

Half-Year Financial Report 2021



COMPONENTA

Componenta Corporation

Half-Year Financial Report

1.1.–30.6.2021

Net sales increased and EBITDA improved clearly

The information presented in this Half-Year Financial Report concerns the development of Componenta Group in January – June 2021 and in the corresponding period in 2020, unless otherwise stated. All financial figures in this report are for continued operations, unless otherwise stated. Continued operations during the reporting period included foundries in Pori and Karkkila, and metal product plants in Jyväskylä, Härmä, Kurikka, Leppävesi and Sastamala, Finland.

January–June 2021

- Net sales increased to EUR 43.5 million (EUR 36.7 million).
- EBITDA improved and was EUR 3.3 million (EUR 1.3 million).
- Operating result was EUR 0.4 million (EUR –1.6 million).
- Cash flow from operating activities was EUR 4.3 million (EUR 6.4 million).

April–June 2021

- Net sales increased to EUR 23.1 million (EUR 17.1 million).
- EBITDA improved and was EUR 1.8 million (EUR 0.5 million).
- Operating result was EUR 0.3 million (EUR –0.9 million).
- Cash flow from operating activities was EUR 3.4 million (EUR 4.2 million).

President and CEO Sami Sivuranta:

“The first half of 2021 met our expectations. Our net sales increased and profitability improved as planned and in line with our growth strategy.

Our successful sales work has resulted in a growing order book. In addition to this, clear signs of economic recovery and growing demand have begun to show in the market.

Due to the COVID-19 pandemic there is still uncertainty in the market. Effective restriction measures and the growing vaccination coverage have had a significant role in the fight against the pandemic. Thanks to our personnel's strong performance, our own production did not suffer from any major disruptions, and we were able to keep our deliveries to customers and our service level on a good level.

The pandemic did not have a significant impact on our business in the first half of the year. On the other hand, the improving demand has resulted in challenges regarding availability of materials in general which in turn has led to increasing price development of especially raw materials. However, increases in purchasing prices will essentially transfer into sales prices with a delay according to index clauses in customer agreements.

In the first half of the year, the payments to our creditors under the parent company's restructuring programme were made ahead of schedule. As a result, Componenta Corporation's restructuring programme ended on 27 April 2021. The completion of the restructuring programme has been well received, and we believe this will significantly improve Componenta's position and credibility in the eyes of our customers, suppliers and other stakeholders, and that this will have a significant positive impact on the entire Group's business.

Our liquidity remained good throughout the whole reporting period and has stayed on a good level also after it. In addition, the share subscription facility of USD 8 million provided by Global Corporate Finance LLC (GCF)

is a flexible tool to help support the financing of Componenta Corporation in its part during the next three years allowing the Company to focus on the implementation of its growth and profitability improvement targets.

We will continue to focus on customer service, securing new sales, improving the profitability of our key

operations and on managing our liquidity. This will help us secure our company's operations in both short- and long-term, recover rapidly from the pandemic, and reach our long-term strategic growth targets. Our objective is to be the primary supplier with an extensive offering for our customers."

Key figures

| | Jan 1–Jun 30, 2021 | Jan 1–Jun 30, 2020 | Change | Jan 1–Dec 31, 2020 |
|---|-----------------------|-----------------------|--------|-----------------------|
| Net sales, continued operations, TEUR | 43,468 | 36,730 | 18.3% | 70,040 |
| EBITDA, continued operations, TEUR | 3,290 | 1,337 | 146.0% | 3,750 |
| Operating result, continued operations, TEUR | 358 | -1,623 | | -2,034 |
| Operating result, continued operations, % | 0.8 | -4.4 | | -2.9 |
| Result after financial items, continued operations, TEUR | 229 | -2,306 | | -3,489 |
| Net result, continued operations, TEUR | 146 | -2,312 | | -3,175 |
| Net result, including discontinued operations, TEUR | 146 | -2,312 | | -949 |
| Basic earnings per share*, EUR | 0.02 | -0.49 | | -0.20 |
| Diluted earnings per share*, EUR | 0.02 | -0.49 | | -0.20 |
| Cash flow from operating activities, continued operations, TEUR | 4,329 | 6,434 | -32.7% | 6,355 |
| Interest-bearing net debt**, TEUR | 1,263 | 6,084 | -79.2% | -2,584 |
| Net gearing, % | 5.2 | 44.5 | | -10.8 |
| Return on equity, % | 1.2 | -31.2 | | -5.8 |
| Return on investment, % | 5.5 | -11.6 | | 0.7 |
| Equity ratio, % | 39.1 | 24.1 | | 37.3 |
| Gross investments incl. leases, continued operations, TEUR | 957 | 3,108 | -69.2% | 5,134 |
| Group's restructuring debt | 3,608 | 11,653 | -69.0% | 10,694 |
| Number of personnel at the end of the period, incl. leased workers, continued operations | 596 | 587 | 1.6% | 574 |
| Average number of personnel during the period, incl. leased workers, continued operations | 586 | 596 | -2.6% | 589 |
| Order book at the end of the review period, continued operations, TEUR | 11,954 | 8,289 | 44.2% | 9,536 |

*) The comparable figures for 2020 have been adjusted due to reverse share split and rights issue.

***) Only interest-bearing restructuring debt included.

Order book

The order book of Componenta's continued operations at the end of June 2021 was EUR 12.0 million (EUR 8.3 million). The order book includes confirmed orders for customers for the next two months. Above all the successful sales work and the recovery of economy and demand resulted in the increased order book.

Net sales

Net sales of continued operations increased by 18.3% from the comparison period to EUR 43.5 million (EUR 36.7 million). By customer segment, Componenta's net sales in the reporting period were as follows: Machine

building 44% (47%), agricultural machinery 27% (22%), forestry machines 8% (7%), energy industry 8% (11%), defense equipment industry 6% (7%), and other industries in all 7% (6%).

Result

The Group's EBITDA from improved from the previous year and was EUR 3.3 million (EUR 1.3 million). Profitability improved due to increased sales volumes and our planned development measures. The one-time payment of EUR 0.1 million, from the bankruptcy estate of the former subsidiary Componenta BV for receivables that had been previously written down, also contributed to our profitability.

The weakened profitability in comparison period, due to COVID-19 pandemic, was a result of decline in delivery volumes and deliveries partially moving from the second quarter to the third quarter.

Operating result of the Group for the reporting period increased compared to the previous year to EUR 0.4 million (EUR -1.6 million). Net financial items were EUR -0.1 million (EUR -0.7 million). The net financial items were improved by a EUR 0.7 million net profit, which was realized when the recognized restructuring debt of the parent company of EUR 6.6 million were paid with EUR 5.9 million.

The net impact of deferred tax was EUR 0.0 million (EUR 0.0 million). The Group's result for the reporting period was EUR 0.1 million (EUR -2.3 million). The undiluted result per share for the financial period was EUR 0.02 (EUR -0.49).

Balance sheet, financing and cash flow

At the end of the reporting period, the company's invested capital was EUR 37.4 million (EUR 26.8 million) and the return on investment was 5.5% (-11.6%). Return on equity was 1.2% (-31.2%).

