Annual review
2021

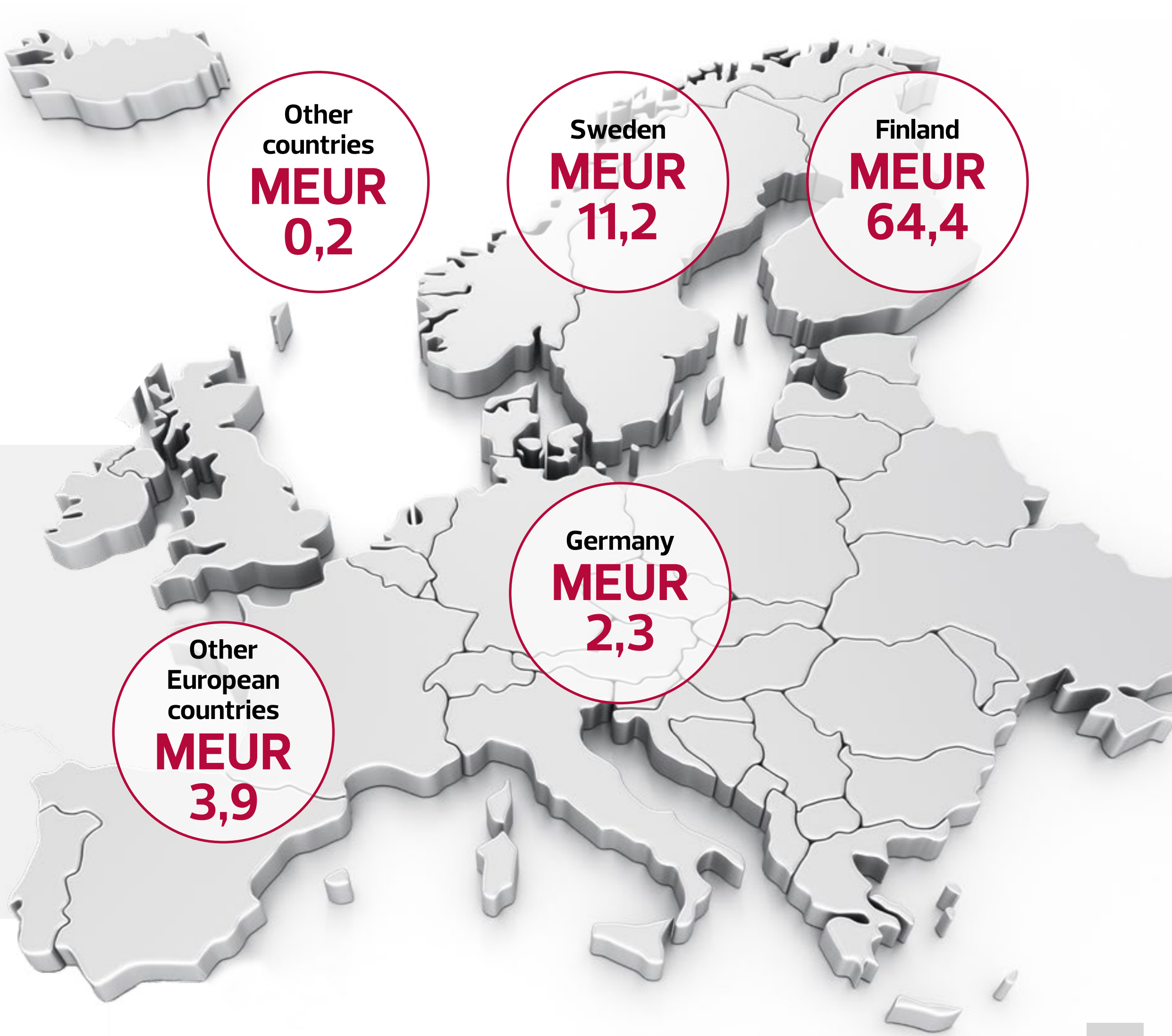
COMPONENTA

Contents

Componenta in brief

Componenta Corporation is an international technology company and Finland's leading contract manufacturer of metal components. Sustainability and customer needs are at the core of the company's broad technology portfolio. Componenta Corporation manufactures components for its customers, which are global manufacturers of machinery and equipment. The company's stock is listed on Nasdaq Helsinki (CTH1V).

Breakdown of net sales by market area in 2021



Net sales
EUR 87.3 million

Distribution of net sales by customer industry

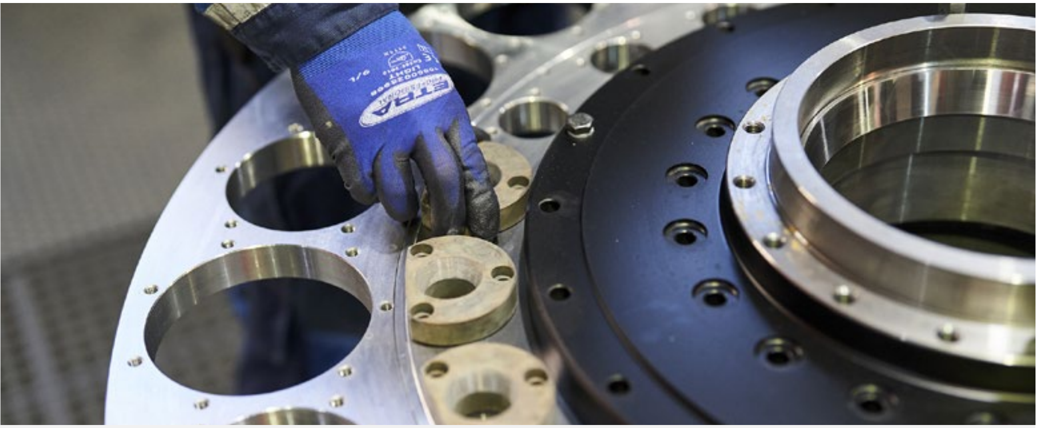
Machine building	45%
Agricultural machinery	28%
Forestry machinery	8%
Energy industry	8%
Defence equipment industry	4%
Other industries	7%

EBITDA
EUR 5.0 million

Operating result
EUR 0.0 million

Average number of personnel
~590

Order book
EUR 14.0 million



2021 in brief

- Net sales and EBITDA improved for the second year in a row due to the planned development measures.
- The restructuring programs of Componenta Corporation and Componenta Castings Oy were completed during 2021. All companies in the Componenta Group have repaid their restructuring liabilities prematurely and the restructuring programmes in the Group have ended.
- On June 21, 2021, Componenta Corporation signed an agreement with Global Corporate Finance LLC ("GCF"), New York, USA for a share subscription limit of up to USD 8 million, valid for three years. Liquidity remained good throughout the past year.

Key figures

Key figures	2021	2020	Change, %
Net sales, continued operations, EUR thousand	87,254	70,040	24.6
EBITDA, continued operations, EUR thousand	4,959	3,750	32.2
Operating result , continued operations, EUR thousand	13	-2,034	100.6
Operating result, continued operations, %	0.0	-2.9	100.5
Result after financial items, continued operations, EUR thousand	-405	-3,489	88.4
Net result , continued operations, EUR thousand	-405	-3,175	87.3
Net result, including discontinued operations, EUR thousand	-405	-949	57.4
Basic earnings per share, EUR	-0.04	-0.20	78.3
Diluted earnings per share, EUR	-0.04	-0.20	79.0
Cash flow from operating activities, continued operations, EUR thousand	2,837	6,355	-55.4
Interest-bearing net debt, EUR thousand	6,714	-2,584	359.8
Net gearing, %	28.6	-10.8	364.3
Return on equity, %	-1.7	-5.8	70.8
Return on investment, %	3.2	0.7	386.3
Equity ratio, %	42.3	37.3	13.3
Capital expenditure incl. leases, continued operations, EUR thousand	1,249	5,134	-75.7
Group's restructing debt, EUR thousand	0	10,694	-100.0
Number of personnel at the end of the period, incl. leased workers, continued operations	612	574	6.6
Average number of personnel during the period, incl. leased workers, continued operations	592	589	0.5
Order book at the end of the review period, continued operations, EUR thousand	13,954	9,536	46.3

CEO's review

"Dear stakeholders,

2021 was a good year for Componenta. We successfully continued the systematic implementation of our growth strategy despite the challenging environment. Our net sales continued to grow, thanks to our strong new sales, our increased market shares and general market recovery. Our profitability improved clearly.

Our employees' resilience and strong commitment ensured a solid foundation for positive development. Our employees' ability to adapt and commit to our strict restrictive measures significantly improved health security and wellbeing in our units and also ensured good delivery and service capability throughout the year.

We also took a major step forward by repaying our restructuring debt ahead of schedule during 2021 and for ending all our restructuring programmes within the Group. This will significantly improve our position and credibility from the perspective of our customers and suppliers, as well as other stakeholders.

The continued challenges with the availability of materials and components, as well as problems in international supply chains, were reflected in our operating environment and our customers' operations throughout the year. However, we successfully managed our supply chains and ensured our own production, and customers incurred no material shortages caused by Componenta. This creates favourable conditions for us to continue to grow with our customers.

The exceptional rising trend in the purchase prices of materials continued throughout the year. In addition, the historically high prices in the electricity market had some negative impact on our profitability in the fourth quarter. In terms of our main raw materials and electricity the cost development is tied to indices included in customer pricing agreements and will be revised in sales prices with a delay. We have also agreed with our customers on a one-off correction in prices considering the cost increases in non-surcharged materials and labour costs. These price agreements came into effect at the beginning of the fourth quarter of 2021.

Our active efforts to ensure and maintain our liquidity were successful during the year and our liquidity remained at a good level throughout the year. Due to the strong growth in volumes, we responded to the availability challenges related to certain materials by increasing our safety stock levels at our discretion. Our liquidity has remained at a good level since the end of the review period.

Due to increased sales volumes, we also increased our capacity and our production personnel resources throughout 2021. However, there have been challenges related to labour availability and the work permit processing times for foreign labour have been exceptionally long. By our active efforts, we have been able to ensure good service capability, even with our increasing delivery volumes, but this had a temporary negative impact on productivity during the second half of the year.

> CEO's review

Our employees' competence, expertise and continuous development are essential and critical factors for us as a contract manufacturer. Our industry is personnel-intensive, meaning that investments in resources and the wellbeing and competence of our personnel will continue to significantly contribute the company's success. We will continue our systematic work in this area also in 2022.

We will continue our efforts to further strengthen Componenta's market position and profitability, as well as our systematic work during our transition from a traditional technology-focused operating model towards a more in-depth business model that comprehensively recognises customers' needs. This means closer cooperation with our customers in all stages of production throughout the contract manufacturing value chain, from production design for individual components to delivery logistics solutions.

Sustainability and general discussion around ESG activities have increased at an accelerating pace in industry. Measures are also required through the EU's taxonomy reporting. We believe that the increased importance of sustainability aspects in our customers' supplier selection will continue to strengthen Componenta's competitive advantage as a sustainable local operator. The circular economy, among other factors, plays a significant role in Componenta's production processes: for example, the main raw materials used at our foundries are mostly recycled, and almost 95% of the waste generated in Componenta's production units is delivered for reuse. In our energy-intensive industry, we are also seeking to use the best available technologies to ensure renewable energy as a source in our electricity consumption.

Componenta's overall goal is to be its customers' preferred supplier with a comprehensive offering and excellent service. We continued to make progress in this respect in 2021 by increasing our market shares. Our order book was very strong at the end of the review period.

I would like to take this opportunity to thank our employees for their commitment and strong input during the year, and our customers, suppliers and other stakeholders for their good cooperation and trust. It is good to move forward together in 2022."

Sami Sivuranta
President and CEO

Sustainability highlights in 2021

We improved energy efficiency in our production plants through investments in machinery and equipment:

- The renewal of the air compressor in Leppävesi has reduced energy consumption by 36%
- The renewal of the water hydraulic system in Jyväskylä has improved energy efficiency.

We renewed the lighting in many of our units through LED technology, which further improves safety at work and energy efficiency.

We increased the use of air source heat pumps in heating the office facilities at our production plant in Härmä, and we recovered waste heat from production equipment for heating.

We participated in the preparation of European BAT specification updates for foundries in a national industry group.

We participated in the Oskava project for the casting product industry by preparing a carbon footprint calculator and indicators for iron foundry operations as a collaborative effort.

We reduced noise by equipping the fans with casings at our filtration plant in Pori.

With our partners, we developed the further processing of waste sand, which is a production side stream, and explored new uses for recycled sand.

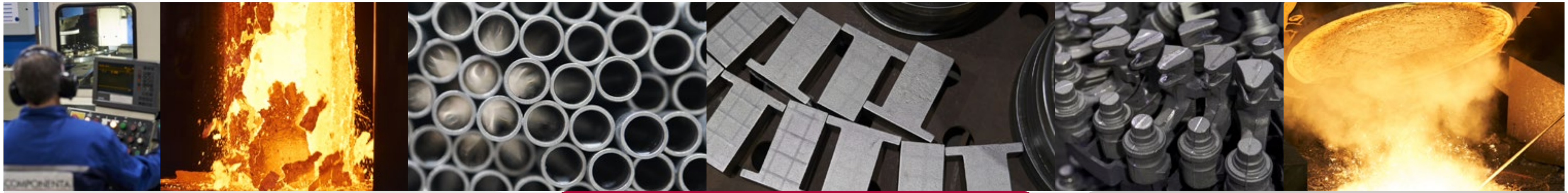
We had the OHSAS occupational safety systems in our foundries certified by a third party to ensure compliance with ISO 45001 occupational health and safety systems.

The operations in our foundries are strongly based on a circular economy.

- The share of recycled steel in iron foundries was 66%.

We introduced a group-level occupational safety application, implemented a safety observation campaign and promoted the harmonisation of occupational safety processes by creating a machine-specific risk identification model.

Componenta's value creation



Capital

Human and intellectual capital
- 600 professionals
- An inspiring corporate culture that encourages development
- Metal industry expertise for 200 years
- Extensive manufacturing know-how
- Continuous improvement and development of manufacturing processes
- Targeted environmental, health and safety management
- Reducing waste and increasing recycling efficiency
- Innovative material reuse
- The company's recognizability and reputation as a reliable contract manufacturer

Financial capital
- Total assets EUR 55.5 million
- Net debt EUR 6.7 million
- Versatile ownership base
- Long-term customer relationships

Supply chain
- Purchases of raw materials, supplies and services EUR 55.2 million
- Comprehensive subcontracting network

Assets
- Production in Finland 9 sites: 2 foundries, 4 machining units, 1 forge, 1 pipe service and 1 plate service
- Investments
- Factory properties in Karkkila and Pori

Sources of energy
- Share of electricity 78 %, share of district heating 12 %, share of oil 3 % and share of liquefied petroleum gas 7 %

Componenta

Strategy
- The priorities of our strategy are customer-driven profitable growth, inorganic growth, improvement of competitiveness, expansion of our offering, and the development of our personnel and management.
- Our objective is to be the primary supplier with an extensive offering for our customers.

Output

Products
- 24, 084 tons foundry products/castings
- 657,865 pieces of machining
- 581,794 pieces of tube products
- 163,059 pieces of plate service products
- 2,374 pieces of forging products

Services
- Manufacture of billets (tubes, sheets, castings and forgings)
- Further processing (machining, heat and surface treatment)
- Method design
- Component manufacturing design

Our carbon footprint
- The goal for 2022 is to determine Componenta's carbon footprint

Impact

Economic impact
- Investments
- Taxes to the public sector
- Payments to suppliers and partners
- Interest to creditors
- Increased shareholder value
- Wages and benefits to employees

Social impact
- Employer impact in different locations
- Reliable supplier for customer companies
- A safe and responsible employer
- Career opportunities for personnel
- A safe working environment for personnel

Environmental impact
- Improving the efficiency of manufacturing methods reduces the environmental burden
- Reuse and recycling of waste
- Taking into account the environmental aspects of investments

CHANGES SHAPING OUR WORLD

Consolidation of businesses, Changes in competitive advantages, Changes in global trade and supply chains, Changes in labour market, Automation and industry 4.0, Environmental awareness and regulation

Board of Director's report 2021

Business model

Componenta Corporation is an international technology group and Finland's leading contract manufacturer of metal components. Componenta and its predecessors have more than 200 years of experience in metal processing, method design, product development co-operation and various manufacturing methods, as well as their development. The group's operational functions are located in Finland. Componenta's technology portfolio is extensive. The group manufactures both cast and machined metal components as well as forgings, pipe products and plate sections. Componenta's business model is built on long-term customer relationships. The group's customers are global machine and equipment manufacturers. Componenta's production is focused on serving the customer flexibly, especially in short and medium-sized production series. The wide range of production units covers sizes ranging from hundreds of grams to thousands of kilograms, volumes available from pieces to tens of thousands of series, and many different material options.

In Componenta's value chain, value is mainly generated in the end-use phase, when Componenta's customers are able to produce long-term end products. Componenta's raw material and supply chains are global.

Summary of key events in 2021

Net sales and profitability increased clearly due to higher delivery volumes and systematic development measures, although profitability was somewhat burdened by the increasing trend in the prices of raw materials and energy.

Componenta Corporation's restructuring programme ended on 27 April 2021 when the restructuring programme supervisor approved the restructuring debt payments carried out by the company on 31 March 2021 and provided the creditors with a final report on the restructuring programme. The company's Board of Directors had decided on 25 February 2021 on the completion of the restructuring programme ahead of schedule and the repayment of debt, totalling around EUR 5.9 million, in accordance with the restructuring programme.

Componenta Castings Oy's restructuring programme ended on 22 October 2021 when the restructuring programme supervisor approved the restructuring debt payments carried out by the company on 15 October 2021 and provided the creditors with a final report on the restructuring programme. Componenta Corporation's Board of Directors decided on 13 October 2021 that around EUR 3.4 million be paid to the Group's external restructuring creditors, and around EUR 2.2 million to the Group's internal creditors. The Group's internal restructuring debt was repaid in full through the conversion of the restructuring debt into a new debt.

On 21 June 2021, Componenta signed an agreement with Global Corporate Finance LLC, a company based in New York in the United States, on a share subscription facility of up to USD 8 million, which is valid for three years.

Restructuring programmes

The restructuring programmes of Componenta Corporation and its subsidiary Componenta Castings Oy were confirmed in August 2017, after which the companies implemented them accordingly.

In November–December 2020, Componenta carried out a rights issue, raising around EUR 9.5 million in gross funds. The company intended to enter into negotiations with its creditors on the early payment of Componenta Corporation's restructuring debt. The purpose of the rights issue was also to strengthen the company's financial position.

On 25 February 2021, Componenta Corporation's Board of Directors decided to pay EUR 5.9 million to the creditors of the parent company's restructuring programme and complete the programme early. The early completion of the restructuring programme was funded with cash assets raised through the rights issue mentioned above. On 31 March 2021, Componenta made the above-mentioned payments of around EUR 5.9 million to its creditors. The amount of the payments was adjusted slightly during March 2021. In connection with this, net income of EUR 0.7 million was realized in the Group when Componenta Corporation's external restructuring debt of 6.6 million in the accounts was repaid at EUR 5.9 million. The income was recognised in financial items in continued operations in the Group's income statement. The Company also 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 which were included in the previous mentioned amount. Following the conversion the Company had fulfilled its liability towards these creditors arising from the restructuring programme. As a consequence of the payments and conversion, the Company viewed that the payment obligations of its restructuring programme had been fully fulfilled. Componenta Corporation's restructuring programme ended on 27 April 2021 when the parent company's 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 report on the restructuring programme.

On 13 October 2021, Componenta Corporation's Board of Directors decided to pay EUR 5.6 million in total to the creditors of Componenta Castings Oy (formerly Componenta Finland Oy) under the restructuring programme and thereby complete the programme ahead of schedule. On 15 October 2021, Componenta Castings Oy made these payments of EUR 5.6 million to its creditors: EUR 3.4 million to the Group's external restructuring creditors and EUR 2.2 million to the Group's internal creditors. The Group's internal restructuring debt to the parent company was repaid in full through the conversion of the restructuring debt into a new debt. In connection with this, a net income of around EUR 0.2 million was realised in the Group when the Group's external restructuring debt (EUR 3.6 million in the accounts) was repaid at EUR 3.4 million. The income was recognised in financial items in continued operations in the Group's income statement. Componenta Castings Oy's restructuring programme ended on 22 October 2021 when the restructuring programme supervisor approved the restructuring debt payments carried out by the company on 15 October 2021 and provided the creditors with a final report on the restructuring programme.

All Componenta Group's restructuring programmes were completed during 2021.

Continued operations

Continued operations during the financial year included foundries in Pori and Karkkila, Finland, and metal product plants in Jyväskylä, Härmä, Kurikka, Leppävesi and Sastamala, Finland. The continued operations also include real estate companies of minor importance in Finland.

Discontinued operations

Componenta did not have any discontinued operations in 2021. In 2020, discontinued operations included Componenta Främmestad AB, in which the Group lost its controlling interest when the company filed for bankruptcy on 25 September 2019. On

16 November 2020, the bankruptcy estate of Componenta Främmestad AB paid EUR 1.9 million as an advance proportionate share against Componenta's receivables from the bankruptcy estate.

Order book

EUR thousand	Dec 31, 2021	Dec 31, 2020
Order book	**13,954**	9,536

At the end of 2021, Componenta's order book in continued operations stood at EUR 14.0 million (EUR 9.5 million). The order book contains the orders confirmed to customers for the next two months. The increase in the order book was mainly due to successful sales and the recovery of the economy and demand.

Net sales

Net sales by market area, continued operations

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Finland	**69,448**	57,878
Sweden	**11,194**	8,472
Germany	**2,269**	1,775
Other European countries	**3,873**	1,446
Other countries	**243**	219
Rental income	**241**	247
Continued operations	**87,267**	70,038
Discontinued operations	**–**	–
Internal items/eliminations	**-13**	2
Total	**87,254**	70,040

Net sales from continued operations increased by 24.6% from the previous year to EUR 87.3 million (EUR 70.0 million). Componenta's net sales were divided between customer industries as follows: machine building 45% (43%), agricultural machinery 28% (26%), forest machinery 8% (7%), the energy industry 8% (10%), the defence equipment industry 4% (7%) and other industries 7% (7%).

Result

Continued operations	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Operating result, EUR thousand	**13**	-2,034
Operating result, %	**0.0**	-2.9
Result after financial items, EUR thousand	**-405**	-3,489
Net result, EUR thousand	**-405**	-3,175
Basic earnings per share, EUR	**-0.04**	-0.20
Diluted earnings per share, EUR	**-0.04**	-0.20

EBITDA from the Group's continued operations increased from the previous year, amounting to EUR 5.0 million (EUR 3.7 million). Profitability improved as a result of higher sales volumes and systematic development measures. The non-recurring payment of EUR 0.1 million from the former bankrupt subsidiary Componenta BV for receivables that had been previously written down also contributed to our profitability. Profitability in 2021 was somewhat burdened by the rising trend in raw material prices, as well as in energy prices, especially in the fourth quarter. Most of the increases in the purchase prices of the main raw materials and electricity will be reflected in sales prices with a delay in line with the index terms included in customer agreements. In addition, profitability was somewhat burdened by challenges related to labour availability in the second half of the year, especially in the foundry business in Karkkila, Finland. These challenges caused production lead times to increase in some manufacturing operations.

As a whole, the Group's operations developed favorably throughout the 2021 financial year, as well as in the fourth quarter, considering that non-recurring items of EUR 0.9 million improved profitability in the previous financial year. The non-recurring items included development aid of EUR 0.3 million recognised through profit and loss account granted by Business Finland and cost support received from the State Treasury. The remaining part EUR 0.6 million was related to the sale of unnecessary fixed assets and the further specification of accounting principles for inventories in Componenta Manufacturing Oy in the fourth quarter of 2020.

Operating result from the Group's continued operations improved from the previous year, amounting to EUR 0.0 million (EUR -2.0 million). In 2021, a revaluation of buildings and structures in the Group's tangible assets was carried out in accordance with IAS 16, resulting in the realisation of a net profit of EUR 0.7 million in the Group. The profit EUR 0.8 million was recognised in depreciation, amortization and write-downs and as an expense EUR 0.2 million in income taxes. Net financial items in the Group's continued operations were EUR -0.4 million (EUR -1.5 million). Net financial items in the Group's continued operations include EUR 0.9 million in financial income that was realised when the parent company's restructuring debt (EUR 6.6 million in the accounts) was repaid at EUR 5.9 million and Componenta Castings Oy's restructuring debt (EUR 3.6 million in the accounts) was repaid at EUR 3.4 million. The Group's continued operations' result after financial items was EUR -0.4 million (EUR -3.5 million). The taxes of the continued operations totalled EUR 0.0 million (0.3 million) for the financial year. The Group's continued operations' result for the financial year was EUR -0.4 million (EUR -3.2 million).

