounts release information requires management to make accounting estimates and judgements as well as assumptions that affect the application of the preparation principles and the accounting estimates on assets, liabilities, income and expenses. Actual results may differ from previously made estimates and judgements.

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

EUR '000	1-6 / 2024	1-6 / 2023	1-12 / 2023
Revenue	4 303	3 209	6 028
Other income	1	-4	-3
Materials and services	-2 463	-1 801	-3 823
Personnel expenses	-1 691	-1 565	-3 191
Depreciation and amortizations	-566	-546	-1 160
Other operating expenses	-633	-932	-1 577
Operating result	-1 051	-1 640	-3 726
Financial income	0	11	14
Financial expenses	-314	-693	-1 089
Result before taxes	-1 364	-2 321	-4 801
Result for the financial period	-1 364	-2 321	-4 801
Earnings per share, EUR			
Basic earnings per share	-0.01	-0.02	-0.03
Diluted earnings per share	-0.01	-0.02	-0.03



CONSOLIDATED BALANCE SHEET

EUR '000	30.6.2024	30.6.2023	31.12.2023
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	4 580	5 042	5 002
Development expenses	403	444	394
Other intangible assets	5	21	9
Advance payments	4	1	1
Total intangible assets	4 993	5 507	5 407
Tangible assets			
Land and water	73	0	73
Buildings and structures	207	0	211
Machinery and equipment	449	554	484
Other tangible assets	6	6	6
Advance payments	55	11	14
Total tangible assets	790	571	788
Investments			
Shares in group companies	4	7	4
Shares in associated companies	125	125	125
Total investments	129	133	129
NON-CURRENT ASSETS TOTAL	5 912	6 211	6 324
CURRENT ASSETS			
Inventories			
Raw materials	1 461	1 715	1 650
Work in progress	51	72	28
Finished goods	589	435	308
Other inventory	148	494	145
Total inventories	2 249	2 716	2 131
Long-term receivables			
Other long-term receivables	0	70	0
Total long-term receivables	0	70	0
Short-term receivables			
Trade receivables	281	243	392
Loan receivables	0	5	4
Other receivables	603	763	962
Accrued income and prepaid expenses	362	89	101
Total short-term receivables	1 246	1 098	1 459
Cash and cash equivalents	211	452	560
TOTAL CURRENT ASSETS	3 707	4 337	4 150
TOTAL ASSETS	9 618	10 548	10 474

EUR '000	30.6.2024	30.6.2023	31.12.2023
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80	80	80
Share issue	0	0	0
Invested unrestricted equity fund	33 583	31 783	32 783
Retained earnings	-32 068	-27 265	-27 254
Result for the financial period	-1 364	-2 321	-4 801
TOTAL EQUITY	231	2 277	808
LIABILITIES			
Non-current liabilities			
Loans from financial institutions	3 768	3 707	3 300
Other long-term liabilities	1 684	1 642	1 684
Total non-current liabilities	5 452	5 350	4 984
Current liabilities			
Loans from financial institutions	937	1 211	1 466
Advanced received	202	209	607
Trade payables	1 183	877	862
Other liabilities	958	26	1 021
Accruals and deferred income	655	598	725
Total current liabilities	3 936	2 921	4 682
TOTAL LIABILITIES	9 387	8 271	9 666
TOTAL EQUITY AND LIABILITIES	9 618	10 548	10 474

CONSOLIDATED STATEMENT OF CASHFLOW

EUR '000	1-6 / 2024	1-6 / 2023	1-12 / 2023
Cashflow from operating activities			
Result before taxes	-1 364	-2 321	-4 801
Adjustments			
Depreciation and amortization	566	546	1 160
Financial income and expenses	314	301	690
Non-cash transactions	0	166	166
Impairments	0	214	219
Changes in working capital			
Change in current non-interest-bearing receivables	213	46	-245
Change in inventory	-119	-913	-327
Change in current non-interest-bearing liabilities	-206	367	1 005
Paid interests and other financial items	-128	-136	-523
CASHFLOW FROM OPERATING ACTIVITIES	-725	-1 729	-2 656
Cashflow from investing activities			
Investments in tangible and intangible assets	-154	-228	-550
Investments in shares of group companies	0	0	-2
Investments in other securities	0	0	0
CASHFLOW FROM INVESTING ACTIVITIES	-154	-228	-552
Cashflow from financing activities			
Share issue against payment	800	1 650	2 650
Withdrawals of long-term interest-bearing loans	0	147	147
Repayment of long-term interest-bearing loans	0	-19	-250
Withdrawals of short-term interest-bearing loans	0	63	797
Repayment of short-term interest-bearing loans	-258	-285	-440
CASHFLOW FROM FINANCING ACTIVITIES	542	1 557	2 905
Unrealized exchange and currency translation differences	-13	1	12
CHANGE IN CASH AND CASH EQUIVALENTS	-349	-399	291
Cash and cash equivalents at the beginning of the period	560	851	851
Cash and cash equivalents at the end of the period	211	452	560

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share issue	Invested unrestricted equity fund	Retained earnings	Translation differences	Total equity
As at 1.1.2024	80	0	32 783	-32 061	6	808
Result for the period				-1 364		-1 364
Translation differences					-13	-13
Share issue			800			800
At 30.6.2024	80	0	33 583	-33 425	-7	231

EUR '000	Share capital	Share issue	Invested unrestricted equity fund	Retained earnings	Translation differences	Total equity
As at 1.1.2023	80	1 720	28 413	-27 259	-7	2 947
Result for the period				-2 321		-2 321
Translation differences					1	1
Share issue			3 370			3 370
Registration of shares		-1 720				-1 720
At 30.6.2023	80	0	31 783	-29 580	-6	2 277

EUR '000	Share capital	Share issue	Invested unrestricted equity fund	Retained earnings	Translation differences	Total equity
As at 1.1.2023	80	1 720	28 413	-27 259	-7	2 947
Result for the period				-4 801		-4 801
Translation differences					12	12
Share issue			4 370			4 370
Registration of shares		-1 720				-1 720
At 31.12.2023	80	0	32 783	-32 061	6	808

DEFINITIONS

Key figure	Definition
EBITDA	Operating profit before depreciation and amortization
Equity ratio (%)	(Total equity x 100) / total assets
Net debt	Current and non-current loans from credit institutions, less cash and cash equivalents.
Number of shares	Total number of shares at the end of the period
Weighted average number of shares	Issue and conversion-adjusted weighted average number of shares
Basic earnings per share	Result for the (financial) period / Issue and conversion-adjusted weighted average number of shares
Diluted earnings per share	Result for the (financial) period / Issue and conversion-adjusted weighted average number of shares added by outstanding warrants

EAGLE FILTERS GROUP

About Eagle Filters Group Oyj

Eagle Filters Group is a material science company that aims to enable a green and healthy environment.

Eagle provides high performance filtration solutions that cut CO2 emissions and increase profitability of the energy industry. Eagle's technology improves performance and energy efficiency while cutting costs. The technology is being used by some of the world's largest energy utilities.

The company group is listed on First North Growth Market Finland under the ticker EAGLE. The Company's Certified Adviser is Carnegie Investment Bank AB (publ).