At the end of the reporting period, the Group's equity ratio stood at 39.1% (24.1%). The improved equity ratio is mainly due to the rights issue carried out in late 2020 and the premature payment of Componenta Corporation's restructuring debts in the beginning of year 2021.

Net gearing stood at 5.2% (44.5%) at the end of the reporting period. Net gearing includes only interest-bearing liabilities of the restructuring debts.

Componenta's total liabilities were at the end of the reporting period EUR 37.6 million (EUR 43.0 million), of which the external restructuring debts were EUR 3.6 million (EUR 11.7 million). The external restructuring debts include EUR 0.6 million (EUR 0.7 million) of interest-bearing debt, of which EUR 0.2 million (EUR 0.1 million) are current liabilities. In addition, other non-current liabilities amounted to EUR 11.5 million (EUR 10.5 million) and current accounts payable, accrued debts and other debts amounted to EUR 22.6 million (EUR 21.0 million). The increase in other than restructuring debt is mainly due to the payment exemptions permitted by tax authority and extended payment schedules of accounts payables.

Componenta carried out a rights issue in November – December 2020, by which the Company raised gross funds of approximately EUR 9.5 million. On 25 February 2021, the Board of Directors of the company decided to pay the restructuring debts amounting to EUR 5.9 million to its creditors and to end the restructuring programme prematurely. The premature termination of the restructuring programme was funded with cash received from the abovementioned rights issue. The restructuring programme of Componenta Corporation ended on 27 April 2021 when the restructuring programme supervisor approved the payments of restructuring debt carried out by the company on 31 March 2021 and provided the creditors with a final account on the restructuring programme.

Componenta Corporation entered into a share subscription facility on 21 June 2021 with GCF, New York, NY, USA, for providing funding of up to USD 8 million to the Company over a three-year period. The share subscription facility is structured as a share purchase agreement with GCF with the total commitment of GCF being USD 8 million and allowing the Company solely at its request to raise additional equity. The Company can issue new shares to GCF in deviation of the shareholders subscription rights in multiple tranches of up to USD 1 million per tranche. The subscription price per share in each tranche shall be equal to ninety-four percent (94%) of the Company's average daily volume weighted share price during five (5) consecutive trading days following the date when the Company issues a drawdown request for that tranche. The Company paid a commitment fee of 2 percent (2%) based on the aggregate value of the share subscription facility and a fixed facilitation fee of USD 45,000. The commitment fee and the facilitation fee are recognized as a prepayment in the consolidated statement of financial position and is deducted from shareholders' equity in occurrence of a possible shares issue.

At the end of the reporting period, the Group's cash and cash equivalents totalled EUR 12.0 million (EUR 7.0 million). Also after the reporting period, the Group's liquidity has remained good. At the end of the reporting period, the Group had undrawn committed credit facilities of EUR 4.0 million. These credit facilities have recently been renewed and are valid until June–November 2022.

The cash flow from operating activities of continued operations for the reporting period was EUR 4.3 million (EUR 6.4 million). The higher cash flow from operating

activities of continued operations in the comparison period was mainly due to payment exemptions permitted by pension companies and tax authority related to the COVID-19 pandemic. At the end of the reporting period, working capital of continued operations (incl. Inventory and receivables deducted by accounts payable) was EUR 5.5 million and at the end of year 2020 EUR 5.2 million. More capital is employed in inventory and days sales outstanding (DSO) was on the same level, but days payables outstanding (DPO) has prolonged thanks to improved payment terms.

The payment exemptions related to the COVID-19 pandemic granted by the tax authorities, which must be paid according to separate payment schedules by 22 June 2023, stood at EUR 3.5 million (EUR 4.0 million) on 30 June 2021. The payment exemptions related to the COVID-19 pandemic granted by the pension companies, stood at EUR 0.0 million (EUR 1.5 million) on 30 June 2021. An interest of 2.5% p.a. is paid for these debts. The tax authority has granted new payment exemptions during the reporting period related to the COVID-19 pandemic EUR 1.2 million in total to Componenta Manufacturing Oy.

Investments

The investments of continued operations amounted to EUR 0.7 million (EUR 2.3 million). The Group's net cash flow from investments was EUR -0.7 million (EUR -2.3 million), which includes the cash flow from the Group's investments in tangible and intangible assets. The Group's investments in total, including leases recognized in the balance sheet, were EUR 1.0 million (EUR 3.1 million). The higher investments in the comparison period relate to the new machinery acquired for the Härmä unit. With this investment, Componenta secured deliveries to certain clients in the long term, expanded the offering of the Härmä unit and enhanced its competitive advantage in heavy machining.

Research and development

Research and development expenses of Componenta's continued operations during the financial year were EUR 0.0 million (EUR 0.0 million). There were no research and development expenses as Componenta conducts its contract manufacturing business and does not have its own products.

Discontinued operations

Componenta had no discontinued operations during the reporting period. The discontinued operations for the second half of the year 2020 included Componenta Främmestad AB, in which the Group lost control when the company filed for bankruptcy on 25 September 2019. On 16 November 2020, the bankruptcy estate of Componenta Främmestad AB paid as advanced dividend a payment of EUR 1.9 million against the receivables which were due to Componenta from the estate.

Personnel

The average number of personnel in the Group during the reporting period was 559 (591) and including leased personnel 586 (596). At the end of the reporting period, the number of personnel was 566 (581), and including leased personnel 596 (587).

Restructuring programmes

Componenta carried out a rights issue in November–December 2020, by which the Company raised gross funds of approximately EUR 9.5 million. On 25 February 2021, the Board of Directors of the company decided to pay the restructuring debts amounting to EUR 5.9 million to its creditors and to end the restructuring programme prematurely. The premature termination of the restructuring programme was funded with cash received from the abovementioned rights issue.

On 31 March 2021 Componenta Corporation carried out the aforementioned EUR 5.9 million payments to its creditors, the amount of which became more precise during the course of March 2021. Additionally, the Company has reached agreements with creditors of the conversion into new maximum amount debts of approximately EUR 0,1 million conditional and maximum amount restructuring debts based on guarantee liabilities. The restructuring programme of Componenta Corporation ended on 27 April 2021 when the restructuring programme supervisor approved the payments of restructuring debt carried out by the company on 31 March 2021 and provided the creditors with a final account on the restructuring programme.

The premature ending of Componenta Corporation's restructuring programme will not affect the restructuring

programme of Componenta Castings Oy (formerly Componenta Finland Oy), which shall continue in accordance with its terms and conditions until 2023.

Componenta Castings Oy paid EUR 0.5 million of external restructuring debt and EUR 0.4 million of

internal restructuring debt on 3 May 2021. After these payments, the Group's and Componenta Castings Oy's external restructuring debts are EUR 3.6 million (EUR 11.7 million including the parent company), as Componenta Corporation had paid its restructuring debts prematurely on 31 March 2021.

Repayment schedule of external restructuring debt on 30 June 2021

| TEUR | 2021 | 2022 | 2023 | Total |
|------------------------|------------|--------------|--------------|--------------|
| Componenta Castings Oy | 518 | 1,069 | 2,021 | 3,608 |
| Total | 518 | 1,069 | 2,021 | 3,608 |

*) The larger final instalment in Componenta Castings Oy's repayment programme is due to the fact that income from the sale of properties not included in core business operations has been taken into account. This income will be used to pay debt at the end of the programme.