The Group had no transactions recognised through profit and loss in its discontinued operations in the financial year. The Group's result for the financial year was EUR -0.4 million (EUR -0.9 million). Basic earnings per share were EUR -0.04 (EUR -0.20) for the financial year. Diluted earnings per share were EUR -0.04 (EUR -0.20) for the financial year.

Balance sheet, financing and cash flow

Cash flow and balance sheet	2021	2020
Cash flow from operating activities, continued operations, EUR thousand	**2,837**	6,355
Net interest bearing debt, EUR thousand	**6,714**	-2,584
Net gearing, %	**28.6**	-10.8
Equity ratio, %	**42.3**	37.3
Group's restructuring debt, EUR thousand	**0**	10,694
Return on equity, %	**-1.7**	-5.8
Return on investment, %	**3.2**	0.7

At the end of the financial year, the company's invested capital stood at EUR 35.4 million (EUR 38.0 million), and the return on investment was 3.2% (0.7%). The return on equity was -1.7% (-5.8%). The Group's equity ratio stood at 42.3% (37.3%) at the end of the financial year. The improvement in the equity ratio was mainly due to the early repayment of Componenta Corporation's and Componenta Castings Oy's restructuring debt in 2021. The Group's equity was EUR 23.5 million (EUR 23.9 million). Its net gearing stood at 28.6% (-10.8%) at the end of the financial year. In 2020, net gearing was exceptionally low due to the liquid funds raised through a share issue at the end of the year. In addition, only the interest-bearing debt included in the restructuring debt was considered in the calculation of the net gearing ratio. Componenta Group's total liabilities on 31 December 2021 stood at EUR 32.0 million (EUR 40.1 million). The significant change compared with 2020 resulted from the early repayment of the restructuring debt. Longterm liabilities amounted to EUR 10.5 million (EUR 21.7 million), and short-term liabilities totalled EUR 21.5 million (EUR 18.5 million). The Group's liabilities included EUR 2.7 million (EUR 3.9 million) in loans from financial institutions. The Group's other debt items mainly consisted of working capital items and lease liabilities. The longterm and short-term liabilities also included EUR 2.1 million (EUR 3.5 million) in payment relief granted by the Tax Administration due to the COVID-19 pandemic, including new payment relief (EUR 1.2 million) granted by the Tax Administration to Componenta Manufacturing Oy during the 2021 financial year. The payment relief must be repaid in accordance with separate payment schedules by 22 August 2023. The annual interest on the payment relief is 2.5%.

In November–December 2020, Componenta carried out a rights issue, raising around EUR 9.5 million in gross assets. On 25 February 2021, the company's Board of Directors decided to pay EUR 5.9 million to the creditors of the parent company's restructuring programme and complete the programme early. The early completion of the restructuring programme was funded with cash assets raised through the rights issue mentioned above. Componenta Corporation's restructuring programme ended on 27 April 2021 when the supervisor of the parent company's restructuring programme approved the restructuring debt payments carried out by the company on 31 March 2021 and provided the creditors with a final report on the restructuring programme.

On 21 June 2021, Componenta signed an agreement with Global Corporate Finance LLC (GCF), a company based in New York in the United States, on a share subscription facility of up to USD 8 million, which is valid for three years. The share subscription facility will be implemented with GCF as a share purchase agreement, in which GCF's total commitment is USD 8 million. The agreement enables Componenta to increase its equity at its sole request. The company may offer new shares to GCF by in deviation of the shareholders' subscription rights in multiple tranches of up to USD 1 million. The subscription price per share for each instalment corresponds to 94% of the volume-weighted average price of the company's share during five consecutive trading days following the date when the company issues drawdown request for that tranch.

At the end of the financial year, the Group's cash and cash equivalents totalled EUR 5.2 million (EUR 16.8 million). The funds (EUR 9.5 million) raised through the rights issue towards the end of 2020 improved liquidity at the end of the previous year. These funds were used to repay restructuring debt during the previous year. The Group's liquidity has remained at a good level also after the end of the 2021 financial year. The Group had EUR 4.0 million in unused binding revolving credit facilities at the end of the financial year. These revolving credit facilities were renewed during the 2021 financial year and are valid until November 2022.

Cash flow from continued operations for the financial year was EUR 2.8 million (EUR 6.4 million). The decrease was due to changes in working capital, such as capital employed in inventory and receivables, as well as the payment of tax liabilities (EUR 1.2 million net) during the financial year. The tax liabilities were related to payment relief granted by the Tax Administration due to the pandemic. In the comparison period, the cash flow from continued operations was improved by payment relief (EUR 3.4 million) granted by pension companies and the Tax Administration due to the pandemic, as well as by aid of EUR 0.3 million received from the State Treasury and Business Finland. At the end of the financial year, the continued operations' working capital (including inventories and accounts receivable, less trade payable) was EUR 7.3 million (EUR 5.2 million). More capital is employed in inventories, and days sales outstanding (DSO) has remained on the same level, but days payables outstanding (DPO) has increased due to better payment terms.

Personnel

Personnel	**2021**	**2020**
Personnel expenses, continued operations, EUR thousand	**-28,434**	-25,037
Average number of personnel during the period, Group	**562**	580
Average number of personnel during the period, incl. leased personnel, Group	**592**	589
Number of personnel at period end, continued operations	**570**	564
Number of personnel at period end, incl. leased personnel, continued operations	**612**	574

At the end of the reporting period, the number of Group employees in continued operations was 570 (564).

Capital expenditure

EUR thousand	**2021**	**2020**
Non-current assets	**1,183**	3,415
Leases	**66**	1,719
Total	**1,249**	5,134

Capital expenditure made by continued operations totalled EUR 1.2 million (EUR 3.4 million). Continued operations' capital expenditure, including lease liabilities recognised on the balance sheet, totalled EUR 1.2 million (EUR 5.1 million). The decrease from 2020 was affected by the timing of two major capital expenditures. These capital expenditures will be realised during the 2022 financial year. The Group's net cash from investing activities was EUR -1.2 million (EUR -3.4 million), which includes the Group's cash flow from capital expenditure in tangible and intangible assets. The largest capital expenditure in the 2020 financial year was related to an equipment acquisition made in the Härmä unit. With this capital expenditure, Componenta secured its deliveries to key customers over the long term, expanded the offering of the Härmä unit and improved its competitiveness in heavy machining.

Research and development activities

During the financial year, the research and development costs of Componenta's continued operations amounted to EUR 0.0 million (EUR 0.0 million). There were no research and development costs, because Componenta engages in contract manufacturing operations and has no products of its own.

Statement of non-financial information

Responsible operations and sustainable development are a key part of Componenta's business. The company's values – openness, honesty and appreciation – and its strategy and operating methods lay the foundation for its responsible operations. Sustainability is considered in the company's short-term and long-term planning and development. Componenta's management sets goals for corporate responsibility annually. The company's progress towards these goals is regularly monitored and analysed. This approach also enables the company to take preventive measures.

Componenta recognises the impact of its business operations on the surrounding society and its stakeholders. Responsibility for the environment and caring for personnel are particularly important in the company's field of operation. In terms of the product portfolio, the production of cast components is particularly energy-intensive, and the production process generates significant amounts of surplus sand and dust as a by-product. Due to the personnel-intensive nature of the industry, personnel costs and investments in employees' wellbeing and competence development have a significant impact on the company's success. The company respects its employees' rights, freedom of association and right to collective bargaining, and conducts its business under safe working conditions. The company has zero tolerance for forced labour, child labour and discrimination.

Componenta reports annually on issues related to corporate responsibility and sustainable development in its statement on non-financial information as part of the Board of Directors' report. Componenta's Board of Directors has approved this report and is committed to annually determining corporate responsibility goals and the materiality of aspects concerning non-financial information. This section presents both actual and comparison figures in relation to the corresponding period of the previous year.

Business model

Componenta Corporation is an international technology company and Finland's leading contract manufacturer in the machine building industry. The company and its predecessors have more than 200 years' experience in metal processing, procedure design, product development cooperation and various manufacturing technologies and their development. The company's operational functions are located in Finland. Componenta has an extensive technology portfolio. The company manufactures cast and machined metal components, forged blanks, pipe products and metal sheet cuttings. Componenta's business model is built on long-term customer relationships. The company's customers are global machine and equipment manufacturers. Componenta's production is focused on serving customers flexibly, especially in short and medium-sized production runs. The wide range of production units covers sizes ranging from hundreds of grams to thousands of kilograms, volumes from individual units to series of tens of thousands, and a wide variety of material options.

In Componenta's value chain, value is mainly created during the use of the end products when Componenta's customers can produce long-term end products. Componenta's raw material and supply chains are global.

Operating principles

Componenta's Code of Conduct describes its operating methods and generally accepted practices, as well as its commitment to compliance with laws and regulations. The Code of Conduct concerns all Componenta's employees, regardless of their status or duties. Every employee is responsible for promoting the principles contained in the Code of Conduct. Suppliers are expected to comply with Componenta's Supplier and Subcontractor Code of Conduct.

Componenta's quality, environmental, occupational health and safety policies guide the company's operations. Each production unit has in place quality and environmental systems certified by third parties.

Environmental responsibility

Componenta's most significant environmental impacts are mainly related to energy consumption in cast component production, the surplus sand and dust generated as a by-product in production, and any emissions caused by production units' operations. Componenta also assesses each significant investment in terms of its environmental impact. The introduction of new technologies and changes in production methods can have a positive impact on energy consumption, the use of raw materials and emissions.

In Componenta's foundries, the melting of raw materials and the hot melt consume a lot of energy, making Componenta a major energy consumer. Any local increase in energy prices or increased taxation of energy use may have a significant impact on Componenta's operating conditions. The company's operating conditions would also be adversely affected by increased waste processing fees and taxes. In addition, any stricter environmental permit regulations or emission limits pose a significant risk for Componenta's operations.

The prevention of environmental pollution is crucial for Componenta, as any potentially polluting activities pose a significant economic risk due to the strictness and scope of current legislation. Any violations of environmental protection regulations would also have a negative impact on Componenta's operations in the form of damage to the company's reputation. Componenta is committed to compliance with all applicable local laws and regulations. The company aims to ensure that its operations continue without disruption, that the quality of operations remains at a good level and that the impact of the operations on the environment or nearby residences is kept to a minimum.

In addition to preventing emissions, Componenta's main goals for environmental responsibility include energy efficiency, reduced energy consumption, reduced waste generation and improved waste recovery. Componenta actively monitors its energy consumption levels and works continuously to save energy in all its production units. Efforts are made to improve energy efficiency by developing and improving quality and committing to responsible energy use, as well as through methodological planning and by conducting energy audits as necessary. For example, in the plate-cutting services unit in Leppävesi, two old air compressors were replaced with one more energy-efficient air compressor in 2021. In Jyväskylä, energy efficiency was improved by replacing the water hydraulic system, and lighting was replaced using LED technology in several units to promote occupational safety and energy efficiency. We also increased the use of air source heat pumps in heating the office facilities at our production plant in Härmä, and we recovered waste heat from production equipment for heating. In iron foundries, production volumes and load stability have a major impact on relative energy consumption and energy efficiency, as the amount of energy needed to maintain production readiness, such as keeping hot metal melted, is not directly reduced by a possible reduction in production.

In 2021, Componenta's total energy consumption was 77.2 (61.7) GWh, with an increase of 25% (decrease of 8.7%) year-on-year. Of the energy used, 78% (82%) was electricity. Other energy sources included district heating, LPG and oil, which represented 22% (18%) of the total energy use. In 2021, the relative energy consumption of the Karkkila and Pori iron foundries decreased by 3.4% (increased by 0.1%). Our goal for 2021 was to reduce energy consumption in relation to production by 2% in our iron foundries, which was achieved.

Product and production design, material choices and quality optimisation are important factors for the environmental impact of a product's life cycle. The higher the quality produced by Componenta's production process, the fewer waste pieces are produced, and less energy and fewer raw materials and resources are consumed. Componenta's foundry operations are strongly based on the circular economy, and the main raw material for cast components is recycled metal. In 2021, recycled steel represented 66% (63%) of all raw materials in Componenta's iron foundries.

Despite the efficient internal recycling of materials, Componenta's production units generate significant amounts of waste. In 2021, Componenta generated a total of 17,369 (18,747) tonnes of waste, of which around 94.6% (94%) was delivered for recovery. Nearly all waste generated at Componenta is sorted, and unsorted waste accounted for only 0.40% (0.36%) of the total volume in 2021.

Componenta actively promotes waste recovery and seeks new ways of recycling waste. Production process by-products such as metals, slag, sand and dust are suitable for recovery. The final products manufactured by Componenta can also be recycled. The sand project at the iron foundries is seeking opportunities to reuse moulding sand. The project is exploring and testing mechanical and thermal processing options for recycling the foundry's internal process sand. At the same time, it is exploring and testing new external applications for reusing sand. Componenta aims to make all sand and dust from its foundries available for recovery.

Dust from iron foundries is the most significant type of emission resulting from Componenta's production processes. The moulding sand and binding agents used in foundries create dust at different stages of the process. Within foundries, dust is removed from the indoor air in a targeted manner, and the spreading of dust outside the foundries is prevented by filtering equipment. In 2021, the total dust emissions from Componenta's foundries were 0.2 (0.2) kg per tonne cast. No annual target level has been set, as dust emissions are monitored and measured less frequently than annually by a third party in accordance with the environmental permit regulations. The monitoring of dust emission levels in foundry filter systems has been automated systematically. Monitoring aims to ensure a rapid response in the event of a possible malfunction of the filtration system, and to help develop a pre-maintenance programme for the system. Componenta also monitors and measures the consumption of raw materials and production-related emissions – that is, particulate matter and VOC (volatile organic compound) emissions – as well as the environmental noise levels resulting from operations in production units. In 2021, noise nuisance at the Pori iron foundry was reduced by enclosing the fans of the filter plant.

Componenta is a member of the Finnish national industry group for BAT (best available techniques) specifications for foundries. The European Union determines the emission levels and environmental performance to be achieved through the best available techniques, and environmental permits will be granted on their basis in the EU in the future.

Componenta participated in the casting industry's Ovaska project by preparing a carbon footprint calculator in cooperation with other operators, and this work will continue. Componenta's goal for 2022 is to calculate its carbon footprint.

Social responsibility and aspects related to employees

Componenta's social responsibility management is based on its personnel policy, management principles and company values. In accordance with its personnel policy, Componenta emphasises competence, experience and motivation in recruitment and the different stages of career development. Its remuneration systems are fair, clear and competitive. In accordance with Componenta's personnel policy, everyone is treated equally and in accordance with the principles of gender equality. Its equality plans are updated annually and are based on Componenta's personnel policy.

Employees also have an internal channel for reporting misconduct and suspected cases of discrimination, for example.

Componenta provides equal job opportunities for Finns and immigrants, in addition to offering a safe working environment and equal opportunities for development at work. Componenta is a diverse workplace, with around 15 nationalities. Of Componenta's employees, 13% are women. Componenta provides all new employees with induction and other training in their work and the related safety requirements. The company encourages the continuous development of competence and professional skills and ensures and maintains wellbeing at work.

In terms of social responsibility and aspects related to employees, risks in an industrial operating environment are mainly associated with health and accidents. Physically strenuous work in the production environment requires an investment in occupational safety and healthy working practices, so Componenta promotes the wellbeing of its employees by improving occupational safety and supporting activities that maintain their working capacity. In particular, long sickness absences and the accidents causing them are risk factors for our operations, as it can take a long time to replace human knowledge and skills. In addition, significant direct and indirect costs arising from sickness absences and accidents may have an adverse impact on Componenta's financial performance.

To manage occupational health risks, Componenta is investing in preventing sickness absences and reducing their duration. The aim is to identify the risk factors for occupational accidents more effectively and thereby reduce the number of accidents. These monitoring and development needs are closely linked.

To minimise and prevent the risk of accidents, Componenta's production units regularly organize occupational safety training and safety walks and ensure that their employees have access to up-to-date, suitable and adequate tools. All units have a common OHS action plan, and the heads of units monitor the achievement of goals in their units. In our foundry units, our OHSAS occupational safety systems have been certified by a third party to comply with the ISO 45001 standard for occupational health and safety systems, and we are aiming to introduce the same system in other units during 2022 and 2023. We have also introduced a Group-level occupational safety application.

The deterioration of employees' working capacity is prevented through the necessary occupational wellbeing and health services. Preventive measures are also aimed at a significant reduction in sickness absences. Componenta invests in working capacity management by training managers and by raising awareness of efforts that promote the ability to work, such as the early intervention model.

In 2021, long-term and short-term absences due to illness or accidents increased from the previous year, and the sickness absence rate was 6.4% (6.9%) of the total planned working time. In 2021, our aim was for a sickness absence rate of no more than 4.5%, which was not achieved. Componenta cooperates closely with employment pension companies and other parties to ensure the necessary support and follow-up measures such as retraining are taken in the event of prolonged absence.

Componenta has an operating model for responding to sickness absences which emphasises cooperation between the employee, occupational healthcare provider and HR function. The purpose is to prevent health-related issues from leading to incapacity to work.

Componenta continuously monitors and records accidents and near misses. Componenta's operations are based on the premise that there should be no accidents at work. In 2021, there were 68 (45) accidents leading to an absence from work per million hours worked. Our goal for 2021 was fewer than 30 accidents per million hours worked, which was not achieved. The exceptionally rapid increase in volumes at the Karkkila foundry during the second half of the year and the quick rotation of new labour resources had an especially negative impact on the accident frequency rate.

The company is aiming to reduce accidents by systematically developing its safety culture and processes, paying special attention to induction training for new employees, providing employees with appropriate instructions, and encouraging employees to raise and report any safety observations in their working environment. In 2021, Componenta ran a campaign to increase safety observations. A total of 387 safety observations was reported in 2021. The Group will begin to monitor safety walks regularly at Group level.

In 2021, two of Componenta's production units reached the milestone of 1,000 days without accidents.

The majority of accidents at work are caused by exceptional situations or negligence. For this reason, efforts will be made to assess and identify potential hazards and risks in advance, and any shortcomings in working practices will be addressed in a timely manner. Events resulting in accidents or near misses are thoroughly investigated in accordance with the company's operating model, and the necessary measures are taken to update work instructions and raise awareness of safety issues within the workplace community. Instructions and safe working practices are communicated to employees as frequently as possible.

Respect for human rights

Componenta's raw material and supply chains are global, and the company recognises its responsibility in observing and contributing to human rights in the value chain. Componenta's customers also expect globally recognised ethical principles to be observed in the value chain. However, Componenta's choice of business partners is affected by a number of factors. For example, certain raw materials required for production can only be sourced from a limited number of suppliers.

The primary risks related to the violation of human rights concern suppliers and subcontractors in Componenta's product supply chain whose country of location cannot guarantee the fulfilment of internationally recognised human rights or the fundamental rights of workers. Possible violations of human and fundamental labour rights in the value chain pose risks to the company's reputation in particular.

In accordance with its Code of Conduct, Componenta aims to ensure that human rights are respected in the supply chain of its products and that its supply chain does not promote conflicts. Suppliers and subcontractors must comply with all applicable laws and regulations. Componenta has a Supplier and Subcontractor Code of Conduct in place. Suppliers and subcontractors must also support and respect internationally recognised human rights, as defined in the UN Universal Declaration of Human Rights, and the fundamental rights of workers, as defined by the International Labour Organization (ILO). In addition, suppliers and subcontractors must comply with Componenta's requirements concerning quality and environmental standards in their operations.

Componenta respects human rights within its sphere of influence and conducts its business in a transparent and reliable manner. Understanding the principles of respect for human rights is the responsibility of every employee at Componenta. A key part of Componenta's risk management strategy is a whistleblowing channel through which employees and other stakeholders can report violations of the company's Code of Conduct and any suspected non-compliance with human rights.

Componenta's purchasing and sales organisations, as well as its unit and company management, play the most significant role in terms of the risks identified in the value chain. The Code of Conduct will be updated in early 2022. The aim is to provide white-collar employees with training on the Code of Conduct once a year. Supervisors will review the Code of Conduct with blue-collar employees once a year. The Code of Conduct is also included in the company's induction material.

Fight against corruption and bribery

In terms of corruption and bribery, Componenta's main risks are related to possible actions or omissions in the production chain that are in violation of Componenta's Code of Conduct. Fair competition is an important policy for Componenta. This applies to the company's behaviour towards its competitors and customers, and to its business activities. Componenta or its employees and other parties acting on behalf of Componenta may not offer, give or accept bribes or other illegal benefits. Business partners and representatives of the authorities should not be offered undue financial advantages to promote Componenta's transactions or other interests of the company.

In addition to sanctions and reputation harm, failure to comply with the anti-corruption and anti-bribery rules may result in financial losses for Componenta if its partners in the production chain are not chosen on sound economic grounds. The company's Code of Conduct contains rules on giving and receiving gifts and hospitality, as well as on avoiding conflicts of interest. Componenta is also a politically neutral company.

To identify and prevent risks related to corruption and bribery, Componenta's Code of Conduct is reviewed between the management, white-collar employees and blue-collar employees generally once a year by means of training or discussion. It is considered important that personnel have a practical understanding of what corruption is and how it can be prevented. Componenta's purchasing and sales organisations, as well as its unit and company management, play a significant role in combatting corruption and bribery. Training on Componenta's Code of Conduct includes anti-corruption and anti-bribery practices. Componenta has a Supplier and Subcontractor Code of Conduct in place.

Componenta is committed to responsible business operations and integrity. Componenta's Code of Conduct helps employees choose the correct course of action when they encounter an ethical problem. Componenta's employees are encouraged to raise any issues related to the company's Code of Conduct and to report any detected or suspected violations of the Code of Conduct. The company's business partners and representatives of other stakeholders may also report such violations or suspicions. Componenta's whistleblowing channel plays a key role in reporting any suspected cases of corruption or bribery. Training on the Code of Conduct at Componenta also aims to raise awareness of reporting channels for potential violations. No reports requiring further measures were submitted through the whistleblowing channel in 2021.

Information in accordance with the EU Taxonomy Regulation

Regulation (EU) 2020/852 of the European Parliament and of the Council (Taxonomy Regulation) was issued on 18 June 2020 as a consistent classification system for sustainable economic activities. Its purpose is to support the European Green Deal strategy for a climate-neutral European Union by 2050 and to support economic growth by maximising the efficiency and sustainability of the use of natural resources. The goal is also to increase sustainable investment and steer capital flows to sustainable technologies and business operations.

The EU taxonomy specifies six environmental goals:
1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to the circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In accordance with the Taxonomy Regulation and the first delegated act, during the first year of reporting (2021), companies are required to report the taxonomy-eligible and taxonomy-non-eligible proportions of their total turnover, capital expenditure and operating expenses concerning the first two environmental objectives (climate change mitigation and climate change adaptation). The European Commission will issue more regulations concerning the other four environmental objectives in 2022.

Taxonomy alignment requires that economic activities meet the technical screening criteria, do not harm other environmental objectives and meet the minimum social safeguards. Companies are not required to assess their taxonomy alignment in 2021.

According to the Taxonomy Regulation, companies that are required to report in line with Directive 2014/95/EU (Non-Financial Reporting Directive) must comply with the reporting requirements of the Taxonomy Regulation. Componenta supports the transition to more sustainable solutions in energy efficiency and emissions.

In its own business operations, determined through its customer relationships, Componenta has identified that its economic activities fall within the scope of items 3.1 (Manufacture of renewable energy technologies), 3.3 (Manufacture of low-carbon technologies for transport) and 3.6 (Manufacture of other low-carbon technologies), and in terms of its own operational production activities, 3.9 (Manufacture of iron and steel). All the identified economic activities are related to climate change mitigation. Componenta has identified several taxonomy-eligible activities, but it has taken account of its turnover, capital expenditure and operating expenses only once in the calculation.

Componenta has identified that the proportion of its turnover from taxonomy-eligible activities focuses on the following customer industries reported by the company: machine building, agricultural and forestry machinery and the energy industry.