Repayment schedule for the intra-Group restructuring debt on 30 June 2021

| TEUR | 2021 | 2022 | 2023 | Total |
|------------------------|------------|------------|--------------|--------------|
| Componenta Castings Oy | 363 | 726 | 1,452 | 2,540 |
| Total | 363 | 726 | 1,452 | 2,540 |

Impact of the COVID-19 pandemic

The health security of personnel has been very important to Componenta during the COVID-19 pandemic. Componenta's proactive measures to ensure the health of its personnel have minimized the effects of the pandemic and the Group has succeeded in serving customers, completing deliveries, and keeping all operations running without any major issues.

If the uncertainty in the market persists due to the pandemic, this may have a significant impact on the financial situation of Componenta's customers, which will increase Componenta's credit loss risks. The negative consequences of the COVID-19 pandemic, if prolonged, could also pose a risk of impairment of the company's goodwill, inventories, trade receivables or fixed assets as well as of the availability of raw materials and thus impact Componenta's forecasts and lead to impairment of assets. However, the Group's liquidity is on a good level.

In connection with the COVID-19 pandemic, Componenta closely follows regulatory guidelines, market developments and the operating conditions and business situation of its customers and adjusts its own

operations accordingly, when necessary. Any possible illness and quarantine measures affecting personnel, as well as any other restrictions imposed by Finland and other states, could pose challenges to both Componenta's own and its partner companies' business. The effectiveness of vaccinations and adherence to vaccination targets are considered to be particularly important for managing the negative effects of the pandemic. Componenta continues to actively implement the necessary measures to maintain health and well-being and prevent the spread of the pandemic. Market uncertainty caused by the COVID-19 pandemic is expected to continue in the second half of 2021.

Risks and business uncertainties

The most significant risks to Componenta's business in normal circumstances are risks related to the business environment (competition and price risk, commodities risks and environmental risks), risks related to business operations (customer, supplier, productivity, production and process risks, disruptions in the labour market, contract and product liability risks, personnel and data security risks) and financing risks (risks related to availability of financing and liquidity; currency, interest and credit risks).

The availability of certain raw materials, such as recycled steel, pig iron, structural steel and aluminium, as well as energy at competitive prices, is essential for the Group's business. The cost risk related to raw materials is mainly managed through price agreements, whereupon product prices are adjusted in line with changes in the general index of raw material prices. Rising raw material prices may tie up more money in working capital than estimated. As for commercial risks, future volumes may be weakened due to customers switching supplier because of price competition.

Componenta's current credit facilities will need to be renewed in June–November 2022. The Group also finances its business through non-binding factoring arrangements for trade receivables. Termination of factoring arrangements or non-renewal of credit facilities could significantly impair Componenta's liquidity and impact the Group's ability to continue as a going concern. However, the Group's liquidity was at a good level at the end of the reporting period. Additionally, Componenta Corporation has entered into a USD 8 million share subscription facility with a US investor, GCF.

According to the management the uncertainties related to the ability to continue as a going concern have clearly decreased due to premature payment of restructuring debts of the parent company, the aforementioned share subscription facility and the renewal of the revolving credit facility agreement. Uncertainties and other business risks related to the company's ability to continue as a going concern have been described in detail in the half-year financial report tables.

Resolutions of the Annual General Meeting

Componenta Corporation's Annual General Meeting was held on 9 April 2021, in Vantaa.

The AGM adopted the company's financial statements and consolidated financial statements and discharged the members of the Board of Directors and the President and CEOs from liability for the financial period of 1 Jan – 31 Dec 2020. In accordance with the proposal by the Board of Directors, the AGM decided that no dividends will be distributed on the basis of the balance sheet established for the financial year that ended on 31 December 2020. The General Meeting resolved that the number of members of the Board of Directors be four (4) and elected Harri Suutari, Anne Leskelä, Petteri

Walldén and Tomas Hedenborg to the Board of Directors. It was decided that the Board's remuneration will not be changed. The General Meeting chose the Authorised Public Accountants PricewaterhouseCoopers Oy as the company's auditor. Samuli Perälä, Authorised Public Accountant, will act as the responsible auditor.

The AGM authorised the Board of Directors to decide on share issues in accordance with the proposal by the Board of Directors. The issuance of shares may be carried out by offering new shares or by transferring treasury shares held by the company. The number of shares to be issued or transferred under the authorisation may not exceed 940,000 shares, which corresponds to approximately 9.9% of all shares in the company. The new shares may be issued, and the treasury shares held by the company may be transferred for consideration or without consideration. The Board of Directors will decide on all other terms and conditions of the share issues. On the basis of the authorisation the Board of Directors may decide on a share issue in deviation of the pre-emptive subscription right of the shareholders (directed issue) subject to conditions mentioned in the Finnish Limited Liability Companies Act. The Board of Directors may use authorisation for instance as compensation in acquisitions, to develop capital structure, to broaden the ownership base, to acquire assets related to the company's business or to finance or carry out other business transactions or other purposes decided by the Board of Directors. The authorisation is valid until the end of the next Annual General Meeting, but no longer than 30 June 2022. The authorisation shall not revoke earlier valid and non-utilized authorisations to decide on share issues.

The stock exchange release with the resolutions of the Annual General Meeting in detail can be found on the company's website.

Board of Directors and management

In its organizational meeting immediately following the Annual General Meeting held on 9 April 2021, the Board of Directors elected Harri Suutari as the Chairman of the Board and Anne Leskelä as the Vice Chairman of the Board.

As Mervi Immonen, General Counsel of Componenta Corporation, joined another employer on 30 June, 2021, the composition of the Corporate Executive Team as of

1 July 2021 was President and CEO Sami Sivuranta, CFO Marko Karppinen, and COO Pasi Mäkinen.

Hanna Seppänen LL.M., 47, has been appointed as the new General Counsel and a member of Corporate Executive Team of Componenta Corporation as of 1 November 2021. She has served as Director, Legal and Investor relations in Siili Solutions Oyj. Previously she has served at Terveystalo as General Counsel and as a legal counsel inter alia in Tallink Silja and Orion.

Share capital and shares

The shares of Componenta Corporation are listed on the Nasdaq Helsinki stock exchange. During the Reporting period the average share price was EUR 3.49 (EUR 2.98), the lowest price was EUR 2.95 (EUR 2.24) and the highest was EUR 4.60 (EUR 4.33). The share price at the end of June was EUR 3.34 (EUR 2.53). At the end of the reporting period, the market value of the company's shares was EUR 31.7 million (EUR 16.6 million). Out of the entire share capital, 33.7% (19.9%) were traded during the financial period.

The share capital of Componenta Corporation at the end of the reporting period was EUR 1.0 million (EUR 1.0 million). The number of the company's shares at the end of the reporting period was 9,492,444 (237,269,224). The number of shareholders at the end of the reporting period was 8,129 (7,723).

Conversion of stock options 2018A and 2018B to stock options 2018C, distribution, and market value of stock options 2018C

The Board of Directors of Componenta Corporation has resolved on 21 June 2021 to convert stock options 2018A and 2018B that have been returned to the company to stock options 2018C. The Board of Directors converted 6,625 stock options 2018A and 20,932 stock options 2018B to stock options 2018C. The

number of stock options 2018A became 33,650 in total, stock options 2018B, 36,298 in total and stock options 2018C, 76,462 in total. The Board of Directors decided to distribute stock options 2018C to the Group key employees.

The theoretical market value of one stock option 2018C is approximately 2.788 euros and the theoretical market value of stock options 2018C is approximately 213,188 euros in total. Each stock option 2018C entitles to subscribe for two new shares in the company or two existing shares held by the company. The theoretical market value of the stock option 2018C has been calculated by using the Black & Scholes stock option pricing model with the following input factors: share price 3.50 euros, share subscription price 3.025 euros, risk free interest rate 0%, validity of stock options approximately 4.4 years and volatility 43.08%.

Componenta's guidance for 2021 unchanged

Componenta expects the net sales of continued operations in 2021 to be EUR 70–80 million. EBITDA is expected to improve from the previous year. In 2020, net sales from continued operations were EUR 70 million and EBITDA EUR 3.7 million.

The potential increase in prices for raw materials, the general economic and competitive situation, and the development of customers' sales volumes may affect the business outlook. Due to the COVID-19 pandemic, future sales and profitability developments are associated with uncertainties and poor visibility.

Alternative performance measures

Componenta will continue to publish certain publicly available performance measures that can be derived from the IFRS financial statements. The calculations of these key financial figures were presented in Componenta's annual review published on 12 March 2021.

Helsinki, 23 July 2021

COMPONENTA CORPORATION
Board of Directors

Componenta is a technology company which specializes in supplying cast and machined components to global manufacturers of vehicles, machines and equipment. The company's share is listed on Nasdaq Helsinki.

Half-year financial report tables

Accounting principles

Componenta Corporations' half-year financial report for January – June 2020 has been prepared in accordance with the accounting policies set out in IAS 34, Interim Financial Reporting, and should be read in conjunction with Componentas' Financial Statements for 2020, published on 12 March 2021. Componenta has applied the same accounting principles in preparing this half-year financial report as in the financial statements for 2020, except for the adoption of new IFRS-standards and IFRIC-interpretations effective in 2021. In 2021 there has not been any new published standards that would have a material impact on Componenta. This half-year financial report is unaudited.

Restructuring programmes

The restructuring programme of Componenta Corporation ended on 27 April 2021 when the restructuring programme supervisor approved the payments of restructuring debt carried out by the company on 31 March 2021 and provided the creditors with a final account on the restructuring programme. The premature ending of Componenta Corporation's restructuring programme will not affect the restructuring programme of Componenta Castings Oy (formerly Componenta Finland Oy), which shall continue in accordance with its terms and conditions until 2023. The contents of the Componenta Castings Oy's restructuring programme is presented in detail in the consolidated financial statement published on 12 March 2021.

Basis for consolidation

Following the confirmation of the restructuring decision, a restructuring programme supervisor was assigned to Componenta. According to the restructuring programme, the supervisor is required to submit a report on the implementation of the restructuring programme annually, as well as a final account at the conclusion of the restructuring programme. At the request of a creditor or the supervisor, the court may order the restructuring programme to lapse. Despite the limitations related to control under IFRS 10, the

company believes that the inclusion of Componenta Castings Oy in the consolidated financial statements of Componenta is justified and gives a true and accurate picture of the Group's result and financial position.

Assumption of ability to continue as a going concern

This half-year financial report for January – June 2021 has been prepared on the going concern basis. It is assumed that Componenta can, during the foreseeable future, realize its assets and pay back its liabilities as part of normal operations within the framework of the restructuring programmes. When assessing the ability to continue as a going concern, Componenta's management has taken into account the uncertainties and risks related to the confirmed restructuring programme, available funding sources and the cash flow estimates of the companies for the next 12 months. Due to the restructuring programme of its subsidiary, Componenta's assessment is that it has somewhat limited opportunity to influence how it can transfer cash funds and bank receivables between Group companies (such as subsidiaries' ability to distribute funds in the form of dividends, Group contributions or intra-Group loans) and the nature of new financing that the Group can acquire. In assessing the ability to continue as a going concern, the management has assessed the impact of the approved restructuring programme on the financial position and cash flow of the Group, the company under restructuring proceedings and the parent company.

The Group's liquidity, financial performance, and success of financial transactions, as well as the success of the restructuring programme of the subsidiary are affected by the material uncertainties in accordance with the IFRS standards, which the Group management has taken into account when assessing the ability to continue as a going concern. It is possible that the restructuring will be unsuccessful, and the subsidiary will file for bankruptcy. The implementation of the restructuring programme may be unsuccessful due to, for example, the subsidiary under restructuring being unable to repay the restructuring debts confirmed in the restructuring programme confirmed by the courts,

and the creditors in such circumstances being unwilling to renegotiate debt repayment arrangements that the subsidiary would be able to satisfy.

When assessing the ability to continue as a going concern the management has analyzed the impacts of COVID-19 on the Group's financial position. Regarding the COVID-19 pandemic, Componenta is closely monitoring the development of markets and the situation of its customers and will adapt its operations accordingly, when necessary, by for instance transferring payments related to taxes and pensions and temporarily laying off employees. To control the situation Componenta has strived to improve its liquidity by, for example, postponing tax payments of EUR 3.5 million.

When assessing the ability to continue as a going concern, the most significant estimates and assumptions as well as uncertainties by the company and its management are as follows:

- Componenta Castings Oy will be able to make the payments in accordance with the restructuring programme. A material risk to the success of the restructuring programme is the availability of working capital, because the main customers will support Componenta with shorter-than-normal sales terms and because access to external financing is limited.
- Componenta succeeds in increasing the sales volumes as planned.
- The credit facility agreements and non-binding factoring arrangements of Componenta Manufacturing Oy and Componenta Castings Oy will be renewed in June–November 2022.

When assessing cash flow and liquidity forecasts for the companies over the next 12 months, the management has estimated the companies' future sales volumes, net sales, EBITDA margins, capital expenditure and working capital needs. These estimates are subject to material uncertainty in accordance with the IFRS standards, as there is no certainty that the anticipated sales volumes, sales prices and EBITDA margins will be achieved or that capital expenditure can be implemented as expected. The management assesses

however that the uncertainties have clearly decreased due to premature payment of restructuring debts of the parent company, the new share subscription facility with GCF and the renewal of the revolving credit facility agreement.

Accounting principles requiring judgement by the management

When preparing this half-year financial report in accordance with International Financial Reporting Standards, the management needs to make estimates and assumptions concerning the future. The estimates and assumptions that involve a significant risk of material changes in the carrying amounts of assets and liabilities are presented below.

When preparing this financial statement release, the management has used significant judgements when making assumptions about the company's ability to continue as a going concern. The pandemic had only minor impact on net sales and profitability in the first and second quarter of the year. Despite the pandemic, Componenta has been able to gain new business according to targets. According to the latest estimates on net sales and EBITDA it is assessed that the COVID-19 pandemic will only have a minor impact on net sales and profitability in the second half-year of 2021. These estimates and assumptions involve uncertainties, which are impacted by the coverage of vaccines and the spread of the new virus variants.