Taxonomy-eligible turnover

Componenta is a contract manufacturer that produces cast and machined components, as well as forgings, pipe products and plate sections cuttings for its customers. Componenta does not have products of its own. According to Componenta's best estimate, around 20% of its turnover from customers whose business operations fall fully or partly under activities related to renewable energy technology, low-carbon transport technology or other low-carbon technology manufacture is taxonomy-eligible. Currently, Componenta estimates that its other turnover fall outside the taxonomy.

Taxonomy-eligible capital expenditure and operating expenses

Componenta has identified that its taxonomy-eligible capital expenditure in 2021 includes capital expenditure directly related to generating taxonomy-eligible turnover. The taxonomy-eligible proportion of capital expenditure has been calculated by dividing the taxonomy-eligible share of the capital expenditure by the Group's total capital expenditure during the 2021 financial year.

Proportion of taxonomy-eligible activities in 2021

	Total	Taxonomy-eligible		Non-taxonomy-eligible	
	EUR thousand	%	EUR thousand	%	EUR thousand
Turnover*	87,254	13.2%	11,547	86.8%	75,707
Capital expenditure*	1,249	10.8%	135	89.2%	1,114
Operating expenses	36,083	1.9%	675	98.1%	35,408

* Turnover and capital expenditure are presented in accordance with the figures reported by Componenta Group. Componenta's accounting principles for turnover and capital expenditure are presented in Notes 1, 11 and 13.

In terms of operating expenses, Componenta has identified maintenance and environmental monitoring costs directly related to the maintenance of production factors necessary for generating taxonomy-eligible turnover. Componenta has excluded direct production costs from taxonomy-eligible operating expenses. The numerator in the calculation formula for operating expenses includes the proportion related to maintenance and upkeep of the following costs: purchased maintenance work, tools, spare parts, external services, other variable costs, and variable and fixed salaries. The denominator includes the total of the costs mentioned above.

In the near future, taxonomy regulation will be developed so that the taxonomy-alignment requirement concerns reporting in 2022, and the four other environmental objectives will be published by the EU Commission. Based on Componenta's preliminary analysis, the taxonomy-alignment percentages may differ from the taxonomy eligibility percentages due to the taxonomy-alignment criteria mentioned above.

Share capital and shares

The shares of Componenta Corporation are listed on the Nasdaq Helsinki. The average share price during the review period was EUR 3.51 (EUR 2.63). The lowest price was EUR 2.95 (EUR 1.81), and the highest was EUR 4.60 (EUR 4.32). The quoted price at the end of the year was at EUR 3.34 (EUR 3.16). The market value of all shares in the company at the end of the year was EUR 31.8 million (EUR 30.0 million), and the volume of shares traded during the financial year was 61.8% (96.1%) of all shares in the company.

Componenta Corporation's share capital was EUR 1.0 million (EUR 1.0 million) at the end of the review period. The total number of shares in the company was 9,517,813 (9,492,444) at the end of the review period. The company had 7,700 (8,704) shareholders at the end of the review period.

Shareholders on 31 Dec 2021

	Shareholder	Shares	%
1	Joensuun kauppa ja Kone Oy	1,164,640	12.24
2	Etra Capital Oy	940,000	9.88
3	Varma Mutual Pension Insurance Company	416,252	4.37
4	Elo Mutual Pension Insurance Company	356,052	3.74
5	Citibank Europe Plc*	184,726	1.94
6	Nordea Life Assurance Finland Ltd	126,400	1.33
7	Nikula Jukka-Pekka	117,475	1.23
8	Suotuuli Oy	70,000	0.74
9	Gösta Serlachius Konststiftelse - Göstaserlachiuksen Taidesäätiö	67,754	0.71
10	Barry Staines Linoleum Oy	67,000	0.70
Nominee-registed shares		212,511	2.23
Other shareholders		5,795 003	60.89
Total		9,517 813	100.00

* Nominee-registered shares

Breakdown of share ownership on 31 Dec 2021

Number of shares	Share-holders	%	Shares	%
1-100	4,020	52.21	126,995	1.33
101-500	2,022	26.26	521,984	5.48
501-1000	674	8.75	515,291	5.41
1001-5000	756	9.82	1,660 199	17.44
5001-10,000	118	1.53	823,245	8.65
10,001-50,000	92	1.20	1,896 135	19.92
50,001-100,000	11	0.14	668,419	7.02
100,001-500,000	5	0.07	1,200 905	12.62
500,001-999,999 999	2	0.03	2,104 640	22.11
Total=total issued	7,700	100.00	9,517 813	100.00

Shareholders by sector on 31 Dec 2021

	%
Finnish companies	33.06
Financial institutions and insurance companies	3.13
General government bodies	8.12
Households	52.65
Non-profit institutions	0.79
Nominee-registeres shares and other foreign shareholders	2.23
	100.00

Flagging notifications

Componenta did not receive any flagging notifications in 2021.

Resolutions of the Annual General Meeting

Componenta Corporation's Annual General Meeting (AGM) was held in Vantaa on 9 April 2021. Due to the COVID-19 pandemic, it was impossible to attend the meeting on site. Shareholders and their proxies were able to attend the meeting and use their shareholder rights only by voting and presenting counterproposals and questions in advance.

The AGM was in favour of all the proposals made and approved the remuneration report. The AGM adopted the financial statements and consolidated financial statements for 2020 and discharged the members of the Board of Directors and the CEO from liability for the 2020 financial year (1 January to 31 December 2020).

In accordance with the Board of Directors' proposal, the AGM decided that no dividend be paid based on the balance sheet confirmed for the financial year that ended on 31 December 2020. The AGM decided that the annual remuneration payable to the Chair of the Board of Directors would be EUR 50,000, and that the annual remuneration payable to other members of the Board would be EUR 25,000, in accordance with the proposal of the Shareholders' Nomination Board. In addition, the members of any committees of the Board of Directors will be paid an annual remuneration of EUR 5,000. The Board members will be reimbursed for their travel expenses in accordance with the company's travel policy.

The AGM elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the company's auditor until the close of the next AGM, with Samuli Perälä, Authorised Public Accountant, as the principal auditor. The auditor's fee will be paid against an invoice approved by the company.

The AGM authorised the Board of Directors to decide on share issues in accordance with the Board's proposal. Share issues can be executed by issuing new shares or transferring treasury shares. The maximum number of shares to be issued or transferred under the authorisation is 940,000, which corresponds to around 9.9% of all shares in the company. New shares may be issued or treasury shares may be transferred against payment or without consideration. The Board of Directors will decide on all terms and conditions related to share issues. Based on the authorisation, the Board of Directors may also decide on a directed share issue, deviating from the shareholders' pre-emptive right, in accordance with the Finnish Limited Liability Companies Act. The Board of Directors may use the authorisation as consideration in acquisitions, to expand the company's ownership base, when the company acquires assets related to its business operations, to finance or implement other arrangements related to business operations, or for other purposes approved by the Board. The authorisation is valid until the end of the next AGM, but no later than 30 June 2022. The authorisation will not supersede any previous share issue authorisations that remain valid and unused.

Share-based incentive scheme

On 12 November 2018, Componenta Corporation's Board of Directors decided to introduce two share-based incentive plans for the Group's key employees: a Stock Option Plan and a Restricted Share Plan. The plans are used to encourage key employees to commit to long-term employment at the company in order to increase shareholder value. The plans are also used to encourage the key employees to commit to the company. The Restricted Share Plan was based on key employees' existing contracts of employment or service, and on the continuation of their employment during the vesting period.

On 21 June 2021, Componenta Corporation's Board of Directors decided to convert 2018A and 2018B option rights returned to the company into 2018C option rights. Componenta announced the issue of option rights on 12 November 2018. The Board of Directors has converted 6,625 2018A option rights and 20,932 2018B option rights into 2018C option rights. Currently, there are 33,650 2018A option rights, 36,298 2018B option rights and 76,462 2018C option rights. The Board has decided to distribute the 2018C option rights to the Group's key personnel.

The theoretical market value of a 2018C option right is around EUR 2.788, and the total theoretical market value of the 2018C option rights is around EUR 213,188. Each 2018C option right entitles its holder to subscribe for two new shares in the company or two treasury shares. The theoretical market value of 2018C option rights has been calculated applying the Black-Scholes model under the following assumptions: share price EUR 3.50; share subscription price EUR 3.025 under an option right; risk-free interest rate 0%; option right validity around 4.4 years; and volatility 43.08%.

The subscription prices are as follows: EUR 5.25 for a 2018A option right, EUR 3.85 for a 2018B option right and EUR 3.03 for a 2018C option right. The subscription period for the 2018A option programme began in December 2021. Subscription rights had not been exercised by the balance sheet date. On 10 December 2021, Componenta Corporation's Board of Directors decided to carry out a directed share issue without consideration to pay rewards under the 2018 Restricted Share Plan of Componenta Group. The vesting period for the restricted share plan ended in November 2021. Through the share issue, a total of 25,369 new shares in Componenta Corporation were issued without consideration. The shares were entered into the Trade Register on 29 December 2021, and they were issued without consideration to the key persons covered by the Restricted Share Plan in accordance with the terms of the plan. The total number of shares in the company increased by 25,369, to 9,517,813.

The decision on the directed share issue without consideration was based on the authorisation granted to the Board of Directors by the AGM on 9 April 2021.

Board of Directors and management

On 9 April 2021, Componenta's Annual General Meeting (AGM) confirmed, in accordance with the proposal of the Shareholders' Nomination Board, that the Board of Directors consisted of four (4) members. The AGM re-elected Harri Suutari, Anne Leskelä and Petteri Walldén as Board members and elected Tomas Hedenborg as a new Board member. The Board members' term of office ends at the close of the next AGM.

At its organisation meeting after the AGM, the Board of Directors elected Harri Suutari as Chair of the Board and Anne Leskelä as Vice Chair of the Board.

Hanna Seppänen, LLM, was appointed as Componenta Corporation's new General Counsel and a member of its Corporate Executive Team. She started her work on 1 November 2021. On 31 December 2021, the Group's Corporate Executive Team consisted of the following members: President and CEO Sami Sivuranta, CFO Marko Karppinen, COO Pasi Mäkinen and General Councel Hanna Seppänen.

Impact of the COVID-19 pandemic

Employees' health security has been very important for Componenta during the COVID-19 pandemic. Componenta's proactive efforts to protect the health of its personnel have minimised the impact of the pandemic, and the Group has been able to serve its customers, complete its deliveries and keep all functions running without any major problems. Componenta is closely monitoring official instructions, market development and the operating environment and business situation of its customers, and will adapt its operations accordingly, if necessary. Componenta continues to actively implement the necessary measures to maintain health and wellbeing and prevent the spread of the pandemic.

Risks and business-related uncertainties

The most significant risks related to Componenta's business operations are risks associated with the operating environment (competitive situation, prices, commodities and the environment), risks related to business operations (customers, suppliers, productivity, production, processes, labour market disruptions, contracts, product liability, personnel and information security) and financing risks (availability, liquidity, currency, interest rate and credit).

The availability of certain raw materials such as recycled steel, pig iron, structural steel, aluminium and energy at competitive prices is essential for the Group's business operations. Energy prices increased steeply, especially between October and December, and the market price of electricity was at a record high. Due to the COVID-19 pandemic and the current rapid recovery of the economy, uncertainties related to the availability of raw materials and other materials have increased somewhat in Componenta's operational activities. In addition, global challenges with the availability of certain components for customers, especially semiconductors and other electronic components, may lead to production disruptions in our end customers' plants and thereby affect Componenta's sales volumes in the short term.

To ensure the availability of raw materials and other materials, Componenta maintains active interaction with its suppliers, continuously updates its requirements to meet longer-term demand, closely monitors the situation of its suppliers and market changes and responds to these changes as necessary.

The cost risk associated with raw materials is mainly managed with price agreements to adjust product prices in accordance with changes in the general index of raw material prices. An increase in raw material prices may tie more cash than expected to working capital. In terms of commercial risks, future volumes may be weakened by customers switching to cheaper alternatives due to price competition.

According to Componenta's assessment the Group has no significant and immediate risk concentrations related to Russia and Ukraine in customers or suppliers. Componenta has no own operations in

Russia or Ukraine. Unfavourable developments in the geopolitical situation in Russia and Ukraine could have an impact on financial markets, sales volumes, the availability and price development of raw materials and energy, and the availability of foreign labour, leading to uncertainty when making future estimates.

Componenta's current revolving credit facilities will need to be renewed in November 2022. The Group also finances its operations through factoring arrangements for accounts receivable. Any termination or non-renewal of factoring arrangements or revolving credit facilities creates uncertainties for Componenta's liquidity and going concern. However, these uncertainties can be mitigated, and it is the management's estimate that the future financing of operations does not involve significant uncertainties. This is discussed in more detail under "Accounting principles requiring management judgement".

The Group's liquidity was at a good level at the end of the review period. In addition, Componenta Corporation has available a share subscription facility of USD 8 million from GCF, an investor based in the United States.

Componenta's guidance for 2022

Componenta expects its net sales from continued operations to be EUR 90–105 million in 2022. EBITDA is expected to improve from the previous year.

Net sales from continued operations in 2021 were EUR 87.3 million and EBITDA was EUR 5.0 million.

Poor availability of raw materials, increases in the prices of raw materials and energy, the general economic situation and competitive climate, and the development of customers' sales volumes may affect business outlooks. Due to the COVID-19 pandemic, the development of sales and profitability involves uncertainties and poor predictability. According to Componenta's assessment the Group has no significant and immediate risk concentrations related to Russia and Ukraine in customers or suppliers. Componenta has no own operations in Russia or Ukraine. Unfavourable developments in the geopolitical situation in Russia and Ukraine could have an impact on financial markets, sales volumes, the availability and price development of raw materials and energy, and the availability of foreign labour, leading to uncertainty when making future estimates.

Dividend proposal

Componenta Group's result for the financial year was EUR -0.4 million. Componenta Corporation's result for the financial year was EUR 0.68 million. On 31 December 2021, Componenta Corporation's distributable funds totalled EUR 15.7 million. The Board of Directors proposes that no dividends be distributed based on the balance sheet established for the financial year that ended on 31 December 2021.

Annual General Meeting

The Annual General Meeting of Componenta Corporation will be held on 8 April 2022 at 9:00 am. Due to the COVID-19-pandemic the Annual General Meeting cannot be attended in person. Shareholders may attend the Annual General Meeting and exercise shareholder rights only by voting in advance and/or by submitting counter-proposals and/or questions in advance. Instructions for shareholders are available in the notice of Annual General Meeting, which has been published as a separate stock exchange release and at company's website.

Corporate Governance Statement

Componenta Corporation will publish its Corporate Governance Statement for 2021 as a separate report. Once published, the statement can be read on the company's website at www.componenta.com.

Key figures

December 31	2021	2020	2019	2018	2017
Total statement of financial position, EUR thousand	**55,479**	64,005	54,098	48,949	52,769
Net interest bearing debt, EUR thousand	**6,714**	-2,584	8,721	-3,357	-2,994
Invested capital, EUR thousand	**35,402**	38,038	29,097	21,191	20,827
Return on investment, %	**3.2**	0.7	3.2	6.0	n/a
Return on equity, %	**-1.7**	-5.8	83.0	5.6	n/a
Equity ratio, %	**42.3**	37.3	29.4	39.3	34.8
Net gearing, %	**28.6**	-10.8	54.9	-17.5	-16.2
Investments in non-current assets, EUR thousand	**1,183**	3,415	1,312	1,849	2,763
Number of personnel at period end*	**570**	564	617	412	691
Average number of personnel*	**562**	580	480	414	680

* The figures in 2018-2021 include only the number of personnel of current continued operations. The figures in 2017 include only the number of personnel of continued operations valid on 31 December 2017.

Per share data	2021	2020
Basic earnings per share (EPS), EUR	**-0.04**	-0.2
Diluted earnings per share (EPS), EUR	**-0.04**	-0.2
Cash flow per share (EPS), EUR	**0.30**	1.77
Equity per share (EPS), EUR	**2.46**	2.51
P/E-ratio	**neg.**	neg.
Share price at year end, EUR	**3.34**	3.16
Average trading price, EUR	**3.51**	2.63
Lowest trading price, EUR	**2.95**	1.81
Highest trading price, EUR	**4.60**	4.32
Market capitalization at year-end, EUR thousand	**31,809**	30,034
Trading volume, 1,000 shares	**5,866**	4,562
Trading volume, %	**61.8**	96.1
Weighted average of number of shares*, 1,000 shares	**9,493**	4,836
Number of shares at year-end, 1,000 shares	**9,518**	9,492

* In 2020 Componenta Corporation excecuted a rights issue in which 4,745 thousand new shares, after reverse split taken into consideration, was registered 10th December 2020.

Calculation of key figures

Return on equity, % (ROE)	=	Result after financial items – income taxes x 100 / Shareholders' equity without preferred capital notes + non-controlling interest (opening & closing balance average)
Return on investment, % (ROI)	=	Result after financial items + interest and other financial expenses x 100 / Shareholders' equity + interest bearing liabilities (opening & closing balance average)
Equity ratio, %	=	Shareholders' equity, preferred capital notes excluded + non-controlling interest x 100 / Balance sheet total - advances received
Earnings per share, EUR (EPS)	=	Result after financial items – income taxes +/- non-controlling interest / 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.
Average trading price, EUR	=	Trading volume / Number of shares traded during the financial period
Equity per share, EUR	=	Shareholders' equity, preferred capital notes excluded / Number of shares at period end
Dividend per share, EUR	=	Dividend / Number of shares at period end
Payout ratio, %	=	Dividend x 100 / Earnings (as in Earnings per share)
Market capitalization, EUR	=	Number of shares x market share price at period end
Net interest bearing debt, EUR	=	Interest bearing liabilities + preferred capital notes - cash and bank accounts
Net gearing, %	=	Net interest bearing liabilities x 100 / Shareholders' equity, preferred capital notes excluded + non-controlling interest
EBITDA, EUR	=	Operating result + Depreciation, amortization and write-downs +/- Share of the associated companies' result

Group financial development

Group financial development is not part of the official financial statements.

Group financial development, Jan 1–Dec 31

	2021*	2020*	2019*	2018*	2017**
Net Sales, EUR thousand	**87,254**	70,040	50,737	39,340	122,427
EBITDA, EUR thousand	**4,959**	3,750	1,590	3,194	29,846
Operating result margin, %	**0.0**	-2.9	-3.3	2.4	21.5
Financial income and expenses, EUR thousand	**-418**	-1,456	-388	-32	102,053
Result after financial items, EUR thousand	**-405**	-3,489	-2,051	920	128,326
Result for the period, continued operations, EUR thousand	**-405**	-3,175	-2,063	930	128,824
Result for the period, discontinued operations, EUR thousand	**0**	2,226	16,633	131	-4,760
Order book at period end, EUR thousand	**13,954**	9,536	9,001	5,770	23,590
Change in net sales, %	**24.6**	38.0	29.0	–	-11.8
Share of export and foreign activities in net sales, %	**20.1**	17.0	23.2	31.8	79.2

* The figures for 2018-2021 are current continued operations.
** The figures for 2017 are continued operations that were published in 2017 financial statements, including Componenta Främmestad AB.

Consolidated financial statements

Consolidated income statement

EUR thousand	Note	Jan 1 –Dec 31, 2021	Jan 1–Dec 31, 2020
Continued operations			
Net sales	1	87,254	70,040
Other operating income	3	323	425
Operating expenses	4,5,6	–82,618	–66,714
Depreciation, amortization and write-downs	7	–4,946	–5,783
OPERATING RESULT		13	–2,034
Financial income	8	1,157	2
Financial expense	8	–1,575	–1,458
Total financial income and expenses		–418	–1,456
RESULT AFTER FINANCIAL ITEMS		–405	–3,489
Income taxes	9	0	314
RESULT FOR THE FINANCIAL PERIOD, CONTINUED OPERATIONS		–405	–3,175
Discontinued operations			
Result for the financial period, discontinued operations		0	2,226
RESULT FOR THE FINANCIAL PERIOD		–405	–949
Allocation of result for the period:			
To equity holders of the parent		–405	–949
Earnings per share calculated on result attributable to the shareholders of the parent company			
Basic earnings per share, EUR	10	–0.04	–0.20
Diluted earnings per share, EUR	10	–0.04	–0.20

The notes are an integral part of the financial statements.

Consolidated statement of comprehensive income

EUR thousand	Note	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Net result		**–405**	–949
Continued operations			
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of buildings and land areas	13	**–247**	–
Other comprehensive income total		**–247**	–
Income tax on other comprehensive income		**49**	–
Other comprehensive income, net of tax, continued operations		**–198**	–
Comprehensive income total		**–602**	–949
Allocation of the comprehensive income			
To equity holders of the parent		**–602**	–949

The notes are an integral part of the financial statements.

Consolidated statement of financial position

EUR thousand	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Non-current assets			
Intangible assets	11	1,796	1,962
Goodwill	12	3,225	3,225
Tangible assets	13	28,332	31,246
Investment properties	18	17	17
Receivables	24	532	349
Total non-current assets		**33,902**	36,799
Current assets			
Inventories	14	12,187	8,469
Trade and other receivables	15,16	4,159	1,985
Cash and cash equivalents	24	5,231	16,752
Total non-current assets		**21,577**	27,206
TOTAL ASSETS		**55,479**	64,005

EUR thousand	Note	Dec 31, 2021	Dec 31, 2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		1,000	1,000
Unrestricted equity reserve		16,522	16,522
Other reserves		2,889	3,087
Retained earnings		3,451	4,211
Result for the period		-405	-949
Equity attributable to equity holders of the parent company	19	23,458	23,871
Shareholders' equity		**23,458**	23,871
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	24	9,137	11,086
Interest free liabilities and capital loans	25,26	1,117	10,311
Provisions	23	14	14
Deferred tax liabilities	17	214	270
Total non-current liabilities		**10,482**	21,681
Current liabilities			
Interest-bearing liabilities	24	2,808	3,082
Interest free liabilities and capital loans	25,26	18,385	14,838
Provisions	23	347	534
Total curent liabilities		**21,540**	18,453
Total liabilities		**32,022**	40,134
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**55,479**	64,005

The notes are an integral part of the financial statements.

Condensed consolidated cash flow statement

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Cash flow from operating activities		
Continued operations		
Result after financial items	**–405**	–3,489
Depreciation, amortization and write-downs	**4,946**	5,783
Net financial income and expenses	**418**	1,190
Other income and expenses, adjustments to cash flow	**–738**	2,843
Change in net working capital		
Current non-interest bearing receivables	**–2,174**	696
Current non-interest bearing liabilities	**5,443**	992
Inventories	**–3,718**	–557
Interest paid and other financial expenses	**–934**	–1,103
Net cash flow from operating activities, continued operations	**2,837**	6,355
Net cash flow from operating activities, discontinued operations	**0**	1,961
Net cash flow from operating activities	**2,837**	8,316
Cash flow from investing activities		
Continued operations		
Capital expenditure in tangible and intangible assets	**–1,194**	–3,415
Net cash flow from investing activities, continued operations	**–1,194**	–3,415
Net cash flow from investing activities	**–1,194**	–3,415

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Cash flow from financing activities		
Continued operations		
Repayment of lease liabilities	**–1,536**	–1,589
Share issue	**0**	9,491
Cost of share issue	**–577**	–430
Repayment of current loans	**–1,362**	–700
Drawdown of non-current loans	**0**	2,000
Repayment of non-current loans and other changes*	**–9,689**	–1,664
Net cash flow from financing activities, continued operations	**–13,163**	7,107
Net cash flow from financing activities, discontinued operations	**0**	265
Net cash flow from financing activities	**–13,163**	7,373
Change in liquid assets	**–11,521**	12,273
Cash and cash equivalents in the beginning of the period	**16,752**	4,479
Cash and cash equivalents at the period end	**5,231**	16,752

* Repayment of non-current loans include payments of the restructuring loans.

The notes are an integral part of the financial statements.