Uncertainties related to the ability to continue as a going concern are presented in more detail above in the chapter Assumption of the ability to continue as a going concern. The management has made significant estimates and assumptions in determining the valuation of assets such as tangible and intangible assets, inventories and contingent liabilities. Additionally, the management has made assumptions on valuation of accounts receivables from the aspect of impacts of COVID-19 pandemic. The management has assessed the situation from the point of view of both company's own business as well as the general economic situation. The assessment performed did not result in any changes on the valuation of accounts receivables.

Consolidated income statement

| TEUR | Jan 1 – Jun 30, 2021 | Jan 1 – Jun 30, 2020 | Jan 1 – Dec 31, 2020 |
|--|----------------------|----------------------|----------------------|
| Continued operations: | | | |
| Net sales | 43,468 | 36,730 | 70,040 |
| Other operating income | 113 | 87 | 425 |
| Operating expenses | -40,291 | -35,480 | -66,714 |
| EBITDA | 3,290 | 1,337 | 3,750 |
| <i>% of net sales</i> | 7.6% | 3.6% | 5.4% |
| Depreciation, amortization and write-downs | -2,932 | -2,961 | -5,783 |
| Operating result | 358 | -1,623 | -2,034 |
| <i>% of net sales</i> | 0.8% | -4.4% | -2.9% |
| Financial income and expenses | -129 | -682 | -1,456 |
| Result after financial items | 229 | -2,306 | -3,489 |
| <i>% of net sales</i> | 0.5% | -6.3% | -5.0% |
| Income taxes | -83 | -6 | 314 |
| Net result of continued operations | 146 | -2,312 | -3,175 |
| Discontinued operations: | | | |
| Net result of discontinued operations | 0 | 0 | 2,226 |
| Net result | 146 | -2,312 | -949 |
| Allocation of net profit for the period | | | |
| To equity holders of the parent | 146 | -2,312 | -949 |
| Earnings per share calculated on the profit attributable to equity holders of the parent* | | | |
| - Basic earnings per share, EUR | 0.02 | -0.49 | 0.20 |
| - Diluted earnings per share, EUR | 0.02 | -0.49 | 0.20 |

*) The comparable figures for 2020 have been adjusted due to reverse share split and rights issue.

Consolidated statement of comprehensive income

| TEUR | Jan 1 – Jun 30, 2021 | Jan 1 – Jun 30, 2020 | Jan 1 – Dec 31, 2020 |
|---|----------------------|----------------------|----------------------|
| Net result | 146 | -2,312 | -949 |
| Continued operations: | | | |
| Other comprehensive income of continued operations, net of tax | 0 | 0 | 0 |
| Discontinued operations: | | | |
| Other comprehensive income of discontinued operations, net of tax | 0 | 0 | 0 |
| Total comprehensive income | 146 | -2,312 | -949 |
| Allocation of total comprehensive income | | | |
| To equity holders of the parent | 146 | -2,312 | -949 |
| Total comprehensive income | 146 | -2,312 | -949 |

Consolidated statement of financial position

| TEUR | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|-----------------------------|---------------|--------------|--------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 1,892 | 2,002 | 1,962 |
| Goodwill | 3,225 | 3,225 | 3,225 |
| Tangible assets | 29,678 | 32,048 | 31,246 |
| Investment properties | 17 | 17 | 17 |
| Receivables | 539 | 350 | 349 |
| Total non-current assets | 35,351 | 37,642 | 36,799 |
| Current assets | | | |
| Inventories | 10,417 | 8,265 | 8,469 |
| Trade and other receivables | 4,030 | 3,756 | 1,985 |
| Cash and cash equivalents | 11,983 | 7,048 | 16,752 |
| Total current receivables | 26,430 | 19,069 | 27,206 |
| Total assets | 61,781 | 56,711 | 64,005 |

| TEUR | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|---|---------------|--------------|--------------|
| Shareholders' equity and liabilities | | | |
| Shareholders' equity | | | |
| Share capital | 1,000 | 1,000 | 1,000 |
| Other equity | 23,136 | 12,663 | 22,871 |
| Equity attributable to equity holders of the parent company | 24,136 | 13,663 | 23,871 |
| Shareholders' equity | 24,136 | 13,663 | 23,871 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 10,178 | 10,180 | 11,086 |
| Interest free liabilities and capital loans | 3,523 | 9,897 | 10,311 |
| Provisions | 14 | 14 | 14 |
| Deferred tax liabilities | 347 | 591 | 270 |
| Total non-current liabilities | 14,062 | 20,681 | 21,681 |
| Current liabilities | | | |
| Interest bearing liabilities | 3,068 | 2,951 | 3,082 |
| Interest free liabilities | 19,973 | 19,083 | 14,838 |
| Provisions | 543 | 333 | 534 |
| Total current liabilities | 23,584 | 22,367 | 18,453 |
| Total liabilities | 37,646 | 43,048 | 40,134 |
| Total shareholders' equity and liabilities | 61,781 | 56,711 | 64,005 |

Condensed consolidated cash flow statement

TEUR

Jan 1 – Jun 30, 2021 Jan 1 – Jun 30, 2020 Jan 1 – Dec 31, 2020

Cash flow from operating activities

Continued operations

| | | | |
|---|-------|--------|--------|
| Result after financial items of continued operations | 229 | -2,306 | -3,489 |
| Depreciation, amortization and write-downs, continued operations | 2,932 | 2,961 | 5,783 |
| Net financial income and expenses, continued operations | 129 | 682 | 1,456 |
| Other income and expenses, adjustments to cash flow, continued operations | -876 | -65 | 2,843 |
| Change in net working capital, continued operations | 2,383 | 5,662 | 1,131 |

Cash flow from operations before financing and income taxes, continued operations

| | | | |
|---|------|------|--------|
| Interest received and paid and dividends received, continued operations | -468 | -500 | -1,368 |
|---|------|------|--------|

Net cash flow from operating activities, continued operations 4,329 6,434 6,355

Net cash flow from operating activities, discontinued operations - - 1,961

Net cash flow from operating activities 4,329 6,434 8,316

Cash flow from investing activities

Continued operations

| | | | |
|---|------|--------|--------|
| Capital expenditure in tangible and intangible assets, continued operations | -715 | -2,338 | -3,415 |
| Acquisitions | -17 | - | - |

Net cash flow from investing activities, continued operations -732 -2,338 -3,415

Net cash flow from investing activities, discontinued operations - - -

Net cash flow from investing activities -732 -2,338 -3,415

Cash flow from financing activities

Continued operations

| | | | |
|--|--------|------|--------|
| Repayment of lease liabilities | -765 | -822 | -1,589 |
| Share issue | - | - | 9,491 |
| Cost of share issue | -577 | - | -430 |
| Repayment of current loans | -684 | -67 | -700 |
| Draw-down of non-current loans | - | - | 2,000 |
| Repayment of non-current loans and other changes | -6,340 | -638 | -1,664 |

Net cash flow from financing activities, continued operations -8,366 -1,527 7,107