Statement of changes in consolidated shareholders' equity

EUR thousand	Share capital	Unrestricted equity reserve	Revaluation of buildings and land areas	Other reserves	Retained earnings	Shareholders' equit total
Shareholders' equity Jan 1, 2021	**1,000**	**16,522**	**580**	**2,507**	**3,262**	**23,871**
Net result					-405	-405
Items from the comprehensive income:						
Changes in the fund of revaluation of buildings and land areas			-198			-198
Total comprehensive income	0	0	-198	0	-405	-602
Transaction with owners:						
Directed share issue						
Option and share-based compensation					189	189
Transactions with owners, total	0	0	0	0	189	189
Shareholders' equity Dec 31, 2021	**1,000**	**16,522**	**382**	**2,507**	**3,047**	**23,458**

EUR thousand	Share capital	Unrestricted equity reserve	Revaluation of buildings and land areas	Other reserves	Retained earnings	Shareholders' equit total
Shareholders' equity Jan 1, 2020	**1,000**	**7,865**	**580**	**2,507**	**3,939**	**15,891**
Net result					-949	-949
Items from the comprehensive income:						
Changes in the fund of revaluation of buildings and land areas						
Total comprehensive income	0	0	0	0	-949	-949
Transaction with owners:						
Directed share issue		8,657				8,657
Option and share-based compensation					272	272
Transactions with owners, total	0	8,657	0	0	272	8,928
Shareholders' equity Dec 31, 2020	**1,000**	**16,522**	**580**	**2,507**	**3,262**	**23,871**

Notes to the consolidated financial statements

Accounting principles for the consolidated financial statements

Basic information about the Group

Componenta Corporation is an international technology group and Finland's leading contract manufacturer of metal components. Componenta and its predecessors have more than 200 years of experience in metal processing, method design and various manufacturing methods, as well as their development. Componenta's technology portfolio is extensive. The group manufactures both cast and machined metal components as well as forgings, pipe products and plate sections. The group's customers are global machine building, agricultural and forestry machinery, energy industry, defence equipment industry and other industry manufacturers. The group's operational functions are located in Finland.

The Group's parent company is Componenta Corporation (business ID 1635451-6), whose shares are quoted on the NASDAQ Helsinki stock exchange (Nasdaq Helsinki Ltd). The parent company is domiciled in Helsinki. The registered street address is Teknobulevardi 7, FI-01530 Vantaa, Finland.

A copy of the consolidated financial statements can be obtained on the internet at www.componenta.com or from the head office of the Group's parent company at Teknobulevardi 7, 01530 Vantaa, Finland.

The financial year for all Group companies is the calendar year and it ends on 31 December.

In its meeting on 10 March 2022, the Board of Directors of Componenta Corporation approved these financial statements for publication.

Basis of preparation of the consolidated financial statements

Componenta Corporation is a Finnish public limited company domiciled in Helsinki. Componenta Group ("Componenta" or "the Group") is composed of Componenta Corporation and its subsidiaries. Componenta's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS standards and SIC and IFRIC interpretations in force on 31 December 2021. IFRS standards refers to standards and interpretations as adopted by the EU in accordance with the procedure established in EU regulation (EC) 1606/2002 as required by the Finnish Accounting Act and related provisions. The notes to the consolidated financial statements also conform to Finnish accounting and corporate legislation.

Subsidiaries acquired by Componenta are included in the consolidated financial statements from the moment that the Group gains control and divested subsidiaries up to the time the control ends. Intra-group shareholdings have been eliminated using the acquisition method. The acquisition consideration, including deferred and contingent consideration, as well as the identifiable assets acquired and liabilities assumed, is measured at the acquisition date fair values. The acquisition-related costs are accounted as expenses for the period in which they are incurred. All intra-group transactions, receivables, liabilities and unrealized profits, as well as the distribution of profits within the Group have been eliminated in the consolidated financial statements.

Business acquisitions and divestments

Componenta had no business acquisitions or divestments in 2021 and 2020.

Discontinued operations

The result of discontinued operations is presented as a separate item in the consolidated statement of comprehensive income. The cash flows of discontinued operations are presented as separate items in the condensed consolidated cash flow statement. Componenta did not have any discontinued operations in 2021. In 2020, discontinued operations included Componenta Främmestad AB, in which the Group lost its controlling interest when the company filed for bankruptcy on 25 September 2019. On 16 November 2020, the bankruptcy estate of Componenta Främmestad AB paid EUR 1.9 million as an advance proportionate share against Componenta's receivables from the bankruptcy estate.

Segment information

Componenta provides its customers with services throughout the supply chain, including procedure design, casting, machining, plate sections, pipe products, forgings, surface treatments and logistics services, thus creating value-added total solutions for customers. Componenta's main products for sale are cast and machined metal components, as well as forgings, pipe products and plate sections. The company's subcontracting network further expands its offering. Componenta's high-quality metal components are used in machine building, agricultural and forestry machinery and the energy industry. Componenta's customers are global machine and equipment manufacturers, with whom Componenta has long-term customer relationships. Sales that is insignificant from the Group's perspective is received from the leasing of office space and industrial premises.

The Chief Operating Decision Maker at Componenta is its President and CEO. The Group's Corporate Executive Team and other management assist and support the President and CEO in its duties.

Due to the business and organisational model of Componenta and the nature of its operations, the company's business operations are reported as a single entity.

Accounting principles requiring management's judgement

When preparing the consolidated financial statements in accordance with the 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 during the next financial period are presented below.

When preparing Componenta's financial statements, the management has used significant judgement when making assumptions about the company's ability to continue as a going concern. Uncertainties and risks exist relating to going concern, but these can be mitigated at the management's discretion. Therefore, the going concern is not subject to any significant uncertainty in accordance with the International Financial Reporting Standards. The 2021 financial statements have been prepared based on the principle of going concern. When assessing the going concern principle, Componenta's management has considered the following aspects:

The restructuring debt was repaid during the 2021 financial year, and all restructuring programmes have been ended. The company had no external restructuring debt on the financial statement date (31 December 2021). During the 2020 financial year, Componenta strengthened its sales operating model and sales resources. Consequently, new deals were made during 2020 and 2021, which has been reflected in an increase in net sales. The COVID-19 pandemic did not have a significant impact on Componenta's business operations during the 2021 financial year. On 21 June 2021, Componenta entered into an agreement on a share subscription facility of up to USD 8 million with Global Corporate Finance LLC, a company based in New York in the United States. The facility supports the company's financing for the next three years, enabling the company to focus on achieving its growth and profitability targets for the coming years. Componenta's unused euro-denominated revolving credit facilities (EUR 4 million) were extended until 30 November 2022 at the end of June 2021. This concerns both Componenta Manufacturing Oy and Componenta Castings Oy. The Group also finances its business through factoring arrangements for accounts receivables. In the company's view, the contractual terms of the factoring arrangements are normal and are not likely to be breached, so the factoring arrangements are expected to be available as a continuing source of funding. It is the company's view that the Group also has access to debt financing from the market if necessary. The management has analysed the companies' cash flow forecasts for the next 12 months in accordance with various scenarios. To adjust its costs, Componenta has adjusted its operations through temporary layoffs when necessary due to changes in the order book.

In addition to assessing the going concern principle, the management has made other significant estimates and assumptions in determining the valuation of assets in the financial statements, such as investment properties, goodwill, tangible and intangible assets and inventories, as well as the realisability of deferred tax receivables and contingent liabilities. A revaluation of the Group's buildings and structures was carried out in accordance with IAS 16 in 2021. The management has also assessed accounts receivables in terms of the impact of the COVID-19 pandemic. The management has assessed the situation in terms of both the company's own industry and the overall economic situation. The assessment did not have a material impact on the credit loss provision in the financial statements. Componenta regularly updates its credit loss provision. Componenta continuously assesses the impact of the COVID- 19 pandemic on its financial reporting. Componenta closely monitors market development and its customers' situation and adjusts its operations accordingly. As part of assessing the impact of the COVID-19 pandemic, the management has assessed any indications of impairment of assets. The management has also assessed the recoverable amounts of assets and concluded that there are no indications of impairment, and that there is no need to write down assets. These estimates and assumptions involve risks and uncertainty, and it is therefore possible that these forecasts will change when the circumstances change, or the pandemic continues further, which may affect the recoverable amount of assets. More information about annual impairment testing is provided in the notes to the 2021 financial statements. Componenta's business development outlook gives no reason to assume that the COVID-19 pandemic will have a significant impact on the financial statements or future business operations.

In addition, the management's judgement has been applied to determining the balance sheet value of a piece of equipment acquired by Component Manufacturing Oy and the related liability. The valuation of the asset and the financial liability has been affected by an estimate of the operating hours of the equipment over the next 10 years, and by the effective interest method.

At the end of the financial year, other liabilities under other non-interest-bearing liabilities included EUR 2.1 million in tax liabilities, for which the Tax Administration has granted a payment arrangement. In accordance with the payment arrangement, the company must pay the tax liability in equal instalments so that it will be fully repaid by August 2023. An interest rate of 2.5% applies to the debt covered by the payment arrangement.

Real estate and land revaluation

Valuations of investment property recorded at fair value, as well as property and land areas used in the Group's own operations, are carried out by independent, qualified, external evaluators, following each evaluator's own process and the method considered most appropriate for the asset being valued, starting with a review of macroeconomic factors and available market information and ending with the use of an appropriate model and a fair value calculated with this. Changes in the value of land and buildings are reviewed every 3–5 years. In 2021, a Group-wide revaluation review was performed, as a result the net value of the Group's buildings and structures of property, plant and equipment was increased by EUR 574 thousand. In connection with this, the Group realized an income of EUR 657 thousand, net of the change in deferred tax liability, and the revaluation reserve of equity buildings and land was decreased by EUR 198 thousand. The revaluation of fixed assets uses both the value in use method and the market value method for real estate, the market-based model for land and the acquisition-cost model for real estate in markets where there is no functioning rental market. Comparative transactions and the prices paid in them may be used in the valuation, if they have been available and are otherwise suitable for use as a basis for valuation. The rental prices used in the return method are mainly based on market rents at the valuation date. Valuation reliability is classified as Level 3, which mainly includes industrial properties for which there is no active market and the price cannot be derived from verifiable market data. Determining the fair value of assets requires significant assumptions and, consequently, the valuation of buildings and land involves uncertainty. The valuation is based on the best possible use of the asset and, therefore, the values determined do not potentially correspond to the fair realizable value. The valuation of investment properties is immaterial and is based on assumptions made by the management.

Impairment of fixed assets

According to the Group's accounting policies, the carrying amounts of tangible and intangible assets are re-examined for potential impairment whenever circumstances indicate a potential impairment. Componenta has tested the tangible and intangible assets for impairment by comparing the carrying amount of an asset and its recoverable amount. Measuring the recoverable amount of the tangible and intangible assets, the management is required to make estimates and assumptions about the tangible and intangible asset groups' future sales cash flows, production costs, discount rates and future capital expenditure required to maintain the assets in their current condition. These estimates and assumptions involve risks and uncertainty, and therefore it is possible that as conditions change, these forecasts change, which may affect the assets' recoverable amount.

Inventory measurement

Inventories are valued at the lower of cost and net realizable value. The net realizable value of inventory is assessed on each reporting date. Net realizable value refers to the estimated selling price in the ordinary course of business less variable selling expenses. Determination of the net realizable value includes the management's estimates on the selling price of inventories.

Recoverable amount of goodwill

The recoverable amounts of goodwill are measured with value-in-use calculations for all cash flow generating units annually or more often, if there are indications of impairment. The used value-in-use calculation are based on assumptions made by management regarding market development, that is growth and profitability, and other material factors. The most significant affecting factors, which are the basis of the assumptions, are sales growth, operating result, future investments and discount rate. Changes in these assumptions can significantly affect the cash flows generated in the future.

Ability to utilize deferred tax assets

Discretion is required when evaluating the recognition of deferred tax assets and certain deferred tax liabilities on the balance sheet. Deferred tax assets are recognized only if it is considered likely that they are recoverable, which will depend on the existence of sufficient future taxable income. Assumptions of future taxable income are based on the management's estimates of future cash flows. These estimates of future cash flows are, in turn, dependent on the management's estimates, inter alia, of the future volume of sales, operating expenses and financing costs. The company's ability to accumulate taxable income also depends on general economic, financial, competitive and regulatory factors that are not under its own control. Estimates and assumptions involve risks and uncertainties, and thus it is possible that expectations change as circumstances change. This may affect the amount of deferred tax assets and liabilities on the balance sheet and the amount of temporary differences.

Alternative key figures used for financial reporting

Componenta publishes certain commonly used key financial ratios that can be derived from the IFRS financial statements.

Foreign currency -denominated items

The result and financial position of the Group's units are measured in currencies that are the main currencies of their respective operating environments. The consolidated financial statements are presented in euro, which is the operating and reporting currency of Componenta Corporation.

Foreign currency -denominated transactions are recorded in the operating currency using the exchange rate of the transaction date. Receivables and liabilities were converted into euros at the exchange rate of the balance sheet date.

The translation differences created by business-related receivables and debts and their associated hedging items are included in the operating result. The translation differences of financial assets and liabilities and the result of their associated hedging instruments are presented under financial items in the income statement.

The applied new standards

The consolidated financial statements have been prepared using the same accounting principles as in 2020.

Upcoming new and amended standards and interpretations not yet effective in 2021

IASB (International Accounting Standards Board) publishes annually new standards, amendments, interpretations and improvements to standards already published. The significance of these publications on Componenta's business and finance are assessed.

Other published IFRS standards or IFRIC interpretations that are not yet effective are not expected to have material impact on the Group.

Notes to the consolidated interim financial statements

Figures are in thousands of euros unless otherwise stated.

1 Net sales

Componenta Corporation is an international technology group and Finland's leading contract manufacturer of metal components. Componenta and its predecessors have more than 200 years of experience in metal processing, method design, product development co-operation and various manufacturing methods, as well as their development. The group's operational functions are located in Finland. Componenta's technology portfolio is extensive. The group manufactures both cast and machined metal components as well as forgings, pipe products and plate sections. Componenta's business model is built on long-term customer relationships. The group's customers are global machine and equipment manufacturers. Componenta's production is focused on serving the customer flexibly, especially in short and medium-sized production series. The wide range of production units covers sizes ranging from hundreds of grams to thousands of kilograms, volumes available from pieces to tens of thousands of series, and many different material options.

Net sales by market area, continued operations

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Finland	69,448	57,878
Sweden	11,194	8,472
Germany	2,269	1,775
Other European countries	3,873	1,446
Other countries	243	219
Rental income	241	247
Continued operations	87,267	70,038
Discontinued operations	–	–
Internal items/eliminations	-13	2
Total	87,254	70,040

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

Net sales by business area, continued operations

%	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Machine building	45	43
Agricultural machinery	28	26
Forestry machinery	8	7
Energy industry	8	10
Defence equipment industry	4	7
Other industries	7	7
Total	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's net sales is 25.0% (23.5%).

Disaggregation of revenue from contracts with customers, continued operations

Timing of revenue recognition, EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
At a point in time	87,254	69,922
Over time	0	118
Total	87,254	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. There are no effective contracts in the Group, where revenue is recognized over time at balance sheet date.

EUR thousand	Jan 1–Dec 31, 2021 Assets based on contract	Jan 1–Dec 31, 2020 Assets based on contract	Jan 1–Dec 31, 2021 Liabilities based on contract	Jan 1–Dec 31, 2020 Liabilities based on contract
Jan 1	**0**	102	**0**	0
Revenue recognised that was included in the contract liability balance at the beginning of the period	**-**	-102	**-**	-
Dec 31	**0**	0	**0**	0

Accounting principles

Revenue recognition

The Group's revenue flows relate to sales of products and services. The main selling products are non-machined, machined and painted iron cast components. Additionally the company produces machining services for its clients own products. Sales revenue that is insignificant from the Group's perspective is received from the leasing of office space and industrial premises.

Revenue from sold products and services to customers is recognised at the time of transfer, that is when control has been transferred to the customer. Control is transferred to the customer when the goods have been delivered to the location of the customer's choosing in accordance with the terms of delivery and when the service has been performed. After the transfer of control, the customer may decide the use of the goods and receive a material part of the existing use of the goods. In practice, the customers use Componenta's products to produce their own products, adding value to their own products. Part of the revenue from machining services is recognized over time and the degree of fulfillment is based on the proportion of actual and estimated total costs. Componenta recognizes rental income on a straight-line basis monthly by transferring the leased premises to customers.

Sales revenue is only entered according to the agreed amount, or transaction price, taking into account potential discounts. The customers will agree to the transaction prices based on offers and changes in indexes by paying the invoices delivered. The company utilizes the practical expedient when the difference between transfer and payment of products and services is less than one year. In pracise this means that the transaction price is not adjusted for the effects of a significant financing component. The Group does not have any long-term contracts in which the period of time from the moment the company hands over the promised goods to the customer to when the customer pays for the goods is longer than one year. As a result, no material transaction price changes occur in the Group for performance obligations. The Group companies offer compensation for faulty products within normal warranty periods, by replacing faulty products with new ones.

Componenta net sales include revenue from contracts with customers net of indirect tax. Componenta recognizes revenue when it has fulfilled its performance obligation by handing over the agreed goods to the customers or by completing the services. Componenta satisfies the performance obligation at a point in time or over time.

The majority of Componenta's customers are major, financially stable, global companies. The amount of expected credit losses from these customers is low. The credit loss allocation is based on historical and customer-specific reports.

2 Discontinued operations

Componenta Främmestad AB, subsidiary of Componenta Castings Oy, filed an application for bankruptcy on 25 September 2019. Componenta Främmestad AB was classified in September 2019 as a discontinued operation in accordance with IFRS 5 standard "Non-current Assets Held for Sale and Discontinued operations", and the consolidation of the statements of financial position was discontinued in September 2019.

In 2021, the net result of discontinued operations of, Componenta Främmestad AB was EUR 0 million (EUR 2.2 million). 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. The payment consisted of EUR 1.6 million in principal and EUR 0.3 million in default interest. Componenta Corporation's share of the capital was EUR 0.4 million and interest on arrears EUR 0.1 million, and Componenta Castings Oy's share of the capital was EUR 1.2 million and interest on arrears EUR 0.2 million, respectively. The receivables in question had been written off in full from Componenta's balance sheet in 2019. Prior to the payment of EUR 1.9 million, Componenta Corporation's debt of EUR 0.3 million to Componenta Främmestad AB's bankruptcy estate was set off against receivables. The payment received from the bankruptcy estate with default interest and the portion allocated to the offsetting of restructuring liabilities were presented in Componenta's income statement under "Profit for the period from discontinued operations" and thus improved the group's result for the financial year 2020 by EUR 2.2 million. The payment received was a full payment for Componenta's receivables from the bankruptcy estate, and no further payments are taking place.

Net result of discontinued operations

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Income	–	2,226
Expenses	–	–
Result after financial items	–	2,226
Taxes	–	–
Net result of discontinued operations	–	2,226

Cash flow of discontinued operations

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Cash flow from operating activities	–	1,961
Cash flow from investing activities	–	–
Cash flow from financial activities	–	265
Change in liquid assets	–	2,226

Accounting principles

Componenta classifies components of an entity as discontinued in accordance with IFRS 5 standard "Non-current Assets Held for Sale and Discontinued operations". Discontinued operations disclosed by Componenta are components of an entity that have been disposed.

3 Other operating income

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Rental income	44	45
Profit from sale of non-current assets	23	80
Other operating income	256	300
Total	323	425
Rental income that are included in net sales, continued operations	241	247

Accounting principles

Revenues that are not part of actual net sales are recognized under other income from operations..

4 Operating expenses

Continued operations

EUR thousand	Jan 1– Dec 31, 2021	Jan 1–Dec 31, 2020
Change in inventory of finished goods and work in progress	1,259	-377
Production for own use	26	31
Materials, supplies and products	-33,740	-25,283
External services	-5,888	-3,338
Personnel expenses	-28,429	-25,037
Rents	-258	-171
Waste, property and maintenance costs	-3,381	-3,917
Energy	-5,035	-2,830
Sales and marketing	-36	-48
Computer software	-1,791	-1,658
Tools for production	-2,471	-1,351
Freights	-263	-94
Other operating expenses	-2,612	-2,641
Total operating expenses, continued operations	-82,618	-66,714

Audit fees	-150	-150
Other fees*	-10	-119
Total fees paid to auditors, continued operations	-160	-269

* PricewaterhouseCoopers Oy has provided non-audit services to the entities of Componenta Group in total of EUR 10 thousand (EUR 119 thousand) during the financial year 2021. These services included auditors's statements and other services. Other fees in 2021 include a credit note from a particular other service.

5 Personnel expenses

Continued operations

EUR thousand	Jan 1– Dec 31, 2021	Jan 1–Dec 31, 2020
Personnel expenses, continued operations		
Salaries and fees	-23,603	-20,924
Pension costs	-3,309	-2,700
Other personnel costs	-1,517	-1,412
	-28,429	-25,037

Average number of personnel, excluding leased personnel

EUR thousand	Jan 1– Dec 31, 2021	Jan 1–Dec 31, 2020
Continued operations	562	580
Discontinued operations	-	-
Group total	562	580

Personnel expenses include costs related to share-based payment EUR -0.3 (-0.3) million.

6 Research and development costs

Continued operations

EUR thousand	2021	2020
The following amounts have been recognized in the income statement under research and development costs	-	-

There were no research and development costs in 2021 and 2020 due to the fact that Componenta practises contract manufacturing and therefore does not have own products.

Accounting principles

Research costs are recognised in the income statement as an expense. Expenditure on development activities relating to new products is capitalised and recognised as an expense under depreciation over their useful economic lives. The planned depreciation period for these costs is 5 years. In other respects, the Group's minor research and development costs are recorded as expenses as incurred.

7 Depreciation, amortization and write-downs of non-current assets

Continued operations

EUR thousand	Jan 1– Dec 31, 2021	Jan 1–Dec 31, 2020
Depreciation and amortization		
Intangible assets		
Computer software	**-138**	-70
Other capitalized expenditure	**-354**	-387
	-493	-457
Tangible assets		
Buildings and structures	**-1,831**	-1,875
Machinery and equipment*	**-3,434**	-3,442
Other tangible assets	**-10**	-9
	-5,274	-5,327
Revaluations on tangible**	**821**	-
Total depreciation, amortization and revaluations	**-4,946**	-5,783

* The units-of-production depreciation method is used for production machinery and equipment. Continued operations planned depreciation based on normal utilized capacity was EUR -2.5 million (EUR -3.0 million) and capacity utilization correction was EUR -0.4 million (EUR 0.0 million).

** On 31 December 2021, a revaluation of buildings and land in accordance with IAS 16 has been performed. The revaluation has been based on the opinion of an external appraiser and has comprised two separate assets of the Group. The increase due to revaluation has been recognized in the income statement for the first asset item EUR 821 thousand. The book value of the asset before revaluation has been EUR 2,039 thousand and after revaluation EUR 2,860 thousand. The asset in question has been impaired in previous financial years through profit and loss statement. An impairment loss of EUR 198 thousand has been recognized on the revaluation of the second asset, net of a deferred tax asset through comprehensive income. The revaluation reserve for buildings and land has been released by a similar amount, where value added has been recorded for the asset in previous financial years. The book value of the asset before revaluation has been EUR 3,607 thousand and after revaluation EUR 3,360 thousand. After the revaluations on 31 December 2021, the revaluation reserve is EUR 382 thousand.

Accounting principles

Planned depreciation, except for production machinery and equipment, is calculated on a straight-line basis on the original acquisition cost, based on the estimated useful economic life. For production machinery and equipment, the depreciation method based on the units-of-production is used, in which the amount of depreciation is based on the actual output of production machinery and equipment. The units-of-production method gives a more precise picture of the actual economic wear on production machinery and equipment than the straightline method, especially when capacity utilisation rates change quickly. Estimated useful economic lives by asset group are as follows:

capitalised development costs	5 years
intangible rights	3–10 years
other intangible assets	3–20 years
buildings and constructions	25–40 years
computing equipment	3– 5 years
other machinery and equipment	5–25 years
other tangible assets	3–10 years.

8 Financial income and expenses

EUR thousand	Jan 1– Dec 31, 2021	Jan 1–Dec 31, 2020
Other interest income	**1**	3
Other financial income*	**1,156**	-1
Effective interest expenses for financial liabilities recognized at amortized cost	**-595**	-253
Interest expense from lease liabilities	**-490**	-488
Other charges on financial liabilities valued at amortized cost	**-340**	-240
Interest expenses and commissions for sold trade receivables	**-151**	-477
Financial income and expenses, total, continued operations	**-418**	-1,456

* Other financial income consists mainly of realised income due to payment of restructuring debt.