Net cash flow from financing activities, discontinued operations* - - 265

Net cash flow from financing activities -8,366 -1,527 7,373

Change in liquid assets -4,769 2,569 12,273

Cash and cash equivalents at the beginning of the period 16,752 4,479 4,479

Cash and cash equivalents at the period end 11,983 7,048 16,752

Statement of changes in consolidated shareholders' equity

| TEUR | Share capital | Share premium account | Unrestricted equity reserve | Revaluation of buildings and land areas | Other reserves | Cash flow hedges | Translation differences | Retained earnings | Shareholders' equity total |
|--|---------------|-----------------------|-----------------------------|---|----------------|------------------|-------------------------|-------------------|----------------------------|
| Shareholders' equity Jan 1, 2021 | 1,000 | 0 | 16,522 | 580 | 2,507 | 0 | 0 | 3,262 | 23,871 |
| Net result | | | | | | | | 146 | 146 |
| Total comprehensive income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 146 | 146 |
| Transaction with owners: | | | | | | | | | |
| Option and share-based compensation | | | | | | | | 119 | 119 |
| Transactions with owners, total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 119 | 119 |
| Shareholders' equity Jun 30, 2021 | 1,000 | 0 | 16,522 | 580 | 2,507 | 0 | 0 | 3,527 | 24,136 |
| TEUR | Share capital | Share premium account | Unrestricted equity reserve | Revaluation of buildings and land areas | Other reserves | Cash flow hedges | Translation differences | Retained earnings | Shareholders' equity total |
| Shareholders' equity Jan 1, 2020 | 1,000 | 0 | 7,865 | 580 | 2,507 | 0 | 0 | 3,939 | 15,891 |
| Net result | | | | | | | | -2,312 | -2,312 |
| Tilikauden laaja tulos | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -2,312 | -2,312 |
| Transaction with owners: | | | | | | | | | |
| Option and share-based compensation | | | | | | | | 84 | 84 |
| Transactions with owners, total | | | | | | | | 84 | 84 |
| Shareholders' equity Jun 30, 2020 | 1,000 | 0 | 7,865 | 580 | 2,507 | 0 | 0 | 1,711 | 13,663 |

Group development

Group development by quarter, continued operations

| TEUR | Q2/21 | Q1/21 | Q4/20 | Q3/20 | Q2/20 | Q1/20 |
|------------------------------|--------|--------|--------|--------|--------|--------|
| Net sales | 23,085 | 20,384 | 17,532 | 15,778 | 17,135 | 19,594 |
| EBITDA | 1,779 | 1,510 | 1,853 | 560 | 500 | 837 |
| Operating result | 317 | 41 | 446 | -857 | -932 | -692 |
| Net financial items | -363 | 235 | -115 | -393 | -331 | -352 |
| Result after financial items | -47 | 275 | 331 | -1,249 | -1,262 | -1,043 |

Order book at period end, continued operations

| TEUR | Q2/21 | Q1/21 | Q4/20 | Q3/20 | Q2/20 | Q1/20 |
|------------|--------|--------|-------|-------|-------|-------|
| Order book | 11,954 | 11,862 | 9,536 | 8,864 | 8,289 | 9,132 |

Net sales

Componenta offers its clients services throughout the whole supply chain including planning, casting, machining, finishing and logistical services. The main products sold by Componenta are non-machined, machined and painted iron cast components. Additionally the company produces machining services for its clients own products. Componenta serves clients, with which Componenta has strong

and long-term relationships. Geographically Componenta operates in Europe, but collaborations exist with companies that operate globally. Sales revenue that is insignificant from the Group's perspective is received from the leasing of office space and industrial premises.

Net sales by market area, continued operations

| TEUR | Jan 1 - Jun 30, 2021 | Jan 1 - Jun 30, 2020 | Jan 1 - Dec 31, 2020 |
|-----------------------------|----------------------|----------------------|----------------------|
| Finland | 34,713 | 30,444 | 57,878 |
| Sweden | 5,796 | 4,183 | 8,472 |
| Germany | 1,146 | 994 | 1,775 |
| Other European countries | 1,590 | 837 | 1,446 |
| Other countries | 119 | 161 | 219 |
| Rental income | 113 | 118 | 247 |
| Continued operations | 43,477 | 36,738 | 70,038 |
| Discontinued operations | - | - | - |
| Internal items/eliminations | -9 | -8 | 2 |
| Total | 43,468 | 36,730 | 70,040 |

Country-specific net sales reflect the destination where goods have been delivered.

Quarterly net sales development by market area, continued operations

| TEUR | Q2/21 | Q1/21 | Q4/20 | Q3/20 | Q2/20 | Q1/20 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Finland | 18,613 | 16,204 | 14,233 | 13,340 | 14,160 | 16,393 |
| Sweden | 3,030 | 2,766 | 2,534 | 1,755 | 1,938 | 2,246 |
| Germany | 555 | 592 | 394 | 387 | 615 | 379 |
| Other European countries | 822 | 768 | 332 | 277 | 379 | 458 |
| Other countries | 65 | 54 | 39 | 19 | 43 | 118 |
| Total | 23,085 | 20,384 | 17,532 | 15,778 | 17,135 | 19,594 |

Net sales by business area, continued operations

| % | Jan 1– Jun 30, 2021 | Jan 1– Jun 30, 2020 | Jan 1– Dec 31, 2020 |
|------------------------|---------------------|---------------------|---------------------|
| Machine building | 44 | 47 | 43 |
| Agricultural machinery | 27 | 22 | 26 |
| Forestry machines | 8 | 7 | 7 |
| Energy industry | 8 | 11 | 10 |
| Defence industry | 6 | 7 | 7 |
| Other industries | 7 | 6 | 7 |
| Total | 100 | 100 | 100 |

Net sales by customer, continued operations

Componenta has one significant customer, which share of the net sales is over 10%. The customer's share of the Group net sales is 24.1% (19.5%).

Disaggregation of revenue from contracts with customers, continued operations

| Timing of revenue recognition, TEUR | Jan 1– Jun 30, 2021 | Jan 1– Jun 30, 2020 | Jan 1– Dec 31, 2020 |
|-------------------------------------|---------------------|---------------------|---------------------|
| At a point in time | 43,468 | 36,628 | 69,922 |
| Over time | - | 102 | 118 |
| Total | 43,468 | 36,730 | 70,040 |

Assets and liabilities related to contracts with customers

The Group balance sheet include the following assets and liabilities related to contracts with customers, which are based on revenue recognition over time.

| TEUR | Jan 1–Jun 30, 2021 | Jan 1–Jun 30, 2020 | Jan 1–Dec 31, 2020 | Jan 1–Jun 30, 2021 | Jan 1–Jun 30, 2020 | Jan 1–Dec 31, 2020 |
|--|--------------------------|--------------------|--------------------|-------------------------------|--------------------|--------------------|
| | Assets based on contract | | | Liabilities based on contract | | |
| Jan 1 | - | 102 | 102 | - | 0 | 0 |
| Revenue recognised that was included in the contract liability balance at the beginning of the period | - | -102 | -102 | - | - | - |
| Increase from revenue | - | - | - | - | 0 | - |
| Portion of assets related to contracts, transferred to receivables at of period | - | 0 | 0 | - | - | - |
| Changes related to acquired business | - | 0 | 0 | - | - | - |
| Additions in assets, related to contracts, regarding satisfied, but not billed performance obligations | - | 0 | 0 | - | - | - |
| Jun 30/Dec 31 | 0 | 0 | 0 | 0 | 0 | 0 |