9 Income taxes

EUR thousand	Jan 1– Dec 31, 2021	Jan 1–Dec 31, 2020
Income taxes, continued operations		
Income taxes for financial period	**-**	-
Change in deferred taxes (see note 17)	**0**	314
Continued operations total	**0**	314
Income taxes, discontinued operations		
Income taxes for financial period	**-**	-
Change in deferred taxes	**-**	-
Discontinued operations total	**-**	-
Income taxes, Group	**0**	314

Income tax reconciliation between tax expense of continued operations computed at statutory rates in Finland of 20.0 % and income tax expense provided on earnings

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Profit before tax, continued operations	-405	-3,489
Income tax using Finnish tax rate	81	698
Tax exempt income	0	0
Non-deductible expenses	-92	-59
Adjustments to the taxable income for previous years	-	-
Tax losses from which no deferred tax assets have been recorded	-	-
Re-assessment of deferred taxes	-	-
Other	11	-325
Taxes total	0	314

Accounting principles

Consolidated direct taxes include direct taxes based on the taxable profit of Group companies, calculated according to tax legislation in each company's domicile. Deferred tax liabilities are recognised on the balance sheet in full and deferred tax assets to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax liabilities and assets are calculated from all the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using the tax rate in force on the balance sheet date. Future changes in tax rates are taken into account when they have become, in practice, certain.

10 Earnings per share

Group	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Profit for the period attributable to the shareholders of the parent company, 1,000 EUR*	-405	-949
Weighted average number of outstanding shares during the financial year, 1,000 shares	9,493	4,836
Basic earnings per share, EUR	-0.04	-0.20
Dilution effect of share options and share-based incentive plans, 1,000 shares	149	120
Weighted average number of outstanding shares during the financial year, 1,000 shares	9,641	4,956
Diluted earnings per share*, EUR	-0.04	-0.19

Continued operations	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Profit for the period attributable to the shareholders of the parent company, 1,000 EUR*	-405	-3,175
Weighted average number of outstanding shares during the financial year, 1,000 shares	9,493	4,836
Basic earnings per share, EUR	-0.04	-0.66
Dilution effect of share options and share-based incentive plans, 1,000 shares	149	120
Weighted average number of outstanding shares during the financial year, 1,000 shares	9,641	4,956
Diluted earnings per share*, EUR	-0.04	-0.66

Discontinued operations	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Profit for the period attributable to the shareholders of the parent company, 1,000 EUR*	0	2,226
Weighted average number of outstanding shares during the financial year, 1,000 shares	9,493	4,836
Basic earnings per share, EUR	0.00	0.46
Dilution effect of share options and share-based incentive plans, 1,000 shares	149	120
Weighted average number of outstanding shares during the financial year, 1,000 shares	9,641	4,956
Diluted earnings per share, EUR	0.00	0.45

* Share options and share-based incentive plans do not have a diluting effect , as the result for the period is negative, and therefor they have not been taken into account when calculating diluted earnings per share.

The figures of the comparison period have beed adjusted to correspond with the 2020 figures. The number of shares has changed in 2020 due to a rights issue. The rights issue is described in detail in note 21.

Accounting principles

Basic earnings per share is calculated by dividing the result for the period attributable to shareholders of the parent company by the weighted average number of outstanding shares during the financial year. Diluted earnings per share is calculated by adjusting the weighted average number of shares by the effect of potential diluting shares due to share options and share-based incentive plan in the Group.

Notes to the consolidated statement of financial position

11 Intangible assets

EUR thousand	2021	2020
Intangible rights		
Acquisition cost at 1 Jan	1,859	1,859
Additions	–	–
Disposals	0	0
Re-classifications	–	–
Translation differences	–	–
Acquisition cost 31 Dec	1,859	1,859
Accumulated amortization at 1 Jan	–1,591	–1,591
Accumulated amortization on decreases and re-classifications	–	–
Translation differences	–	–
Amortization during the period	–	–
Accumulated amortization at 31 Dec	–1,591	–1,591
Book value at 31 Dec	268	268

EUR thousand	2021	2020
Computer software		
Acquisition cost at 1 Jan	5,490	5,122
Additions	63	226
Companies acquired	–	–
Disposals	–	1
Re-classifications	184	141
Translation differences	–	–
Acquisition cost at 31 Dec	5,737	5,490
Accumulated amortization at 1 Jan	–4,978	–4,908
Accumulated depreciation on companies acquired	–	–
Accumulated amortization on decreases and re-classifications	–	–
Translation differences	–	–
Amortization during the period	–134	–70
Accumulated amortization at 31 Dec	–5,112	–4,978
Book value at 31 Dec	625	512

EUR thousand	2021	2020
Other capitalized expenditure		
Acquisition cost at 1 Jan	12,683	12,631
Additions	5	3
Companies acquired	–	–
Disposals	–	–
Re-classifications	75	49
Translation differences	–	–
Acquisition cost at 31 Dec	12,763	12,683
Accumulated amortization at 1 Jan	–11,501	–11,115
Accumulated depreciation on companies acquired	–	–
Accumulated amortization on decreases and re-classifications	–	–
Translation differences	–	–
Amortization during the period	–359	–387
Accumulated amortization at 31 Dec	–11,860	–11,501
Book value at 31 Dec	903	1,182

EUR thousand	2021	2020
Advance payments for intangible assets		
Acquisition cost at 1 Jan	0	79
Additions	–	–
Disposals	–	–26
Re-classifications	–	–53
Book value at 31 Dec	0	0
Total intangible assets	1,796	1,962

Capital expenditure on intangible asets during the financial period totalled EUR 0.1 million (EUR 0.2 million).

Accounting principles

For intangible assets that have a limited useful economic life, straight-line depreciation is entered as an expense in the income statement over their useful economic lives.

The Group has no intangible assets that have an unlimited useful economic life economic life with the exception of goodwill.

12 Goodwill

EUR thousand	Dec 31, 2021	Dec 31, 2020
Acquisition cost on Jan 1	3,225	3,225
Additions	–	–
Acquired business	–	–
Disposals and transfers between items	–	–
Write-downs during the period	–	–
Book value on Dec 31	3,225	3,225

Allocation of goodwill

Goodwill is allocated on cash-generating units (CGU). For the impairment testing goodwill is allocated on those groups of cash-generating units, which are expected to gain from combined businesses, from which the goodwill has formed. Goodwill has been allocated on one cash-generating unit, which carry 100% of the whole goodwill.

Impairment testing

The significant assumptions used in Componenta's impairment testing are sales growth, operating result, capital expenditure and pre-tax discount rate. The growth and profitability assumptions are based on the increased net sales in the nearest years as well as on the control of coststructure. Management bases the increase of net sales in the nearest years on the strategy and budget, approved by the Board of Directors and external sources, i.e. upon agreed deals with existing clients. Cash flow estimates for five years are used in the calculations. After this the estimated cash flows are extrapolated by using a 0.0% growth rate.

The parametres for defining the discount rate, risk-free interest rate, risk factors (beta coefficient) and market risk premium, are based on information available in the financial market.

Based on the sensitivity analysis a reasonably possible change in any of the key assumptions will not cause the carrying amount of the CGU to exceed its recoverable amount.

Key assumptions

2021	5-year average	Terminal value
Used pre-tax discount rate	8.5%	8.5%
Long-term growth forecast on net sales	–	0.0%
Operating result	6.3%	9.9%
Capital expenditure, EUR thousand	4 000	3 900
Sales growth assumption	7.2%	–

2020	5 vuoden keskiarvo	Jäännös-arvo
Used pre-tax discount rate	8.5%	8.5%
Long-term growth forecast on net sales	0.0%	0.0%
Operating result	5.2%	6.9%
Capital expenditure, TEUR	3,900	3,500
Sales growth assumption	11.5%	0.0%

The values assigned to each of the above key assumptions are determined as follows:

Assumption	Approach used to determining values
Pre-tax discount rates	Reflect specific risks relating to the relevant operated market.
Long-term growth forecast on net sales	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. Growth rate has been determined in accordance with the principle of prudence.
Operating result	Based on past performance and management's expectations for the future, and on the coststructure in the group.
Capital expenditure	Based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Sales growth assumption	Average annual growth rate over the five-year forecast period, which is based on current industry trends and discussions with clients as well as contracts. Long-term inflation forecasts are also included.

Accounting principles

Acquisitions are accounted for, by using the acquisition method. Goodwill represents the excess of acquisition cost over the fair values of identified acquired assets and liabilities of acquired companies at the acquisition date. Goodwill arises mainly in connection with acquisitions and it represents the value of acquired market share , business knowledge and the value of obtained synergies. Goodwill is not depreciated, but tested annually for impairment.

The book value of goodwill in the Group is assessed annually or more often if there are any indications of impairment. Goodwill is allocated on the cash generating unit (CGU), which is recognized in the Group. The recoverable amount of a CGU is determined by value-in-use calculations, where the cash flow based value-in-use is determined by calculating the estimated future cash flows discounted to their present value. The discount rate is the weighted average cost of capital (WACC). WACC reflects the market assessment of the time value of money and the risks specific in Componenta's business. Impairment loss of goodwill is recognized as an expense and is not subsequently reversed. Estimates used in the testing are based on assumptions made by management. These estimates and assumptions involve risks and uncertainties and, as a result, as circumstances, in particular the COVID-19 situation, prolong, management's estimates and projections change, which may affect the recoverable amount of the assets.

13 Tangible assets

EUR thousand	2021	2020
Land and water areas		
Acquisition cost at 1 Jan	805	805
Additions	–	–
Disposals	–	–
Re-classifications	–	–
Revaluation on land and water areas *)	–	–
Translation differences	–	–
Book value at 31 Dec	805	805

EUR thousand	2021	2020
Buildings and constructions		
Acquisition cost at 1 Jan	25,676	25,665
Additions	18	11
Disposals	–	–
Re-classifications	574	–
Revaluation on buildings *)	–	–
Translation differences	–	–
Acquisition cost at 31 Dec	26,268	25,676
Accumulated depreciation at 1 Jan	-20,346	-19,939
Accumulated depreciation on decreases and re-classifications	–	–
Translation differences	–	–
Depreciation and write-downs during the period	-441	-407
Accumulated depreciation at 31 Dec.	-20,787	-20,346
Book value at 31 Dec	5,481	5,330

EUR thousand	2021	2020
Buildings and constructions, leases		
Acquisition cost at 1 Jan	10,933	9,714
Additions	–	1,219
Companies acquired	–	–
Disposals	–	–
Re-classifications	1,216	–
Translation differences	–	–
Acquisition cost at 31 Dec	12,149	10,933
Accumulated depreciation at 1 Jan	-2,871	-1,405
Accumulated depreciation on companies acquired	–	–
Accumulated depreciation on re-classifications	–	–
Translation differences	–	–
Depreciation during the period	-1,391	-1,466
Accumulated depreciation at 31 Dec	-4,262	-2,871
Book value at 31 Dec	7,887	8,062

EUR thousand	2021	2020
Machinery and equipment		
Acquisition cost at 1 Jan	86,362	82,914
Additions	–	2,881
Companies acquired	–	–
Disposals	-66	–
Re-classifications	617	567
Translation differences	–	–
Acquisition cost at 31 Dec	86,913	86,362
Accumulated depreciation at 1 Jan	-71,890	-68,959
Accumulated depreciation on companies acquired	–	–
Accumulated depreciation on decreases and re-classifications	–	–
Translation differences	–	–
Depreciation and write-downs during the period	-2,846	-2,931
Accumulated depreciation at 31 Dec	-74,737	-71,890
Book value at 31 Dec	12,176	14,472

EUR thousand	2021	2020
Machinery and equipment, leases		
Acquisition cost at 1 Jan	6,196	5,692
Additions	66	504
Companies acquired	–	–
Disposals	–	–
Re-classifications	5	–
Translation differences	–	–
Acquisition cost at 31 Dec	6,267	6,196
Accumulated depreciation at 1 Jan	-4,538	-4,026
Accumulated depreciation on companies acquired	–	0
Accumulated depreciation on decreases	–	–
Translation differences	–	–
Depreciation during the period	-601	-512
Accumulated depreciation at 31 Dec	-5,140	-4,538
Book value at 31 Dec	1,128	1,658

EUR thousand	2021	2020
Other tangible assets		
Acquisition cost at 1 Jan	606	605
Additions	10	–
Companies acquired	–	–
Disposals	–	–
Re-classifications	-46	1
Translation differences	–	–
Acquisition cost at 31 Dec	569	606
Accumulated depreciation at 1 Jan	-79	-69
Accumulated depreciation on companies acquired	–	–
Accumulated depreciation on decreases and re-classifications	–	–
Translation differences	–	–
Depreciation during the period	-10	-10
Accumulated depreciation at 31 Dec	-88	-79
Book value at 31 Dec	481	527

EUR thousand	2021	2020
Advance payments and fixed assets under construction		
Acquisition cost at 1 Jan	392	810
Additions	1,154	290
Companies acquired	–	–
Disposals	-6	-9
Re-classifications	-1,166	-699
Translation differences	–	–
Book value at 31 Dec	374	392
TOTAL TANGIBLE ASSETS	28,332	31,246

* The accounting principles for the consolidated financial statements contain further information about the treatment of changes in the value of land and buildings. According to the accounting principles for the consolidated financial statements, changes in the value of land and buildings are measured at three to five year intervals. In 2021 revaluation process throughout the Group was carried out resulting a net increase of EUR 574 thousand in buildings and constructions. The valuation is mainly based on the income approach. The reliability of the valuation of property is classified as Level 3, in other words there is no active market for these mainly industrial properties and the price cannot be deduced from verifiable market data. Determining the fair value involves considerable discretion.

Re-classifications within advance payments and fixed assets under construction includes a net effect of EUR -348 thousand regarding a financing arrangement of a particular machine of Componenta Manufacturing Oy. In addition the net effect is included in long-term liabilities EUR -348 thousand. In addition the net effect is included in long-term liabilities EUR -348 thousand. The acquisition cost of the machine has been adjusted by the discounted effect regarding the payments of the loan. Interest used is 6,3% and loan term is 11 years.

Capital expenditure during the financial period totaled EUR 1.2 (3.4) million. Capital expenditure during the financial period including leases recognized in the balance sheet totaled EUR 1.2 (5.1) million.

Changes in right-of-use assets

EUR thousand	2021	2020
Carrying amount, Jan 1	9,721	9,976
Additions	66	1,723
Re-classifications	1,221	-
Depreciation	-1,992	-1,978
Carrying amount, Dec 31	9,015	9,721

Componenta's most material right-of-use assets capitalized consist of production machinery, production and office premises. Some of these leases contain renewal and extension options that are considered in the lease term if it is reasonably certain to exercise the option. The leases for production and office premises are mainly leases valid until further notice. The Group has estimated that its leases valid until further notice will run for an average duration of 7 years. The estimate is based on previous experience on the duration of similar leases and on the Group strategy.

Group as lessor

The Group has leased out a few business facilities to a third parties, which annual revenue is immaterial from the Group's point of view. The Group treats these leases as operational leases. The gains and risks that are essentially associated with the leased facilities do not grant the lessees.

Lease receivables scheduled for leases

EUR thousand	Dec 31, 2021	Dec 31, 2020
Not later than one year	267	262
Later than one year but not later than five years	1,068	1,048
Total	1,335	1,309

Accounting principles

Property, plant and equipment is recorded on the balance sheet at original acquisition cost less planned depreciation and write-downs, except for land areas, buildings and constructions. The acquisition cost includes all costs directly incurred by the purchase of the asset. The received tangible assets from a new acquired company are recognised at fair value.

Componenta uses the revaluation model permitted by IAS 16, according to which land areas, buildings and constructions are recorded at fair value, which is based on assessments made by independent evaluators, and for buildings is the fair value less depreciation after the revaluation. Land and water areas are not depreciated. Measurements of value are made sufficiently regularly so that the fair value of a revalued asset does not differ materially from its carrying amount. Valuations of assets subject to revaluation are carried out at a maximum of five-year intervals. However, valuations are carried out more frequently if substantial changes are about to take place that may affect the valuation of the assets. Valuations are carried out by independent, qualified, external evaluators in Finland, following each evaluator's own process and the method considered most appropriate for the asset being valued, starting with a review of macroeconomic factors and available market information and ending with the use of an appropriate model and a fair value calculated with this. The valuation is based on what is probably the most productive use of the asset and on valuation models where the input used portrays the facts and conditions of each economic environment (such as occupancy rate, maintenance costs, location, completed transactions in the same area). In the revaluation of fixed assets, the yield value method is used for real estate, the market-based model is used for land areas, and the acquisition cost based model is used for real estate in markets in which there is no active rental market. In the revaluation of fixed assets, the yield value method is used for real estate, the market-based model is used for land areas, and the acquisition cost based model is used for real estate in markets in which there is no active rental market. Valuations may also be based on actual concluded reference deals and their prices if such information has been available and is otherwise suitable for use as a valuation basis. As a rule, in the yield value method, the rental rates are based on the market rents on the date of valuation. The reliability of the valuation is classified as level 3, consisting mainly of industrial properties, for which there is no active market and no price can be derived from observable market data. Determining the fair value of assets requires significant assumptions and, consequently, the valuation of buildings and land involves uncertainty. During 2021 valuations were made for all the company's asset items located in Finland and being revalued, and entries based on these have been made to the values of the assets. The valuation is based on the best possible use of the asset and, therefore, the values determined do not correspond to the fair realisable value.

Accumulated depreciation is eliminated when an item is revalued against the gross carrying amount of the asset, and the net amount is adjusted so that it corresponds to the value based on the revaluation of the asset. Increases in the carrying amounts resulting from the revaluation of land areas, buildings and constructions bare recorded in other comprehensive income and are presented under shareholders' equity in other reserves. Reductions that offset increases in value previously recognised for the same asset are recognised in other comprehensive income and are deducted from other reserves in shareholders' equity, and all other reductions are recognised in the income statement. The difference between the depreciation recorded in the income statement based on the revalued carrying amount and the depreciation based on the original cost of the asset is transferred each year from other reserves to retained earnings.

Maintenance and repair costs are usually recognised in the income statement as an expense as incurred. Major refurbishment costs are capitalised and depreciated over their estimated useful life if these costs are likely to increase the future economic benefits embodied in the specific asset to which they relate. Spare parts for production machinery, stand-by equipment and servicing equipment are presented as tangible assets when they comply with the definition of property, plant and equipment. Otherwise these assets are classified as inventory. As a rule, the depreciation period after installation is 3 years.

Planned depreciation, except for production machinery and equipment, is calculated on a straight-line basis on the original acquisition cost, based on the estimated useful economic life. The Group uses the units-of-production depreciation method for production machinery and equipment, in which the amount of depreciation is based on the actual output of production machinery and equipment. The units-of-production method gives a more precise picture of the actual economic wear on production machinery and equipment than the straightline method, especially when capacity utilisation rates change quickly. Estimated useful economic lives by asset group are as follows:

buildings and constructions	25–40 years
computing equipment	3– 5 years
other machinery and equipment	5–25 years
other tangible assets	3–10 years.

Impairment of assets
The carrying amounts of the Group's assets are reviewed on each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the balance sheet value of the asset exceeds the recoverable amount for the asset. The recoverable amount of an asset is the greater of its net selling price and value in use. As a rule, value in use is based on the estimated discounted future net cash flows obtainable through the asset. The assets are tested for impairment either by using future cash flows or sales prices of the assets.

Also as part of the assessment of COVID-19 impacts, management has assessed if there are any indications of impairment on the carrying amounts of Group's assets and estimated the recoverable amounts of these assets. These estimates and assumptions involve risks and uncertainty, and therefore it is possible that as conditions change, these forecasts will change, which may affect the assets recoverable amounts.

According to the Group's accounting policies, the carrying amounts of tangible and intangible assets are re-examined for potential impairment whenever circumstances indicate a potential impairment. Componenta has tested the tangible and intangible assets for impairment by comparing the carrying amount of an asset and its recoverable amount. Measuring the recoverable amount of the tangible and intangible assets, the management is required to make estimates and assumptions about the tangible and intangible asset groups' future sales cash flows, production costs, discount rates and future capital expenditure required to maintain the assets in their current condition. These estimates and assumptions involve risks and uncertainty, and therefore it is possible that as conditions change, these forecasts change, which may affect the assets' recoverable amount.

Right-of-use assets
Componenta applies IFRS 16 standard. According to the standard, an asset (right-of-use asset) and a financial liability regarding rental payments are recognized on the balance sheet (see note 24). At inception of a contract, Componenta assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract entitles the right to control the use of an identified asset for a period of time in exchange for consideration. The right-of-use assets of the lease agreement are capitalized on the commence date of the lease. The right-of-use assets are measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the commencement date. The right-of-use assets are subsequently depreciated using the straight line method from the commencement date, either according the end of the lease term or the end of the useful life of the right-of-use asset, based on which one is earlier. In addition, the right-of-use assets are adjusted for certain remeasurements of the lease liability. Right-of-use assets are tested for impairment in accordance with IAS 36.

Componenta has decided to utilize the practical expedient permitted by the standard and does not apply the standard on leases of low value assets, but instead recognizing the rents as an expense over the lease term. Leases of low value assets mainly include IT and office equipment. Additionally the Group recognizes leases that have a lease term of 12 months or less as leases of low value assets and apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

14 Inventories

EUR thousand	Dec 31, 2021	Dec 31, 2020
Raw materials and consumables	4,441	2,735
Work in progress	2,416	1,537
Finished products and goods	2,603	2,132
Other inventories	2,281	1,994
Advance payments	446	70
Total inventories	**12,187**	**8,469**

Other inventories include mainly patterns, fixtures, tools and spareparts.

Accounting principles

Inventories are stated at the lower of acquisition cost and net realisable value. The acquisition cost is based on the FIFO principle. The acquisition cost of manufactured products and work in progress includes the cost of raw materials, direct labour costs, other direct costs as well as a proportion of variable and fixed production overheads. Also, those spare-parts which are not recorded, by definition, under property, plant and equipment, are recorded under inventories. The management has made significant estimates and assumptions in determining the valuation of inventories. Additionally management has assessed the impacts of COVID-19 and assumed that there is no need for impairment of the carrying amounts.

The net realisable value of inventory is assessed on each reporting date. Net realisable value refers to the estimated selling price in the ordinary course of business less variable selling expenses. Determination of the net realisable value includes the management's estimates on the selling price of inventories.

15 Accounts receivables

EUR thousand	Dec 31, 2021	Dec 31, 2020
Accounts receivables	2,795	1,149
Total	**2,795**	**1,149**

Changes in contract assets are specified in note 1.

Accounts receivables by currency

%	Dec 31, 2021	Dec 31, 2020
EUR	100	100
Total	**100**	**100**

Aging of accounts receivables

Outstanding trade receivables fall due as follows

	Dec 31, 2021		Dec 31, 2020	
EUR thousand	Accounts receivables	Loss allowance	Accounts receivables	Loss allowance
Not due	1,913		299	
Overdue	979			
less than 1 month	805		564	
1–3 months	108		294	
3–6 months	3		32	
more than 6 months	86	98	91	130
Total	**2,892**	**98**	**1,280**	**130**

Credit risk

Componenta's credit risk is related to receivables that are trade receivables from delivered products. Group companies are primarily responsible for the risks related to customer receivables. The Group Treasury sets guidelines and monitors credit risk management, and evaluates the creditworthiness and ability of customers to fulfill their payment obligations. The Group reduces its credit risk exposure by selling its trade receivables to financing companies without recource. Sold trade receivables at the end of the financial period was EUR 8.1 million (EUR 5.8 million). There is also credit risk related to recognition of customer contracts over time, but these are insignificant in the Group. The collection of customer receivables is carried out in accordance with the Group's debt collection policy. The credit loss provision for trade receivables is estimated on the basis of the quality and aging of the receivables by adjusting the customer receivables based on the customer's previous 12-month payment behavior to the receivable open at the time of the financial statements. The effect of the IFRS 9 standard at Componenta is evident in the value adjustment of the estimated uncertain receivables formed by the application of the expected credit loss model.

Many customers are financially sound and solid companies, but in individual cases and with new unknown customers credit rating companies' reports on payment behaviour and solvency are used to support the credit decisions.

Credit losses and the provision for credit lossed during the reporting period totalled EUR -0.1 (-0.1) million. Componenta Castings Oy booked credit losses of EUR 0.1 (0.1) million related to doubtful receivable over one year old which consist of old customer reclamations. The Group's credit loss risk was EUR 2.9 (1.2) million. Receivables have increased due to higher net sales than in the previous year and extended payment terms.

Accounting principles

Accounts receivables are receivables that result from selling goods or delivering services to customers in the ordinary course of business. Other receivables are contract assets, other accrued income and financial assets with fixed or determinable payments that are not quoted in an active market. Accounts receivables and other receivables are classified as current assets if customer payment is expected to be received within one year. Otherwise they are presented as non-current assets. The expected credit losses are assessed and entered in accordance with the accounts receivable age analysis on the basis of the classification. The history information and knowledge of the customers' payment behaviour are also taken into account. Changes in impairment loss for doubtful accounts receivable are recognized as expenses in the consolidated statement of income.

The management of Componenta has made assumptions on valuation of accounts receivables from the aspect of effects of COVID-19 pandemic. The management has assessed the situation from the point of view of both the company's own business as well as the general economic situation. Additionally, the management has discussed with clients and assesed the situation and effects of COVID-19 pandemic from their point of view. The performed assessment did not lead to any changes in the valuation of accounts receivables.

Componenta mainly does not receive advance payments. The order book includes the confirmed customer orders for the following two months.

16 Other short-term receivables and accrued income

EUR thousand	Dec 31, 2021	Dec 31, 2020
Loan receivables	3	3
Prepayments and accrued income	1,215	700
VAT receivables	4	44
Other receivables	143	88
Total	1,365	835

Prepayments and accrued income include mainly prepaid accrued expenses.

Prepayments and other accrued income

EUR thousand	Dec 31, 2021	Dec 31, 2020
Energy tax	59	202
Personnel	131	118
Insurance	105	55
Other accrued income	919	325
Total	1,215	700

17 Deferred tax assets and liabilities

Changes in deferred taxes during the financial year 2021

EUR thousand	at Jan 1, 2021	Recognized in income statement	Recognized in equity	at Dec 31, 2021
Deferred tax assets				
Other differences	1,511	8	56	1,575
Total	1,511	8	56	1,575
Offset with deferred tax liabilities	-1,511	-8	-56	-1,575
Total	0	0	0	0

In 2021 deferred tax assets were recorded EUR 0.1 million.

EUR thousand	at Jan 1, 2021	Recognized in income statement	Recognized in equity	at Dec 31, 2021
Deferred tax liabilities				
Valuing tangible assets at fair value when merging businesses	310	-29		281
Accelerated depreciation	55			55
Revaluation of buildings and land areas	0	164		164
Finance leases	66	-84		-18
Other differences	1,351	-43		1,308
Total	1,782	8	0	1,790
Offset with deferred tax assets	-1,511	-8	-56	-1,575
Total	270	0	-56	214

Changes in deferred taxes during the financial year 2020

EUR thousand	at Jan 1, 2020	Recognized in income statement	Recognized in equity	at Dec 31, 2020
Deferred tax assets				
Other differences	1,485	26		1,511
Total	1,485	26	0	1,511
Offset with deferred tax liabilities	-1,485	-26		-1,511
Total	0	0	0	0

In 2020 deferred tax assets were recorded EUR 0.0 million.

EUR thousand	at Jan 1, 2020	Recognized in income statement	Recognized in equity	at Dec 31, 2020
Deferred tax liabilities				
Valuing tangible assets at fair value when merging businesses	348	-38		310
Accelerated depreciation	55			55
Revaluation of buildings and land areas	0			0
Finance leases	221	-149	-6	66
Other differences	1,452	-101		1,351
Total	2,076	-288	-6	1,782
Offset with deferred tax assets	-1,485	-26		-1,511
Total	591	-314	-6	270

The net amount of deferred tax assets, which mainly consist of unused tax losses, was EUR 0.0 million (EUR 0.0 million). The value of deferred tax liabilities was EUR 1.8 million (EUR 1.8 million) before offset with deferred tax assets.

Unrecognized deferred tax assets from confirmed losses

	Confirmed losses	Deferred tax asset	Year of expiration
	18,455,319.67	3,691,063.93	2021
	22,724,946.71	4,544,989.34	2022
	12,009,129.51	2,401,825.90	2023
	17,272,214.12	3,454,442.82	2024
	11,987,317.99	2,397,463.60	2025
	27,435,949.25	5,487,189.85	2026
	142,787.46	28,557.49	2027
	8,275,528.55	1,655,105.71	2028
	709,152.02	141,830.40	2029
	204,019.49	40,803.90	2030
Total	119,216,364.77	23,843,272.95	

Additionally Componenta has EUR 9,588,888.85 in confirmed losses from investment shares, which deferred tax asset amount in EUR 1,917,777.77. These losses are from 2018 and will expire in 2023 and can be deducted only against profits from investment shares.

Accounting principles

Deferred tax assets for confirmed losses or for losses for the financial period have only been recognised to the extent to which it is probable that future profits will be generated that can be offset with the temporary differences. If a Group company has in the recent past made a loss, a deferred tax asset is only recorded to the extent that the company has sufficient taxable temporary differences or some other convincing proof of its ability to make use of the tax loss. Deferred tax assets are recognised only if it is considered likely that they are recoverable, which will depend on the existence of sufficient future taxable income. Assumptions of future taxable income are based on the management's estimates of future cash flows. These estimates of future cash flows are, in turn, dependent on the management's estimates, inter alia, of the future volume of sales, operating expenses and financing costs. The company's ability to accumulate taxable income also depends on general economic, financial, competitive and regulatory factors that are not under its own control. Estimates and assumptions involve risks and uncertainties, and thus it is possible that expectations change as circumstances change. This may affect the amount of deferred tax assets and liabilities on the balance sheet and the amount of temporary differences.

A deferred tax liability is recognised for the retained earnings of subsidiaries only if it can be considered that the tax payment will take place in the foreseeable future. Deferred tax liabilities have been calculated by using effective tax rates. Deferred tax liabilities and assets are offset on the balance sheet in so far as they have the same recipient of the tax and when they can be allocated to each other.

18 Investment properties

EUR thousand	2021	2020
Book value Jan 1	17	17
Additions	–	–
Disposals	–	–
Transfers	–	–
Classified as held for sale	–	–
Profit/loss from the fair valuation	–	–
Write-downs	–	–
Book value Dec 31	**17**	17

Accounting principles

The real estate companies within the group hold land areas and buildings, which the group do not have in own use. Therefor these real estate companies are classified as investment properties according to IAS 40 Investment Property. The group applies the fair value model for measuring the investment properties. The fair value reflects the market conditions at the end of the reporting period with no transaction costs incurred.

Valuations of investment properties recorded at fair value, as well as properties and land areas used in the Group's own operations, are carried out by professionally qualified and independent external valuators when needed. These external valuators carry out the valuations by following each valuator's own process and the method considered most appropriate for the asset being valuated, starting with a review of macroeconomic factors and available market information and ending with the use of an appropriate model and a fair value calculated with this. In the revaluation of fixed assets, the yield value method is used for real estate, the market-based model is used for land areas, and the acquisition cost based model is used for real estates in markets in which there is no active rental market. Valuations may also be based on actual concluded reference deals and their prices if such information has been available and is otherwise suitable for use as a valuation basis. As a rule, in the yield value method, the rental rates are based on the market rents on the date of the valuation. The determining of fair value of assets requires significant assumptions and, consequently, the valuation of buildings and land involves uncertainty. The valuation is based on the best possible use of the asset and, therefor, the values determined do not correspond to the fair realisable value. The value of investment properties in the consolidated financial statements are immaterial and valuation has been made according to management's estimation and the assets have been valued at the probable realisable value in the consolidated financial statements.

Investment properties are not depreciated. Gains and losses arising from change in the fair value of investment properties are recognised in profit or loss for the period in which they arise and are presented in other operating income in the income statement. Rental income from investment properties is recorded in the Group's net sales.

19 Share capital, share premium reserve and other reserves

	Number of shares, (1,000)	Share capital, EUR thousand	Cash flow hedges, EUR thousand	Unrestricted equity reserve, EUR thousand	Buildings and land revaluation reserve EUR thousand	Other reserves, EUR thousand
Jan 1, 2021	9,492	1,000	0	16,522	580	2,507
Share issue						
Reverse share split						
Option and share-based compensation	25					
Other comprehensive income					-198	
Dec 31, 2021	9,518	1,000	0	16,522	382	2,507

	Number of shares, (1,000)	Share capital, EUR thousand	Cash flow hedges, EUR thousand	Unrestricted equity reserve, EUR thousand	Buildings and land revaluation reserve EUR thousand	Other reserves, EUR thousand
Jan 1, 2020	237,269	1,000	0	7,865	580	2,507
Directed share issue	237,269			8,657		
Option and share-based compensation	-465,046					
Other comprehensive income						
Dec 31, 2020	9 492	1,000	0	16,522	580	2,507

The Board of Directors of Componenta has 10 December 2021 decided on a directed share issue for the reward payments based on the Restricted Share Plan 2018. In the share issue, 25 369 new shares in Componenta Corporation was issued to key employees participating in the Restricted Share Plan according to the terms. The decision on the directed share issue without consideration is based on the authorization granted to the Board of Directors by the General Meeting of Shareholders held on 9 April 2021. New amount of shares 9,517,813 was registered to the Finnish Trade Register on 29 December 2021.

Componenta Corporation completed its rights issue in December 2020, in which the Company offered for subscription a maximum of 237,269,224 new shares in the company. A total of 237,269,224 new shares were registered in the Trade Register maintained by the Finnish Patent and Registration Office on 10 December 2020. Following the registration of the new shares, the total number of issued shares in Componenta grew from 237,269,224 shares with 237,269,224 shares to a total of 474,538,448 shares. On 18 December 2020, Componenta Corporation executed a reverse share split and thereto related directed share issue without consideration, redemption of shares and cancellation of shares. Concurrently with the execution of the reverse share split, the Board of Directors of the Company resolved, based on the authorization granted by the Extraordinary General Meeting, on a directed share issue without consideration in which the Company has conveyed without compensation a total of 83,752 new shares to the effect that the number of shares in each shareholders' book-entry account will be made divisible by 50. The combined market value of the shares conveyed in the directed share issue was 5,125.62 euros, based on the closing price of 18 December 2020. After the directed share issue, the company redeemed without compensation 49 shares for each 50 shares of the Company, in accordance with the resolution of the Extraordinary General Meeting. The company shares redeemed without compensation in connection with the reduction of number of shares were cancelled immediately by a resolution of the Board of Directors. After these measures, the new number of shares in the Company was 9,492,444.

In 2018 the Board of Directors resolved, authorised by the General Annual Meeting, to implement two new share-based incentive plans for the key emplyees, a Stock Option Plan and a Restricted Share Plan.

The building and land area revaluation reserve presents the impact on shareholders' equity of the revaluation of these assets. The change resulting from revaluation presented in comprehensive income, excluding non-controlling interest, after deferred tax was in 2021 EUR 0.2 million (EUR 0.0 million). The change in 2021 was due to the impairment of Componenta Castings Oy's buildings when a revaluation in accordance with IAS 16 was performed.

Other reserves include the conversion option component of the convertible capital notes EUR 2.5 (2.5) million, share-based payments EUR 0.0 (0.0) million according to IFRS 2.

20 Capital management

Componenta Group's objective for capital management is to ensure the Group's viability to operate in all circumstances. The sector in which Group operates is by nature relatively capital intensive and thus requires active measures to optimize the capital structure.

The Board of Directors and Corporate Executive Team regularly monitor the capital structure of the Group. The Group has monitored in particular the compliance of the restructuring programme and no separate target is set on the equity ratio. All restructuring programmes ended in 2021. The equity ratio increased from previous year and stood at 42.3% (37.3%). The net gearing increased from previous year and stood at 28.6% (-10.8%). The change in net gearing and equity ratio is mainly due to the premature settlements of Componenta Corporation's and Componenta Castings Oy's restructuring debts in 2021. Previous year's net gearing ratio includes only interest-baring restructuring loans.

The key indicators for capital structure

%	Dec 31, 2021	Dec 31, 2020
Net gearing*	**28.6**	-10.8
Equity ratio	**42.3**	37.3

*The net gearing for the comparison period was exceptionally low due to the liquid assets raised in the share issue held at the end of 2020, in addition to which only interest-bearing liabilities from restructuring debt were included in the calculation of the net gearing.

21 Share-based payment

Share-based incentive scheme

The Board of Directors of Componenta Corporation resolved in 2018 to implement two new share-based incentive plans for the Group's key employees, a Stock Option Plan and a Restricted Share Plan. The Board of Directors resolved on the new stock option plan by virtue of an authorization granted by the Annual General Meeting of Shareholders held on 24 May 2018.

A maximum of 20 key employees, including the members of the Corporate Executive Team, belong to the target group of the stock option plan. The Restricted Share Plan was intended for approximately 15 key employees resolved by the Board of Directors, including the members of the Corporate Executive Team.

The reward from the Restricted Share Plan 2018 was based on the key employee's valid employment or service and the continuation of work during the vesting period. The Restricted Share Plan was intended for key employees. The rewards was paid on the basis of the Restricted

Share Plan 2018 correspond to the value of a maximum total of 55,000 (adjusted) Componenta Corporation shares including also the proportion to be paid in cash. The total dilution of the stock option plan and the restricted share plan is 3.66%, in the maximum, if all shares to be subscribed for and to be paid as reward (including the cash proportion of the restricted share reward) on the basis of the plans are new shares. During 2021 a total of 9,911 Restricted Share Plan's shares have been returned to the company. 7,781 of the previously mentioned shares were distributed to the participants of the Restricted Share Plan. The vesting period of the Restricted Share Plan ended in November 2021 ja payments according to the plan were made in December 2021. The subscription period of the Stock Option Plan 2018A begun in December 2021. As of the financial statement date no subscriptions had taken place.

Options

During financial period 2018 Componenta resolved of one option program. During financial period 2020 and 2021 Componenta resolved of one option program.The purpose of the stock options is to encourage the key employees to work on a long-term basis to increase the shareholder value. The purpose is to retain the key employees at the company. The option programs are based on the valid employment or position relationships of key employees. If the person's employment relationship ends before the subscription period begins, the person immediately loses the right for stock options.

The Board of Directors of Componenta Corporation resolved on 10 February 2020 to convert stock options 2018A that have been returned to the company to stock options 2018B. The Board of Directors announced the issue of stock options 2018 on 12 November 2018. The Board of Directors has converted 416,250 stock options 2018A to stock options 2018B. The number of stock options 2018A is now 2,013,750 in total, stock options 2018B 2,861,500 in total and stock options 2018C 2,445,250 in total.

The Board of Directors announced on 10 February 2020, that the share subscription price for stock option 2018B is 0.128 euros per share, i.e. the trade volume weighted average quotation of the share on Nasdaq Helsinki Ltd. during 14 October – 8 November 2019. The share subscription price of the stock option may be decreased by the amount of the dividend and the amount of the distribution of assets resolved before the share subscription. The share subscription price will be credited to the company's reserve for invested unrestricted equity. The theoretical market value of one stock option 2018B is approximately 0.052 euros and the theoretical market value of stock options 2018B is approximately 150,000 euros in total. The theoretical market value of a stock option has been calculated by using the Black-Scholes stock option pricing model with the following input factors: share price 0.114 euros, share subscription price 0.128 euros, risk free interest rate 0%, validity of stock options approximately 4.8 years and volatility 59.94%.

On 18 December 2020, Componenta Corporation's Board of Directors resolved with the authorisation by the Extraordinary General Meeting, held on 29 October 2020, on changes related to the company's share-based incentive schemes. These adjustments were based on the rights issue and on the executed reverse share split. The Board of Directors have adjusted the number, subscription ratio and share subscription prices of stock options 2018 in order to secure that the shareholders and stock option holders are treated equally. After the adjustments, there will be a maximum of 146,410 (7 320 500) option rights 2018, and they entitle to subscribe for a maximum of 292,820 (7,320,500) new shares in the company or shares held by the company. The stock options are issued without consideration. Of the stock options, 40,275 (2,430,000) will be marked 2018A, 57,230 (2,445,250) will be marked 2018B and 48,905 (2,445,250) will be marked 2018C. The subscription period for the shares to be subscribed for with the stock options is with stock option 2018A from 1 December 2021 to 30 November 2023, with stock option 2018B from 1 December 2022 to 30 November 2024 and with stock option 2018C from 1 December 2023 to 30 November 2025. The subscription price for the shares with stock option 2018A is EUR 5.25 (0.17), with stock option 2018B is EUR 3.85 (0.114) per share and with stock option 2018C is EUR 3.025 (0.081), ie the trade-weighted average share price Nasdaq Helsinki Oy 12.10–8.11.2018 and the sum of the subscription price of the rights issue divided by two.

During the year 2021 17,793 shares returned to Componenta. The Board of Directors of Componenta Corporation resolved to convert stock options 2018A and 2018B that have been returned to the company to stock options 2018C. The Board of Directors 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 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%.

The number of shares subscribed by exercising stock options 2018 issued corresponds to a maximum total of approximately 3 per cent of all shares and votes of the shares in the company after the potential share subscription with the options, if new shares are issued in the share subscription in question. Subscription period for Stock Option Plan 2018A begun in December 2021. As of the financial statement date no subscriptions had taken place.

Options	Options granted to employees	Unexercised options	Number of shares that can be subscribed for with the option	Share subscription price, EUR	Share subscription period
2018A	33,650	–	2	5.25	1 December, 2021 – 30 November, 2023
2018B	36,298	–	2	3.85	1 December, 2022 – 30 November, 2024
2018C	76,462	–	2	3.025	1 December, 2023 – 30 November, 2025

The value of the option program is calculated by using the Black-Scholes option price model. The parametres used in defining the fair vales are:

	2018A	2018B	2018C
Initial share-price at the date of issue, EUR	0.16	0.114	3.025
Original subscription price, EUR	0.17*	0.128**	2.91***
Current share-price at the date of issue, EUR	5.25	3.85	3.025
Duration (years)	3	4.8	4.4
Expected volatility, %	66.9	59.94	43.08
Risk-free interest rate, %	0	0	0
Fair value of option at the date of issue, EUR	0.09	0.052	2.788
Number of plan participants	9	10	18

Possible dividends are taken into account in the calculations.

* Trade-weighted average share price on Nasdaq Helsinki Ltd 12 October–8 November 2018.
** Trade-weighted average share price on Nasdaq Helsinki Ltd 14 October–8 November 2019.
*** Trade-weighted average share price on Nasdaq Helsinki Ltd 14 October–8 November 2020.

Restricted share plan

The reward from the Restricted Share Plan 2018 was based on the key employee's valid employment or service and the continuation of work during the vesting period. The reward was paid partly in the company´s shares and partly in cash after the expiry of a 36 month vesting period on 29 December 2021. The cash proportion was intended to cover taxes and tax-related costs arising from the reward to the key employee.

The Restricted Share Plan is intended for approximately 15 key employees resolved by the Board of Directors, including the members of the Corporate Executive Team. The rewards to be paid on the basis of the Restricted Share Plan 2018 correspond to the value of a maximum total of 1,999,500 Componenta Corporation shares including also the proportion to be paid in cash. The vesting period starts on 12 November, 2018 and ends on 11 November, 2021. On 18 December 2020, Componenta Corporation's Board of Directors resolved with the authorisation by the Extraordinary General Meeting, held on 29 October 2020, on changes related to the company's share-based incentive schemes. These adjustments were based on the rights issue and on the executed reverse share split. The Board of Directors have adjusted the maximum amount of rewards to be paid from the plan and resolved that the rewards to be paid from the plan after the adjustments correspond to the value of a maximum total of 55,000 shares also including the proportion to be paid in cash.

The Board of Directors of Componenta has on 10 December 2021 decided on a directed share issue without consideration for the reward payments based on the Restricted Share Plan 2018. In the share issue, 25.369 new shares in Componenta Corporation will be issued. he decision on the directed share issue without consideration is based on the authorization granted to the Board of Directors by the General Meeting of Shareholders held on 9 April 2021.

Adjustments related to rights issue and reverse share split in 2020

Number of shares before rights issue	1,999,500
Rights issue factor	1.375x
Number of shares, adjusted with rights issue	2,749,313
Number of shares, rounded per person	2,749,318
Number of shares after reverse share split	55,000

Restricted share plan

Grant date	12 November, 2018
Vesting conditions	Employment
Payment method	Shares and cash
Share price at grant date, EUR	0.16
Fair value of share at grant date, EUR	0.16
Estimated number of plan participants at end of vesting period, %	95 %
Number of plan participants	9

Share-based payments

Share-based payments recognized as an expense

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
To be paid in shares	272	263
To be paid in cash	38	54
Total	310	317

Accounting principles

The fair value of granted options from option programs has been determined at the grant date and will be recognised as an expense over the vesting period. The fair value is calculated by using the Black-Scholes option price model. At each consolidated statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable and recognise the impact of the revision of original estimates as an expense in the statement of income. When options are exercised, the impacts of changes in the share capital which exceed the accounting par value of the shares are included in the paid-up unrestricted equity reserve.

In 2021 Componenta had two share-based incentive plans for the Corporate Executive Team and the Group key employees, a Stock Option Plan and a Restricted Share Plan. Regarding to the Stock Option Plan, the reward to the management will be settled as a combination of shares and cash when the criteria set in the terms and conditions for the plan are met. The key employee's valid employment or service and the continuation of work during the vesting period are key conditions.

The reward from the Restricted Share Plan was based on the key employee's valid employment or service and the continuation of work during the vesting period. The rewards were paid on the basis of the incentive plan correspond to the value of shares including also the proportion to be paid in cash. At each statement of financial position date, the Group revised its estimates of the number of shares, of the share-based incentive plan, that were expected to be distributed. The expense were recognized over the vesting period. The estimate was revised at each consolidated statement of financial position date and the impact of the revision of original estimates were recognized in the statement of income. The Restricted Share Plan ended in December 2021.

22 Pension obligations and other benefit plans

Pension obligations

Most of the Group's pension plans are defined contribution plans.

Other benefit plans

The Group has one defined benefit plan, reward for years of service. This reward is applied in one company within the Group. The net defined benefit obligation recognised in the balance sheet at year end 2021 was EUR 106.7 (121.9) thousand. There are no plan assets in the defined benefit plan. Movements in 2021 are due to payments made EUR 15.7 thousand. This benefit plan has no actuarial gains and losses. Assumptions used in calculating benefit obligation were; discount rate 0.6% and average future salary increase 3.1%. The duration of the defined benefit obligation is assumed to be 6.7 years.

Sensitivity analysis

		Defined Benefit Obligation	
Effect of a change in assumption used	**Change in assumption**	**Increase**	**Decrease**
Discount rate	0.5%	3.3%	3.5%
Future salary increase	0.5%	3.4%	3.2%

23 Provisions

Current

EUR thousand	Reorganisation provisions	Environmental provisions	Other provisions	Total
Dec 31, 2021	0	0	534	534
Additions to provisions	–	–	–	–
Utilized during the period	–	–	-187	-187
Dec 31, 2021	0	0	347	347

	Reorganisation provisions	Environmental provisions	Other provisions	Total
Jan 1, 2020	0	0	336	336
Additions to provisions	–	–	198	198
Utilized during the period	–	–	–	–
Dec 31, 2020	0	0	534	534

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Change in provisions recognised as operating expenses in income statement under continued operations, increase of expense (-), decrease of expense (+) or in net result of the discontinued operations	**187**	-198

The Group Management is not aware of any lawsuits or claims against the Group at the end of the reporting period that would cause recognition of material provisions.

Accounting principles

A provision is recognised on the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the obligation will have to be settled, and the amount of the obligation can be reliably estimated. If it is possible to obtain compensation for some of the obligation from a third party, the compensation is recognised as a separate asset item, but only when it is, in practice, certain that the compensation will be obtained.

A provision for restructuring is recognised when the Group has drawn up a detailed restructuring plan and restructuring has either commenced or the plan has been announced publicly.

24 Financial risks and instruments

The target of management of financial risks related to business operations of Componenta Group is to hedge the profit and the balance sheet of the Group. In the long-term the Group is always exposed to economic risks. Therefore, the amount of financial risks is aimed aimed to be limited to an acceptable level by using financial instruments commonly used in the financial markets. The administration of the financial risks is to the Group Treasury.