Unsatisfied performance obligations

The table below presents transaction prices allocated on the remaining performance obligations. The table includes revenues, which will be recognised in the future and which relate to unsatisfied or partly satisfied performance obligations on the reporting day. The company utilizes the practical expedient permitted and do not present unsatisfied performance obligations of those contracts, where the length of the contract is one year or less.

| TEUR | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|--------------------------|--------------|--------------|--------------|
| Contracts with customers | - | 1,332 | - |

Changes in tangible and intangible assets

Changes in tangible assets

| TEUR | Jan 1 – Jun 31, 2021 | Jan 1 – Jun 31, 2020 | Jan 1 – Dec 31, 2020 |
|--|----------------------|----------------------|----------------------|
| Acquisition cost at the beginning of the period | 130,970 | 126,205 | 126,205 |
| Additions | 726 | 2,966 | 4,905 |
| Revaluation of buildings and land areas | 551 | 0 | - |
| Disposals and transfers between items | -149 | - | -141 |
| Acquisition cost at the end of the period | 132,097 | 129,172 | 130,970 |
| Accumulated depreciation at the beginning of the period | -99,724 | -94,398 | -94,398 |
| Depreciations, amortizations and write-downs during the period | -2,696 | -2,726 | -5,326 |
| Accumulated depreciation at the end of the period | -102,419 | -97,124 | -99,724 |
| Carrying amount at the end of the period | 29,678 | 32,048 | 31,246 |

Changes in intangible assets

| TEUR | Jan 1 – Jun 31, 2021 | Jan 1 – Jun 31, 2020 | Jan 1 – Dec 31, 2020 |
|--|----------------------|----------------------|----------------------|
| Acquisition cost at the beginning of the period | 21,263 | 20,922 | 20,922 |
| Additions | 26 | 141 | 229 |
| Disposals and transfers between items | 143 | 18 | 112 |
| Acquisition cost at the end of the period | 21,432 | 21,082 | 21,263 |
| Accumulated depreciation at the beginning of the period | -19,302 | -18,845 | -18,845 |
| Accumulated depreciation on disposals and transfers | - | -1 | - |
| Depreciations, amortizations and write-downs during the period | -238 | -235 | -457 |
| Accumulated depreciation at the end of the period | -19,539 | -19,081 | -19,302 |
| Carrying amount at the end of the period | 1,892 | 2,002 | 1,962 |

Goodwill

| TEUR | Jan 1 – Jun 31, 2021 | Jan 1 – Jun 31, 2020 | Jan 1 – Dec 31, 2020 |
|--|----------------------|----------------------|----------------------|
| Acquisition cost at the beginning of the period | 3,225 | 3,225 | 3,225 |
| Carrying amount at the end of the period | 3,225 | 3,225 | 3,225 |

Leases

Changes in right-of-use assets

| TEUR | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|--|--------------|--------------|--------------|
| Acquisition cost at the beginning of the period | 9,721 | 9,975 | 9,976 |
| Additions | 36 | 788 | 1,723 |
| Revaluations | 580 | - | - |
| Depreciation | -1,004 | -936 | -1,978 |
| Carrying amount at the end of the period | 9,333 | 9,827 | 9,721 |

Values of financial assets and liabilities

| TEUR, Jun 30, 2021 | Financial assets and liabilities at fair value through profit and loss | Financial assets and liabilities measured at amortised cost | Investments measured at fair value through other comprehensive income | Lease liabilities | Other financial assets and liabilities | Total |
|--|--|---|---|-------------------|--|---------------|
| Non-current assets | | | | | | |
| Other receivables | | 270 | | | | 270 |
| Current assets | | | | | | |
| Cash and cash equivalents | | 11,983 | | | | 11,983 |
| Accounts receivables | | 2,385 | | | | 2,385 |
| Total financial assets | | 14,638 | | | | 14,638 |
| Non-current liabilities | | | | | | |
| Loans from financial institutions | | 2,082 | | | | 2,082 |
| Lease liabilities | | | | 7,641 | | 7,641 |
| Other loans | | 58 | | | | 58 |
| Trade payables and advances received | | 1,327 | | | | 1,327 |
| Interest-bearing restructuring debts | | 397 | | | | 397 |
| Non-interest-bearing restructuring debts | | 2,196 | | | | 2,196 |
| Current liabilities | | | | | | |
| Loans from financial institutions | | 1,241 | | | | 1,241 |
| Lease liabilities | | | | 1,568 | | 1,568 |
| Other loans | | 83 | | | | 83 |
| Trade payables and advances received | | 7,419 | | | | 7,419 |
| Interest-bearing restructuring debts | | 176 | | | | 176 |
| Non-interest-bearing restructuring debts | | 838 | | | | 838 |
| Total financial liabilities | | 15,817 | | 9,209 | | 25,026 |

| TEUR, Jun 30, 2020 | Financial assets and liabilities at fair value through profit and loss | Financial assets and liabilities measured at amortised cost | Investments measured at fair value through other comprehensive income | Lease liabilities | Other financial assets and liabilities | Total |
|--|--|---|---|-------------------|--|---------------|
| Non-current assets | | | | | | |
| Other receivables | | 98 | | | | 98 |
| Current assets | | | | | | |
| Cash and cash equivalents | | 7,048 | | | | 7,048 |
| Accounts receivables | | 2,316 | | | | 2,316 |
| Total financial assets | | 9,462 | | | | 9,462 |
| Non-current liabilities | | | | | | |
| Loans from financial institutions | | 1,776 | | | | 1,776 |
| Lease liabilities | | | | 7,691 | | 7,691 |
| Other loans | | 141 | | | | 141 |
| Trade payables and advances received | | 244 | | | | 244 |
| Interest-bearing restructuring debts | | 573 | | | | 573 |
| Non-interest-bearing restructuring debts | | 9,653 | | | | 9,653 |
| Current liabilities | | | | | | |
| Loans from financial institutions | | 1,228 | | | | 1,228 |
| Lease liabilities | | | | 1,538 | | 1,538 |
| Other loans | | 97 | | | | 97 |
| Trade payables and advances received | | 5,430 | | | | 5,430 |
| Interest-bearing restructuring debts | | 88 | | | | 88 |
| Non-interest-bearing restructuring debts | | 1,338 | | | | 1,338 |
| Total financial liabilities | | 20,568 | | 9,229 | | 29,796 |

The Group's financial assets are initially classified in the following categories: assets measured at amortized cost, at fair value through profit and loss or at fair value through other comprehensive income. When assessing the expected impairment for financial assets measured at amortized cost, the expected credit losses are measured and recognized based on aging classification. Financial liabilities are classified in the following categories: financial liabilities at fair value through profit and loss and financial liabilities at amortized cost.

Loans are initially recognized at fair value and valued thereafter at amortized cost using the effective interest

rate method. Substantial transaction costs are taken into account when calculating the acquisition cost.

Cash and cash equivalents include cash in hand and cash in bank accounts as well as short-term bank deposits.

The Group does not have derivative financial instruments on which hedge accounting would be applied.

Contingent liabilities

| TEUR | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|---------------------------|---------------|---------------|---------------|
| Real-estate mortgages | | | |
| For own debts | 3,150 | 3,150 | 3,150 |
| Business mortgages | | | |
| For own debts | 12,400 | 12,400 | 12,400 |
| Pledges | | | |
| For own debts | 7,800 | 7,800 | 7,800 |
| Other leasing commitments | 110 | 83 | 65 |
| Other commitments | 245 | 239 | 247 |
| Total | 23,705 | 23,672 | 23,662 |

Secured liabilities

| TEUR | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|--|--------------|--------------|--------------|
| Liabilities secured with real estate or business mortgages | | | |
| Interest-bearing restructuring debts | 473 | 546 | 546 |
| Total | 473 | 546 | 546 |
| Liabilities secured with pledges and business mortgages | | | |
| Loans from financial institutions | 3,322 | 3,004 | 3,926 |
| Total | 3,322 | 3,004 | 3,926 |

Related party transactions

Componenta Group's related parties include the parent company, subsidiaries, company management and their related parties. The company management consists of the Board of Directors, CEO and Executive Board. Management related parties consist of their immediate family and closely associated parties.

Componenta did not have any transactions with related parties in 2021 nor 2020. Salaries and remunerations paid to the management are presented annually in the consolidated financial statements.

Share-based payment

The Board of Directors of Componenta Corporation has resolved on 21 June 2021, to convert stock options 2018A and 2018B that have been returned to the company to stock options 2018C. Componenta has converted 6,625 stock options 2018A and 20,932 stock options 2018B to stock options 2018C. The number of stock options 2018A is now 33,650 in total, stock options 2018B, 36,298 in total and stock options 2018C, 76,462 in total. The Board of Directors has decided to distribute stock options 2018C to the Group key employees. The stock options have not been allocated to key employees at the end of the reporting period, and therefore no entries have been made in the bookkeeping.

The theoretical market value of one stock option 2018C is approximately 2.788 euros and the theoretical market value of stock options 2018C is approximately 213,188 euros in total. Each stock option 2018C entitles to subscribe for two new shares in the company or two existing shares held by the company. The theoretical market value of the stock option 2018C has been calculated by using the Black & Scholes stock option pricing model with the following input factors: share price 3.50 euros, share subscription price 3.025 euros, risk free interest rate 0%, validity of stock options approximately 4.4 years and volatility 43.08%.

Key figures

| | Jan 1–Jun 30, 2021 | Jan 1–Jun 30, 2020 | Jan 1–Dec 31, 2020 |
|---|-----------------------|-----------------------|-----------------------|
| Equity ratio, % | 39.1 | 24.1 | 37.3 |
| Equity per share, EUR | 2.54 | 0.06 | 2.51 |
| Invested capital at period end, TEUR | 37,384 | 26,802 | 38,038 |
| Return on investment, % | 5.5 | -11.6 | 0.7 |
| Return on equity, % | 1.2 | -31.2 | -5.8 |
| Net interest-bearing debt, TEUR** | 1,263 | 6,084 | -2,584 |
| Net gearing, % | 5.2 | 44.5 | -10.8 |
| Order book, TEUR | 11,954 | 8,289 | 9,536 |
| Investments in non-current assets incl. leases, continued operations TEUR | 957 | 3,108 | 5,134 |
| Investments in non-current assets excl. leases, Group, TEUR | 715 | 2,320 | 3,415 |
| Investments in non-current assets incl. leases, Group, TEUR | 957 | 3,108 | 5,134 |
| Investments in non-current assets incl. leases, continued operations, % of net sales | 2.2 | 8.5 | 7.3 |
| Average number of personnel during the period, continued operations | 559 | 591 | 580 |
| Average number of personnel during the period, incl. leased personnel, continued operations | 586 | 596 | 589 |
| Average number of personnel during the period, Group | 559 | 591 | 580 |
| Average number of personnel during the period, incl. leased personnel, Group | 586 | 596 | 589 |
| Number of personnel at period end, continued operations | 566 | 581 | 564 |
| Number of personnel at period end, incl. leased personnel, continued operations | 596 | 587 | 574 |
| Number of personnel at period end, Group | 566 | 581 | 564 |
| Number of personnel at period end, incl. leased personnel, Group | 596 | 587 | 574 |
| Share of export and foreign activities in net sales, continued operations, % | 19.9 | 16.8 | 17.0 |
| Contingent liabilities, TEUR | 23,705 | 23,672 | 23,661 |

| | Jan 1–Jun 30, 2021 | Jan 1–Jun 30, 2020 | Jan 1–Dec 31, 2020 |
|---------------------------------|-----------------------|-----------------------|-----------------------|
| Per Share Data* | | | |
| Basic earnings per share, EUR | 0.02 | -0.49 | -0.20 |
| Diluted earnings per share, EUR | 0.02 | -0.49 | -0.20 |
| Cash flow per share, EUR | 0.46 | 0.18 | 1.77 |

*) The comparable figures for 2020 have been adjusted due to reverse share split and rights issue.

***) Only interest-bearing restructuring debt included.

Calculation of key financial figures

| | |
|---------------------------------------|--|
| Return on equity, % (ROE) | = $\frac{\text{Profit (Group) after financial items – income taxes} \times 100}{\text{Shareholders' equity without preferred capital notes + non-controlling interest (average of the figures for the accounting period)}}$ |
| Return on investment, % (ROI) | = $\frac{\text{Profit (Group) after financial items + interest and other financial expenses} \times 100}{\text{Shareholders' equity + interest bearing liabilities (average of the figures for the accounting period)}}$ |
| Equity ratio, % | = $\frac{\text{Shareholders' equity, preferred capital notes excluded} + \text{non-controlling interest} \times 100}{\text{Balance sheet total – advances received}}$ |
| Earnings per share, EUR (EPS) | = $\frac{\text{Profit after financial items – income taxes} + / - \text{non-controlling interest} - \text{deferred and paid interest on hybrid loan}}{\text{Average number of shares during the financial period}}$ |
| Earnings per share with dilution, EUR | = As above, the number of shares has been increased with the possible warrants outstanding. When calculating the dilution effect of warrants, the number of shares has been adjusted with the number of own shares which the company could have acquired, if it would have used the funds generated from the warrants to buy back of own shares at market price (= average trading price). After tax interest expense of the possible convertible loan has been added to the profit of the period. Number of shares that can be subscribed by the loan has been added to the number of total shares. |
| Cash flow per share, EUR (CEPS) | = $\frac{\text{Net cash flow from operating activities}}{\text{Average number of shares during the financial period}}$ |
| Equity per share, EUR | = $\frac{\text{Shareholders' equity, preferred capital notes excluded}}{\text{Number of shares at period end}}$ |
| Net interest bearing debt, TEUR | = Interest bearing liabilities + preferred capital notes – cash and bank accounts |
| Net gearing, % | = $\frac{\text{Net interest bearing liabilities} \times 100}{\text{Shareholders' equity, preferred capital notes excluded} + \text{non-controlling interest}}$ |
| EBITDA, EUR | = Operating profit + Depreciation, amortization and write-downs + / - Share of the associated companies' result |



COMPONENTA