Values of financial assets and liabilities

Dec 31, 2021, EUR thousand	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	Total
Non-current assets					
Other receivables		90			90
Current assets					
Cash and cash equivalents		5,231			5,231
Accounts receivable		2,795			2,795
Total financial assets		8,116			8,116
Non-current liabilities					
Loans from financial institutions		1,466			1,466
Lease liabilities				7,652	7,652
Other loans		19			19
Trade payables and advances received*		189			189
Interest-bearing restructuring debts		-			-
Non-interest-bearing restructuring debts		-			-
Current liabilities					
Loans from financial institutions		1,247			1,247
Lease liabilities				1,483	1,483
Other loans		78			78
Trade payables and advances received		7,668			7,668
Interest-bearing restructuring debts		-			-
Non-interest-bearing restructuring debts		-			-
Total financial liabilities		10,666		9,135	19,801

Dec 31, 2020, EUR thousand	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	Total
Non-current assets					
Other receivables		97			97
Current assets					
Cash and cash equivalents		16,752			16,752
Accounts receivable		1,150			1,150
Total financial assets		17,999			17,999
Non-current liabilities					
Loans from financial institutions		2,692			2,692
Lease liabilities				7,812	7,812
Other loans		97			97
Trade payables and advances received*		276			276
Interest-bearing restructuring debts		485			485
Non-interest-bearing restructuring debts		8,584			8,584
Current liabilities					
Loans from financial institutions		1,235			1,235
Lease liabilities				1,578	1,578
Other loans		93			93
Trade payables and advances received		4,518			4,518
Interest-bearing restructuring debts		176			176
Non-interest-bearing restructuring debts		1,449			1,449
Total financial liabilities		19,604		9,390	28,994

The fair values of financial assets and liabilities are materially similar to their carrying amounts.

* Tax reliefs due to the COVID-19 pandemic admitted by the Finnish Tax Administration are deducted from non-current trade payables and advances received.

Financing and liquidity risks

The financing of the Group business operations is based on business income financing, committed and drawn loans from financial institutions, revolving credit facilities which are valid until 30 November 2022, and factoring financing of trade receivables. Revolving credit facility agreements must be renewed annually and factoring financing arrangements are renewed annually unless terminated. Revolving credit facilities and factoring financing agreements contain terms on the basis of which they can also be terminated during the agreement period. In the Group's view, these terms are normal and are not likely to be breached. The termination or non-renewal of factoring arrangements or revolving credit facilities could create uncertainties and risks to Componenta's liquidity, but the uncertainties and risks are mitigable. The Group's good level of liquidity at the end of 2021 is an essential factor in managing liquidity risks. The company has analyzed cash flow forecasts for the 12-month period after the financial statement date according to different scenarios. In addition to income financing, the most important assumptions in the scenarios relate to the continuity of factoring financing and the level of use of revolving credit facilities and the share subscription limit described below. Componenta estimates that the Group's liquidity will be sufficient for the next 12 months.

At the end of the financial period 31 December 2021, Componenta's cash and cash equivalents totalled EUR 5.2 (16.8) million. Additionally at the end of the financial period, the Group had EUR 4.0 (4.0) million of undrawn committed credit facilities.

Componenta Corporation entered into a share subscription facility on 21 June 2021 with Global Corporate Finance LLC, New York, NY, USA, for providing funding of up to USD 8 million to the Company over a three-year period. This facility helps the Group at its request to support their financing for the next 3 years and gives the company a possibility to focus on achieving upcoming growth and profitability objectives for the next years. Componenta may offer new shares to GCF in several tranches. For any tranche, the company may issue a Tranche Notice in amounts up to USD 1 million but not exceeding 400% of the Average Daily Volume (ADV) of the company's stock for the previous week. The first two tranches shall be at minimum USD 0,5 million.

The Group has prematurely paid its restructuring debts in 2021 and all restructuring programmes have ended.

Installments and interest payments on financial liabilities 2021

EUR thousand	2022	2023	2024	2025	2026	2027 +	Yhteensä
Loans from financial institutions	-1,247	-1,115	-433	-	-	-	-2,795
Lease liabilities*	-1,484	-1,398	-1,301	-1,306	-1,328	-2,318	-9,135
Trade payables**	-7,634	-189	-	-	-	-	-7,822
Interest expenses on loans	-596	-430	-310	-233	-163	-127	-1,859
Other debts***	-78	-19	-	-	-	-	-97
Total	-11,038	-3,152	-2044	-1,539	-1,491	-2,446	-21,709

Installments and interest payments on financial liabilities 2020

EUR thousand	2021	2022	2023	2024	2025	2026 +	Yhteensä
Loans from financial institutions	-1,235	-1,209	-1,133	-350	-	-	-3,927
Lease liabilities*	-1,578	-1,437	-1,273	-1,254	-1,318	-2,530	-9,390
Trade payables**	-4,518	-276	-	-	-	-	-4,794
Interest expenses on loans	-725	-538	-373	-250	-173	-136	-2,196
Restructuring debts	-1,694	-1,768	-7,232	-	-	-	-10,694
Other debts***	-92	-78	-19	-	-	-	-189
Total	-9,842	-5,305	-10,029	-1,855	-1,492	-2,666	-31,189

* For leases, repayments of the lease liability and interest expenses are used as a sufficient approximation of actual rents paid. Only changes in interest rates cause a small difference in the actual cash flow. The interest to be paid has been calculated with prevailing nominal interest rates. The actual interest payments on variable interest contracts will, therefore, probably differ slightly from the figures presented in the table.

** Tax reliefs due to the COVID-19 pandemic admitted by the Finnish Tax Administration are deducted from non-current trade payables.

*** Other debts are hire purchase agreements.

The figures have not been discounted to correspond to their present values. The figures are valid only on the closing date and the amount of interest on floating rate contracts may vary from actual cash flows. The repayment table for financial liabilities is not meant to portray the Group's expected total cash flow.

Interest-bearing financial liabilities

EUR thousand	Dec 31, 2021	Dec 31, 2020
Non-current interest-bearing financial liabilities		
Loans from financial institutions	1,466	2,692
Lease liabilities	7,652	7,812
Restructuring debts	0	9,069
Other debts *	19	97
Total	9,137	19,670
Current interest-bearing financial liabilities		
Loans from financial institutions	1,247	1,235
Lease liabilities	1,483	1,578
Restructuring debts	0	1,625
Other debts *	78	93
Total	2,808	4,530
Total interest-bearing liabilities	11,945	24,200

* Other debts are hire purchase agreements.

Currency breakdown of interest-bearing financial liabilities

%		2021	2020
Non-current	EUR	100.0	100.0
Total		100.0	100.0
Current	EUR	100.0	100.0
Total		100.0	100.0

Cash flows are settled in the nominal currency of each liability agreement.

Range of nominal and effective interest rates for interest-bearing financial liabilities

%	2021 Nominal interest rates	2021 Effective interest rates	2020 Nominal interest rates	2020 Effective interest rates
Loans from financial institutions	5.0–8.1	5.1–8.3	5.0–8.1	5.1–12.6
Lease liabilities	1.2–5.8	1.2–5.8	1.2–5.8	1.2– 5.8
Other debts*	5.0–5.0	5.0–5.0	2.0–5.0	2.0– 5.0

* Other debts are hire purchase agreements. In 2020 the numbers have included interest-bearing secured restructuring liabilities.

Foreign exchange risk

The Group's foreign exchange risk is divided into transaction risk, which arises from income and expenses denominated in foreign currencies, and translation risk, which arises from equity investments and related profit or loss denominated in foreign currencies. The transaction position is calculated from the foreign currency denominated trade receivables, trade payables in the balance sheet, and initial exposures derived from the highly probable forecasted foreign currency cash flows. The highly probable period is defined normally within 1-6 months but the highly probable period can be extended up to 12 months. These form the part of the transaction position in which changes affect 'Operating profit'. The other part of transaction exposure includes items where the impact of changes in exchange rates are recorded in the income statement in 'Financial income and expenses' such as foreign currency cash in hand and at bank and the Group's internal and external foreign currency loans and loan receivables.

The translation position is determined from the shareholders' equity and retained earnings of those foreign subsidiary and associated companies of the Group whose business currency is not the euro. At the end of the financial period, the Group does not have the translation risk as the business currency of all Group companies is the euro.

To hedge against changes in exchange rates, the Group uses foreign currency loans and deposits and other natural hedging relationships. In addition, common derivative instruments can be used such as foreign currency forward contracts and options, for which pricing on the market is reliable. Foreign currency derivatives mature in less than one year. In 2021 the Group did not utilized derivatives on hedging.

At the end of the reporting period, the Group does not have an open currency position.

Interest rate risk

The interest rate risk to which the cash flow is exposed arises mainly from the Group's loan portfolio and leases. The interest rate risk arises as changes in market interest rates and in interest rate margins affect financial expenses and income. The interest rate risk is managed by spreading the loan portfolio between fixed and floating interest rate loans and investments. In addition, interest rate derivatives can be used.

Income statement – financial expenses

EUR thousand	Dec 31, 2021 for 2022 Sensitivity interest rate curve +100bp	Dec 31, 2020 for 2021 Sensitivity interest rate curve +100bp
Interest-bearing financial liabilities	-13.0	-13.0

The sensitivity analysis estimates the parallel rise in the interest rate curve at 1.0 percentage points. A positive change indicates a decrease and a negative change an increase in interest expenses.

The assumption in the calculation is that loans that mature are refinanced with comparable instruments. It is also assumed that no repayments are made, thus the calculations only take into account the interest rate renewal risk regarding interest-bearing loans and their nominal interest rates. Leasing agreements are not included in the calculation. As the interest rate risk on the asset side of the balance sheet is not significant it has not been included to the interest rate risk sensitivity analysis.

Commodity risk

Group's commodity risk arises mainly from the price risk of the electricity and of the raw materials. A considerable share of the electricity price has been fixed for the next 12 months forward. For the Group's business operations it is imperative that it can source certain raw materials, such as recycled steel and iron blocks at competitive prices. The cost risk associated with raw materials is primarily managed using pricing agreements, with which the prices of products are adjusted according to the prices of their raw materials. The Group also has the availability risk of the raw materials which, however, has been decreased as the competition between suppliers of major raw materials has been established, and it has been moved from prepayments to normal payment terms within the limits provided by the suppliers.

Accounting principles

The Group's financial assets are initially classified in the following categories: assets measured at amortised 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 amortised cost, the expected credit losses are measured and recognised based on aging classification. Financial liabilities are classified in the following categories: financial liabilities at fair value through profit and loss, lease liabilities, and financial liabilities at amortised cost.

Componenta has also assessed the impact of the COVID-19-pandemic on the most significant financial risks. From Componenta's point of view, the COVID-19-pandemic has had the greatest impact on the funding and liquidity risk.

Loans are initially recognised at fair value and valued thereafter at amortised 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.

25 Restructuring debts

The Board of Director's of Componenta Corporation resolved 25 February 2021 the payment of company's restructuring debts EUR 5,9 million and premature ending of the restructuring programme. The company has also reached agreements with creditors concerning the conversion into new maximum amount debts of approximately EUR 0.1 million conditional and maximum amount restructuring debts, based on guarantee liabilities included in the previously mentioned amount. Following the conversion, the company has fulfilled its liability towards these creditors arising from the restructuring programme. On 31 March 2021, Componenta Corporation carried out the aforementioned EUR 5.9 million payments to its creditors. As a concequence a gain of EUR 0,7 million was realised in group when Componenta Corporation's restructuring debts in the balance sheet EUR 6,6 million were paid in EUR 5,9 million. The gain has been booked to financial income from continued operations in Componenta Corporation's income statement. Componenta Corporation's restructuring programme 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 report on the restructuring programme.

The Board of Directors of Componenta decided on 13 October 2021 to pay the restructuring debts of Componenta Castings Oy's (former Componenta Finland Oy) restructuring programme in the total amount of approximately EUR 5.6 million and to end the restructuring programme prematurely. Componenta Castings Oy carried out the aborementioned payments of approximately EUR 5.6 million to its creditors on 15 October 2021, consisting of approximately EUR 3.4 million external restructuring debts and EUR 2.2 million intra-group restructuring debts. The intra-group restructuring debts have been settled in their entirety by converting the restructuring debts into a new loan. A net profit of approximately EUR 0.2 million was realised for the group in connection with the repayment, as external restructuring debts with a book value of EUR 3.6 million were paid with EUR 3.4 million. The profit was recognised in the financial items of the Group's continued operations. The restructuring programme of Componenta Castings ended on 22 October 2021, when the supervisor of the restructuring programme approved the payments carried out on 15 October 2021 and provided creditors with the supervisor's final account.

All Componenta Group's restructuring programmes have ended.

Total restructuring debt in Group's balance sheet

EUR thousand	2021	2020
Current interest bearing liabilities	0	176
Non-current interest bearing liabilities	0	485
Current non-interest bearing liabilities	0	1,449
Non-current non-interest bearing liabilities	0	8,584
Total	0	10,694

Summary of Groups's restructuring debt per each company

EUR thousand	2021	2020
Componenta Corporation	0	6,578
Componenta Castings Oy	0	4,116
Total	0	10,694

26 Other non-interest bearing liabilities and accruals

Non-current non-interest bearing liabilities

EUR thousand	Dec 31, 2021	Dec 31, 2020
Restructuring debts	0	8,584
Other liabilities	1,117	1,727
Total	1,117	10,311

Non-current other liabilities include payment exemptions related to the COVID-19-pandemic granted by the Tax Authority and a liability regarding financing arrangement of a particular machine of Componenta Manufacturing Oy.

Current non-interest bearing liabilities

EUR thousand	Dec 31, 2021	Dec 31, 2020
Trade payable	7,634	4,440
Restructuring debts	0	1,449
Accruals	6,526	5,118
VAT liabilities	1,266	585
Other liabilities	2,959	3,246
Total	18,385	14,838

Current other liabilities include payment exemptions related to the COVID-19-pandemic granted by the Tax Authority.

Accrued expenses and deferred income

EUR thousand	Dec 31, 2021	Dec 31, 2020
Personnel expenses	4,715	4,127
Other accruals	1,811	991
Total	6,526	5,118

27 Reconciliation of financial liabilities to cash flow statement

EUR thousand	Long-term liabilities	Short-term liabilities	Total	Long term non-intrest bearing restructuring debt	Short term non-intrest bearing restructuring debt	Total
Jan 1, 2021	11,086	3,082	14,168	8,584	1,449	10,032
Drawdowns				–	–	
Repayments on restructuring debt	-400	-176	-576	-7,663	-1,449	-9,112
Repayments on interest bearing debt	-1,304	-59	-1,363			
Repayments on leasing debt		-1,536	-1,536			
Change in liabilities which does not include cash flow:						
Change in restructuring liabilities	-85		-85	-921		-921
Ohter changes	-161	1,497	1,336			
Dec 31, 2021	9,137	2,808	11,944	0	0	0

Other changes mainly consist of additions in lease liabilities included in the Group's liabilities.

Interest-bearing debt repayments in 2021 include EUR 0.6 million of restructuring debt repayments. The restructuring programme of Componenta Castings Oy ended upon the approval of the payment of restructuring debt carried out by the company on 15 October 2021 by the supervisor and the provision of the supervisor's final account of the restructuring programme to creditors on 22 October 2021. The Board of Directors of Componenta Corporation had decided on 13 October 2021 to end Componenta Castings Oy's restructuring programme prematurely. Componenta Castings Oy had previously proposed to its restructuring creditors, in deviation of the restructuring programme, the payment of 90 percent of the remaining amounts payable under the restructuring programme as full and final repayment of its restructuring debts for the purpose of ending the restructuring programme prematurely. Creditors representing over 91 percent of the unsecured restructuring debts of Componenta Castings Oy had approved the company's proposal.

The restructuring programme of Componenta Corporation ended upon the approval of the payment of restructuring debt carried out by Componenta Corporation on 31 March 2021 by the supervisor and the provision of the supervisor's final account of the restructuring programme to creditors today on 27 April 2021. The Board of Directors of Componenta Corporation had decided on 25 February 2021 to end the Componenta Corporation's restructuring programme prematurely and to pay its restructuring debts in the total amount of EUR 5.9 million. This amount included approximately EUR 0.2 million of conditional and maximum amount guarantee debts, the final amounts of which were not confirmed and the repayment of which Componenta Corporation had to separately agree on with each respective creditor. Componenta Corporation had on 31 March 2021 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, Componenta Corporation had 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. Following the conversion Componenta Corporation had fulfilled its liability towards these creditors arising from the restructuring programme. As a consequence of the payments and conversion, the restructuring programme had been fully carried out by the company.

In 2020, Componenta Manufacturing Oy agreed on postponements of loan repayments from financial institutions for a total value of EUR 0.3 million to be partly paid in the last installment at the end of the loan period, and partly to be distributed equally to future installments in 2020 - 2024. The cash flow effect of the postponed repayments of the loans from financial institutions in 2021 was EUR 0,0 (+0,3) million. The postponements on repayments to the loans from financial institutions were agreed to ensure cash flow during the Covid-19 pandemic.

EUR thousand	Long-term liabilities	Short-term liabilities	Total	Long term non-intrest bearing restructuring debt	Short term non-intrest bearing restructuring debt	Total
Jan 1, 2020	10,357	2,843	13,200	10,177	1,429	11,606
Drawdowns	2,000		2,000			
Repayments	-433	-2,289	-2,722	-1,231		-1,231
Change in liabilities which does not include cash flow:						
Change in restructuring liabilities	-46	44	-2	-362	20	-342
Ohter changes	-792	2,484	1,692			
Dec 31, 2020	11,086	3,082	14,168	8,584	1,449	10,032

Interest-bearing debt repayments in 2020 include EUR 0.0 million of restructuring debt repayments. In 2020, Componenta Castings Oy agreed on postponements of payments of restructuring liabilities for the largest debt items for total of EUR 0.3 million to be paid in six equal installments during 2021-2023 on the payment dates of the restructuring program. The postponed repayments included EUR 0.1 million of interest-bearing restructuring debt. The cash flow effect of the postponed payments of restructuring liabilities for 2020 was EUR +0.3 million. In 2020, Componenta Manufacturing Oy agreed on postponements of loan repayments from financial institutions for a total value of EUR 0.3 million to be partly paid in the last installment at the end of the loan period, and partly to be distributed equally to future installments in 2020 - 2024. The cash flow effect of the postponed repayments of the loans from financial institutions in 2020 was EUR +0.3 million. The postponements on restructuring debt payments and repayments to the loans from financial institutions were agreed to ensure cash flow during the Covid-19 pandemic.

28 Lease liabilities

EUR thousand	2021	2020
Carrying amount Jan 1	**9,390**	9,266
Additions to lease liabilities	**1,315**	1,725
Disposals to lease liabilities	**-34**	-12
Lease payments	**-1,536**	-1,589
Carrying amount Dec 31	**9,135**	9,390

The representation of current and non-current lease liabilities is presented in note 26. The weighted average of the Group's incremental borrowing rate, which was applied on lease liabilities was 5.5%.

Items arising from leases in the consolidated income statement

EUR thousand	Jan 1- Dec 31, 2021	Jan 1- Dec 31, 2020
Depreciation from right-of use assets	**-1,992**	-1,959
Interest expense from lease liabilities	**-490**	-488
Expense from leases of low value assets and short-term leases	**-258**	-171
Lease income from third parties	**271**	292
Total	**-2,469**	-2,326

Accounting principles

Componenta assesses at inception of a contract whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease liabilities are recognized on the commence date of the lease. The liabilities are measured on the commence date at the present value of the remaining lease payments, discounted by using the lessee's incremental borrowing rent. Lease term is the period during which the lease can not be cancelled, extended with the period covered by an extension option, if it is reasonably certain to exercise the extension option and period covered by a termination option, if it is reasonably certain to exercise the termination option. Management estimates the lease term of leases valid until further notice and the measures of right-of-use assets and lease liabilities are recognized based on these estimates. Management updates its estimates quarterly.

Lease payments are allocated between finance cost and decrease of liability. Lease liabilities are remeasured if future lease payments change due to an index or a rate change or when the Group's estimate of excercising a possible extension option has changed. If the lease liability is remeasured, the right-of-use asset is recovered assumingly.

Componenta has decided to utilize the practical expedient permitted by the standard and does not apply the standard on leases of low value assets, but instead recognizing the rents as an expense over the lease term. Leases of low value assets mainly include IT and office equipment. Additionally the Group recognizes leases that have a lease term of 12 months or less as leases of low value assets and applies a single discount rate to a portfolio of leases with reasonably similar characteristics.

29 Contingent liabilities

EUR thousand	Dec 31, 2021	Dec 31, 2020
Real-estate mortgages		
For own debts	600	3,150
Business mortgages		
For own debts	12,400	12,400
Pledges		
For own debts	7,800	7,800
Other leases	150	65
Other commitments	198	247
Total	21,149	23,661

Liabilities secured with mortgages, pledges or other guarantees

EUR thousand	Dec 31, 2021	Dec 31, 2020
Liabilities secured with real estate or business mortgages		
Interest-bearing restructuring debts	0	546
Loans from financial institutions	2,712	3,926
Total	2,712	4,472

30 Related party disclosures

Group companies (control) December 31, 2021

Company	Domicile	Group share of holding, %	Parent company share of holding, %
Componenta Castings Oy	Karkkila, Finland	100.0	100
Componenta Manufacturing Oy	Jyväskylä, Finland	100.0	100
Karkkilan Valimokiinteistö Oy	Karkkila, Finland	100.0	-
Oy Högfors-Ruukki Ab	Karkkila, Finland	100.0	100
Pietarsaaren Vanha Valimo Oy	Pietarsaari, Finland	100.0	-

Fees, salaries and other benefits of the Board of Directors, President and CEO and other members of the Corporate Executive Team (CET)

Jan 1–Dec 31, 2021, EUR	Salaries, fees & fringe benefits	Voluntary pension benefits	Share-based payments	Total
Board of Directors	125,000	-	-	125,000
President and CEO Sami Sivuranta	282,270	-	41,022	323,292
Other members of CET	628,756	-	102,358	731,114
Total	1,036,027	-	143,380	1,179,406

Performance bonus from the year 2021 has been accrued for President and CEO EUR 122 thousand and for other members of the Corporate Executive Team (CET) EUR 193 thousand. Performance bonuses will be paid in 2022.

Jan 1–Dec 31, 2020, EUR	Salaries, fees & fringe benefits	Voluntary pension benefits	Share-based payments	Total
Board of Directors	125,000	–	–	125,000
President and CEO Marko Penttinen (until 11.3.2020)	169,486	–	–	169,486
President and CEO Sami Sivuranta (as of 11.3.2020)	191,348	–	38,293	229,641
Other members of CET	699,741	–	101,582	801,323
Total	1,185,575	–	139,875	1,325,450

Remuneration of the Board of Directors and executive management

Remuneration and fees, 1,000 EUR	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
President and CEO Marko Penttinen (until 11 Mar, 2020)	**–**	169
President and CEO Sami Sivuranta (as of 11 Mar, 2020)	**282**	191
Members of Board of Directors		
Harri Suutari	**50**	50
Petteri Walldén	**25**	25
Anne Leskelä	**25**	25
Tomas Hedenborg	**25**	–
Harri Pynnä	**–**	25
Total, Board of Directors	**125**	125

The retirement age of the President and CEO is 68 years.

Other related party disclosures

Management included in the related parties of Componenta received shares worth EUR 50,888.14 through direct share issue without consideration after the vesting period of Restricted Share Plan ended in 2021. Management and Board of Directors included in the related parties of Componenta subscribed shares worth EUR 125,571.16 in total during the rights issue in 2020. Componenta did not have loan receivables from related parties in 2021 or 2020.

Parent company financial statements

Parent company income statement, balance sheet and cash flow statement (according to Finnish Accounting Standards)

Parent company income statement

EUR thousand	Note	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
NET SALES	1	3,444.5	2,787.2
Other operating income	2	72.2	44.9
Operating expenses	3, 5, 6	-3,309.3	-2,164.1
Depreciation, amortization and write-down of non-current assets	4	-66.3	-45.7
OPERATING RESULT		141.1	622.3
Financial income and expenses in total	7	538.9	514.4
RESULT AFTER FINANCIAL ITEMS		679.9	107.9
RESULT AFTER APPROPRIATIONS		679.9	107.9
RESULT FOR THE FINANCIAL PERIOD		679.9	107.9

Parent company balance sheet

EUR thousand	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	203.3	232.6
Tangible assets	9	37.5	42.4
Investments	10	23,018.2	22,518.2
Non-current assets, total		23,259.0	22,793.2
CURRENT ASSETS			
Non-current receivables	11	6,638.1	6,297.4
Current receivables	11	3,611.4	1,230.8
Cash and bank accounts		2,248.9	11,299.9
Current assets, total		12,498.4	18,828.1
TOTAL ASSETS		35,757.3	41,621.3

EUR thousand	Note	Dec 31, 2021	Dec 31, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY	12		
Share capital		1,000.0	1,000.0
Unrestricted equity reserve		17,656.8	17,656.8
Retained earnings		15,050.9	14,617.2
Result for the financial period		679.9	107.9
Shareholders' equity		34,387.6	33,381.8
LIABILITIES	13, 14		
Non-current liabilities		82.5	6,144.8
Current liabilities		1,287.2	2,094.7
Liabilities		1,369.7	8,239.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		35,757.3	41,621.3

Parent company cash flow statement

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
CASH FLOW FROM OPERATIONS		
Result after financial items	**680**	108
Depreciations according to plan	**66**	46
Other income and expenses, non-cash items	**830**	-2
Financial income and expenses	**-539**	110
Cash flow before changes in working capital	**1,038**	-1 606
Changes in working capital		
Non-interest bearing receivables increase (–)/decrease (+)	**-1,116**	1,006
Non-interest bearing liabilities increase (+)/decrease (–)	**-279**	610
Cash flow from operating activities before financial items and taxes	**-358**	10
Interest and payments paid from other financial expenses of operations	**-1**	-3
Interest received from operations	**124**	342
CASH FLOW FROM OPERATING ACTIVITIES (A)	**-234**	349

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure in tangible and intangible assets	**-30**	-125
Investments in shares of subsidiary companies	**-**	115
Loans receivables, decrease	**-3,900**	
Loans receivables, increase	**1,544**	1,273
CASH FLOW FROM INVESTING ACTIVITIES (B)	**-2,386**	1,263
CASH FLOW FROM FINANCING ACTIVITIES		
Share issue	**-**	9,491
Share issue costs	**-577**	-430
Drawdowns (+) of non-current loans	**-**	
Repayments of non-current loans	**-5,855**	-613
CASH FLOW FROM FINANCING ACTIVITIES (C)	**-6,431**	8,448
CHANGE IN LIQUID ASSETS (A + B +C) increase (+)/decrease (–)	**-9,051**	10,061
Cash and bank accounts at the beginning of the period	**11,300**	1,239
Cash and bank accounts at period end	**2,249**	11,300
Change during the period	**-9,051**	10,061

Componenta Corporation

Accounting principles for the financial statements

The financial statements for Componenta Corporation have been prepared in accordance with laws and regulations governing the preparation of the financial statements in Finland. The financial statements have been prepared for the period between January 1 and December 31, 2021.

Accounting policies requiring management's judgment

In preparing Componenta Corporation's financial statements, management has exercised significant judgment in assessing company to be going concern. Uncertainties and risks are associated with going concern, but they are mitigated at the discretion of management and therefore do not involve significant uncertainty. The financial statements for the financial year 2021 have been prepared on a going concern basis. When assessing the principle of going concern, Componenta Corporation's management has taken into account the following factors.

In the financial year 2021, the early repayment of restructuring debts has taken place and all restructuring programs have ended. At the financial statement date, 31 December 2021, Componenta Corporation has no external restructuring debt. In the financial year 2020, Componenta has strengthened its sales operating model and strengthened its sales resourcing. As a result, new transactions have been concluded during 2021, which has been reflected in the increase in the net sales of Componenta Corporation's subsidiaries. This is essential for the going concern of Componenta Corporation's operations, as Componenta Corporation's main sources of revenue are service fees and trademark license fees charged from the subsidiaries. On June 21, 2021, Componenta Corporation entered into a 3-year agreement with Global Corporate Finance LLC for a share subscription limit of up to $ 8 million in New York, USA. The flexible limit will help support the company's financing for the next 3 years and thus allow the company to focus on achieving its growth and profitability targets for the coming years. At the financial statement date, the limit had not been used. Componenta's undrawn credit facilities of EUR 4 million have been extended in June 2021 regarding two of Componenta Corporation's subsidiaries to be in effective until November 30, 2022. According to the company's understanding, debt financing is also available to Componenta Corporation from the market if necessary. Management has analyzed the companies' cash flow forecasts for the next 12 months according to different scenarios. In order to improve its liquidity, Componenta Corporation has used deferrals of tax payments offered by Finnish Tax Office in regards with COVID-19. Under these payment arrangements, the company must reduce its tax liability steadily so that it is fully repaid in May 2022. 2.5% interest will be paid on the liabilities covered by the payment arrangement.

Componenta Corporation continuously assesses the effects of the COVID-19 pandemic on financial reporting. The interest rate pandemic has not had a significant impact on Componenta Corporation in the financial year 2021. Componenta Corporation closely monitors market developments and the situation of its subsidiaries' customers and adjusts its own operations accordingly.

Foreign currency transactions

Business transactions in foreign currencies are recognized at the exchange rate on the date of the transaction. Receivables and liabilities in foreign currency are translated into euros at the European

Central Bank's average exchange rate on the balance sheet date. Exchange differences arising from translation are recognized in profit or loss under adjustments to sales or purchases or under financial items, depending on their nature.

Derivatives

The fair value of forward rate agreements is the profit or loss calculated at market prices on the closing date that would result from terminating the agreements. The fair value of interest rate options is estimated using commonly used option pricing models. The fair value of interest rate swaps is calculated by estimating and discounting future cash flows at market interest rates on the closing date. Forward foreign exchange contracts and foreign exchange swaps are valued at quoted forward exchange rates on the closing date and are divided into the fair value of the exchange rate difference and the fair value of the interest rate difference.

Positive and negative fair values for exchange rate differences for foreign exchange derivatives are recognized on the closing date in the income statement. The fair values of foreign exchange derivatives presented in the notes also include the fair values of interest rate differences. Due to the missing limits the company had no open derivative contracts at the end of the reporting period.

Revenue recognition

The main sources of income for Componenta Corporations are Trade Mark License Fee- and Service Fee- charges from its subsidiaries. Sales of services are recognized as sales when the services have been rendered or when the work is being carried out.

Pensions

Statutory pension contributions for personnel are administered by external pension insurance companies and there are no uncovered pension liabilities. Pension insurance payments are allocated so that they correspond to the performance-based pay stated in the financial statements.

Leases

Leasing payments are treated as rental expenses. Liabilities falling due for payment in the future are presented under contingent liabilities in the notes to the balance sheet.

Income taxes

Taxes include taxes for the fiscal year calculated on the actual figures as well as taxes due for payment or refund from previous fiscal years that differ from the calculated taxes. Deferred tax assets have not been recorded for losses.

Non-current assets and depreciation

Intangible and tangible assets are recognized in the balance sheet at their historical cost less planned depreciation. Planned depreciation is calculated on a straight-line basis on the historical cost based on the probable useful life.

Intangible rights	3 – 10 years
Other long-term expenditure	3 – 10 years
IT equipment	3 – 10 years
Other machinery and equipment	10 – 25 years
Other tangible assets<	5 – 10 years

Capital expenditure of non-current assets are measured at cost, or fair value in case the fair value is less than cost. Capital expenditure of non-current assets include shares in subsidiaries and other shares and investments. Further information on the principles of impairment testing is presented in the notes to the consolidated financial statements.

Valuation principles for investments in subsidiaries and receivables from subsidiaries

The Finnish subsidiary Componenta Castings Oy filed for corporate restructuring in accordance with local restructuring proceedings in 2016. Significant uncertainty relates to the cash generating ability of the subsidiary of Componenta Corporation and to its ability to pay their debts and, in accordance with the prudence concept, a reduction in value as prescribed in article 13 of chapter 5 of the Finnish Accounting Act has been applied to investments in this company and to receivables from it. The corporate restructuring of Componenta Castings Oy has been completed in the financial year 2021. Although the restructuring program has ended, according to the precautionary principle, no reversal of impairment has been made to the value of the shares.

Cash and cash equivalents

Cash and cash equivalents include cash in-hand and bank account balances.

Share-based payments

In 2021 Componenta has had two share-based incentive plans for the Corporate Executive Team and the company key employees, a Stock Option Plan and a Restricted Share Plan. Pursuant to the share ownership plans, the reward to the management will be settled as a combination of shares and cash when the criteria set in the terms and conditions for the plan are met. The key employee's valid employment or service and the continuance of work during the vesting period are key conditions.

The reward from the Restricted Share Plan were based on the key employee's valid employment or service and the continuance of work during the vesting period. The rewards were paid based on the incentive plan correspond to the value of shares including also the proportion to be paid in cash. At each statement of financial position date, the company revised its estimates of the number of shares, of the share-based incentive plan, that were expected to be distributed. The expense was recognized over the vesting period. This estimate was revised at each consolidated statement of financial position date and the impact of the revision of original estimates was recognized in the statement of income. The Restricted Share Plan ended at the end of 2021.

The subscription right for the stock option program 2018A began in December 2021. At the financial statement date, the subscription rights had not been exercised.

The Board of Directors of Componenta has on 10 December 2021 decided on a directed share issue without consideration for the reward payments based on the Restricted Share Plan 2018. The vesting period of the plan ended in November 2021

In the share issue, 25.369 new shares in Componenta Corporation will be issued. The shares will be entered into the Trade Register around December 29, 2021, and they will be issued without consideration to the key employees participating in the Restricted Share Plan according to the terms and conditions of the plan

The decision on the directed share issue without consideration is based on the authorization granted to the Board of Directors by the General Meeting of Shareholders held on 9 April 2021.

Notes to the income statement

1 Net sales by market area

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Finland	3,444.5	2,776.0
Other Nordic countries	–	11.2
Net sales total	3,444.5	2,787.2

2 Other operating income

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Other operating income	72.2	44.9
Other operating income total	72.2	44.9

3 Personnel expenses

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Salaries and fees	-2,022.7	-1,662.2
Pension costs	-211.5	-217.4
Other personnel costs	-39.5	-29.7
Total	-2,273.7	-1,909.3
Salaries and other remuneration of the Corporate Executive Team	-899.3	-955.4
Fringe benefits of the Corporate Executive Team	-11.7	-10.4
Average number of personnel	13	13

4 Depreciations and write offs

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Intangible assets		
Other long-term expenditure	-59.1	-36.9
Tangible assets		
Machinery and equipment	-7.2	-8.8
Total depreciation and write-downs	-66.3	-45.7

5 Other operating expenses

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Rents	-107.5	-106.7
Credit loss	-39.1	782.0
Other operating expenses	-889.0	-930.1
Other operating expenses total	-1,035.6	-254.8

The credit loss from Componenta Främmestad AB in 2019 has been cancelled in 2020.

6 Audit fees

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Audit fees	-74,0	-104.1
Other fees	-9,8	-119.1
Total fees paid to auditors	-83,8	-223.2

7 Financial income and expenses

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Interest and other finance income		
Group companies	314.8	240.1
Others*	662.4	82.1
Total	977.2	322.2
Interest and other finance expenses		
Group companies**	-249.9	-
Others	-188.5	-836.6
Total	-438.4	-836.6
Financial income and expenses, total	538.9	-514.4
Financial income and expenses include exchange gains/losses (net)		
Others	-1.3	-2.3
Total	-1.3	-2.3

* Interest and other finance income from others includes income from the early repayment of restructuring debt.

** Interest and other finance expenses for Group companies consisted expenses regarding the early repayment of the restructuring debts of Componenta Corporation's subsidiary Componenta Castings Oy.

Notes to the statement of financial position

Non-current assets

8 Intangible assets

EUR thousand	Dec 31, 2021	Dec 31, 2020
Other long-term expenditure		
Acquisition cost at Jan 1	5,283.8	5,110.2
Additions	29.8	120.2
Re-classifications	–	53.3
Acquisition cost at Dec 31	5,313.6	5,283.8
Accumulated planned amortization at Jan 1	-5,051.2	-5,014.3
Amortization during the period	-59.1	-36.9
Accumulated amortization at Dec 31	-5,110.3	-5,051.2
Book value at Dec 31	203.3	232.6
Advance payments and assets under construction		
Acquisition cost at Jan 1	–	79.0
Disposals	–	-25.7
Re-classifications	–	-53.3
Acquisition cost at Dec 31	–	-
Total intangible assets	203.3	232.6

9 Tangible assets

EUR thousand	Dec 31, 2021	Dec 31, 2020
Machinery and equipment		
Acquisition cost at Jan 1	1,018.4	1,014.0
Additions	2.2	4.5
Acquisition cost at Dec 31	1,020.7	1,018.4
Accumulated planned depreciation at Jan 1	-992.1	-983.3
Depreciation during the period	-7.2	-8.8
Accumulated depreciation at Dec 31	-999.2	-992.1
Book value at Dec 31	21.5	26.4
Other tangible assets		
Acquisition cost at Jan 1	86.0	86.0
Acquisition cost at Dec 31	86.0	86.0
Accumulated planned depreciation at Jan 1	-70.0	-70.0
Accumulated depreciation at Dec 31	-70.0	-70.0
Book value at Dec 31	16.0	16.0
Total tangible assets	37.5	42.4

10 Investments

EUR thousand	Dec 31, 2021	Dec 31, 2020
Shares in group companies		
Acquisition cost at Jan 1	345,879.6	345,995.0
Disposals	–	-115.4
Acquisition cost at Dec 31	345,879.6	345,879.6
Accumulated write-downs at Jan 1	-324,895.3	-324,895.3
Accumulated write-downs at Dec 31	-324,895.3	-324,895.3
Book value at Dec 31	20,984.3	20,984.3
Capital note investments in group companies		
Acquisition cost at Jan 1	1,533.9	–
Additions	500.0	1,533.9
Acquisition cost at Dec 31	2,033.9	1,533.9
Investments total	23,018.2	22,518.2

CURRENT ASSETS

11 Receivables

EUR thousand	Dec 31, 2021	Dec 31, 2020
Non-current receivables		
Loan receivables from group companies	6,638.1	3,441.2
Restructuring receivables form group companies	–	2,856.2
Total non-current receivables	6,638.1	6,297.4

EUR thousand	Dec 31, 2021	Dec 31, 2020
Current receivables		
Receivables from group companies		
Trade receivables	649.7	195.6
Loan receivables	2,556.1	790.6
Prepayments and accrued income	278.7	79.9
Total	3,484.5	1,066.1
Receivables from others		
Trade receivables	–	39.0
Loan receivables	3.1	3.1
Other receivables	16.6	61.1
Prepayments and accrued income	107.2	61.5
Total	126.9	164.7
Total current receivables	3,611.4	1,230.8
Prepayments and accrued income		
Interest receivables	271.2	79.9
Insurance payments	5.3	4.8
Others	109.4	56.7
Total	385.9	141.4

12 Shareholders' equity

EUR thousand	Share capital	Unrestricted equity reserve	Retained earnings	Result for the period	Total
Shareholders' equity Jan 1, 2021	1,000.0	17,656.8	14,876.7	107.9	33,381.9
Share issue					
Option and share-based compensation			325.8		325.8
Reclassifications			107.9	-107.9	0.0
Result for the financial period				679.9	679.9
Shareholders' equity Dec 31, 2021	1,000.0	17,656.8	15,050.9	679.9	34,387.6

EUR thousand	Share capital	Unrestricted equity reserve	Retained earnings	Result for the period	Total
Shareholders' equity Jan 1, 2020	1,000.0	8,166.0	14,876.7	-259.5	23,783.2
Share issue		9,490.8			9,490.8
Reclassifications			-259.5	259.5	0.0
Result for the financial period				107.9	107.9
Shareholders' equity Dec 31, 2020	1,000.0	17,656.8	14,617.2	107.9	33,381.9

Calculation of distributable equity

EUR thousand	Dec 31, 2021	Dec 31, 2020
Retained earnings	**15,050.9**	14,617.2
Unrestricted equity reserve	**17,656.8**	17,656.8
Result for the financial period	**679.9**	107.9
Total	**33,387.6**	32,381.9

13 Liabilities

EUR thousand	Dec 31, 2021	Dec 31, 2020
Non-current liabilities		
Liabilities to group companies	–	9.2
Other non-current interest free liabilities	82.5	6,135.6
Non-current interest bearing liabilities total	82.5	6,144.8
Non-current liabilities fall due as follows		
Later than one year but not later than five years	82.5	6,144.8
Later than five years	–	–
Total	82.5	6,144.8
Current liabilities		
Liabilities to group companies		
Trade payables	23.6	2.9
Total	23.6	2.9
Liabilities to others		
Trade payables	173.5	643.9
Advances received	–	43.3
Other current liabilities	343.7	851.7
Accrued expenses and deferred income	746.3	552.8
Total	1,263.6	2,091.8
Current non-interest bearing liabilities total	1,287.2	2,094.7
Current liabilities total	1,287.2	2,094.7

EUR thousand	Dec 31, 2021	Dec 31, 2020
Accrued expenses and deferred income		
Annual salaries with social security	204.0	228.4
Accrued salaries with social security	470.0	292.2
Pensions	29.9	25.2
Others	42,4	7.0
Total	746,3	552.8
Total liabilities	1,369.7	8,239.5

14 Restructuring debt included in the balance sheet

EUR thousand	Dec 31, 2021	Dec 31, 2020
Non-current non-interest bearing liabilities		
Loans to group companies	–	7.1
Loans to third parties	–	5,855.5
Trade payables to group companies	–	2.0
Trade payables to third parties	–	112.3
Total	–	5,976.9
Current non-interest bearing liabilities		
Trade payables to group companies	–	0.5
Trade payables to third party	–	25.7
Loans to group companies	–	2.0
Other liabilities to third party	–	584.8
Total	–	613.0
Restructuring debt total	–	6,589.9

15 Secured liabilities, contingent liabilities and other commitments

EUR thousand	Dec 31, 2021	Dec 31, 2020
Plegdes		
On behalf of group companies	**7,800.0**	**7,800.0**
Total	**7,800.0**	**7,800.0**
Other commitments		
Future payments of the lease liabilities		
Not later than one year	**13.1**	57.1
Later than one year	**17.7**	11.2
Total	**30.9**	68.2
Other commitments	**174.8**	178.5

Deferred tax assets and liabilities not recorded in the statement of the financial position

Unutilized tax losses for which the company has not recorded any deferred tax assets totalled EUR 87,377,711.38 (EUR 90,785,312.75). The related deferred tax receivables of these losses are EUR 17,475,542.28 (EUR 18,115,649.82).

Year of expiration	Confirmed losses, EUR	Deferred tax asset, EUR
2021	2,083,807.72	416,761.54
2022	15,747,622.97	3,149,524.59
2023	11,704,269.44	2,340,853.89
2024	14,593,630.26	2,918,726.05
2025	10,361,172.58	2,072,234.52
2026	17,434,427.55	3,486,885.51
2027	0.00	0.00
2028	7,036,325.99	1,407,265.20
2029	262,546.71	52,509.34
2030	0.00	0.00
Total	79,223,803.22	15,844,760.64

Additionally Componenta has EUR 8,153,908.16 in confirmed losses from investment shares, which deferred tax asset amount in EUR 1,177,942.13. These losses are from 2018 and will expire in 2023 and can be deducted only against profits from investment shares.

Signatures for the financial statement and Board of Directors' report

Helsinki, March 10, 2022

Harri Suutari
Chairman of the Board

Anne Leskelä
Vice Chairman of the Board

Petteri Walldén
Member of the Board

Tomas Hedenborg
Member of the Board

Sami Sivuranta
President and CEO

The auditor's note

Our auditor's report has been issued today.

Helsinki, March 15, 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Componenta Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Board of Directors.

What we have audited

We have audited the financial statements of Componenta Oyj (business identity code 1635451-6) for the year ended 31 December 2021. The financial statements comprise:

- the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

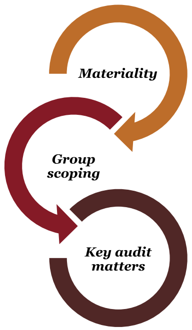
Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 5 to the Financial Statements.

Our Audit Approach

Overview



	• Overall group materiality: € 700,000 euros
	• Audit scope: The group audit scope has included the parent company and its subsidiaries in Finland.
	Key Audit Matters in the audit of the financial statements in the current period • Timing of revenue recognition • Valuation of goodwill • Valuation of holdings in group undertakings and amounts owed by group undertakings in the parent company's financial statements

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	700,000 euros (previous year 630,000 euros)
How we determined it	Overall group materiality is determined as a percentage of the group's FY2021 net sales.
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it is the appropriate benchmark, which the users of the financial statements regularly use to evaluate the performance of the group.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates. The scope included the parent company and its certain subsidiaries in Finland. We have predefined the audit focus areas of financial information to each group component.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Timing of revenue recognition **Refer to Note 1 of the consolidated financial statements**	
Componenta's revenue consists of sale of goods and services. The main sales products are non-machined, machined and painted iron cast components. Additionally the company sells machining services for its clients' own products. Revenue from products and services sold to customers is mainly recognized when disposed, that is the moment when the customer assumes control of the goods. Part of the revenue from services may be recognized over time and the degree of fulfilment is based on the proportion of actual and estimated total costs. The timing of revenue recognition has been considered a key audit matter in the auditing of the consolidated financial statements due to the significance of revenue to the financial statements.	Our audit procedures included for example the following procedures: – Evaluation of internal control activities over revenue recognition – Analysis of significant sales contracts to test correct accounting treatment. – Testing timeliness of revenue recognition by comparing individual sales transactions to delivery documents and by checking significant credit notes issued after year-end. – Analysis of revenue transactions using data analysis techniques. – Testing of accounts receivables by requesting confirmations from the company's customers and by reconciling cash payments received after the year end against the accounts receivable balances at the year end.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of goodwill **Refer to accounting principles and Note 13 of the consolidated financial statements**	
Goodwill related to business combinations amounted to EUR 3,2 million in consolidated balance sheet as of 31 December 2021. Goodwill is tested for impairment annually or whenever impairment indicators have been noted. Testing is performed by comparing the present value of estimated future cash flows to the carrying value. Estimating the present value of future cash flows involves considerable management judgment specifically with respect to assumptions relating to sales growth, profitability, capital expenditures and discount rates. Changes in these assumptions can have a significant impact to the estimated future cash flows. Valuation of goodwill is considered a key audit matter due to the significant management judgement involved in the valuation.	Our audit procedures included for example the following procedures: – We gained an understanding of the methods and assumptions used by management in goodwill impairment testing. – We tested the mathematical accuracy of the model used. – We assessed the reasonableness of the estimated future revenues and profitability levels and their consistency with the approved budgets and forecasts. – We assessed the reasonableness of the discount rate used and compared selected assumptions used in determining the discount rate to observable market data. – We assessed estimation uncertainty by comparing actual net sales and profitability against forecasts from previous year. – We assessed reasonableness of the assumptions used by management in sensitive analysis. – We assessed the appropriateness of the in the consolidated financial statements.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of holdings in group undertakings and amounts owed by group undertakings in the parent company's financial statements **Refer to the accounting principles of the consolidated financial statements and the parent company's financial statements**	
The assets on Componenta Corporation's balance sheet consist to a large extent of subsidiary shares and loan receivables from subsidiaries. Management have used significant judgment in assessing the valuation of subsidiary shares and loan receivables. When making the assessment the Management have considered among other things the subsidiaries' ability to generate income and their ability to continue as a going concern. Management have used significant judgment and estimations of future development in assessing the effect of above mentioned matters in Componenta Corporations financial statements. For this reason, this matter is considered a key audit matters in the audit of the parent company.	Our audit procedures included for example the following procedures: – We assessed cash flow analysis prepared by management used as a basis of valuation of holdings in group undertakings and amounts owed by group undertakings – We assessed the management´s estimates related to valuation of properties owned by subsidiaries.
There is no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.	

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 28 February 2011.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Review, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 15 March 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)

Information for shareholders

Annual General Meeting

The Annual General Meeting of Shareholders of Componenta Corporation will be held on Friday, 8 April 2022 at 9.00 EET. The notice of the Annual General Meeting has been published as a separate stock exchange release.

Participation

Each shareholder, who is registered on the record date of the Annual General Meeting, 29 March 2022, in the shareholders' register of the company held by Euroclear Finland Ltd., has the right to participate in the Annual General Meeting.

Registration

A shareholder entered in the shareholder register who wishes to participate in the Annual General Meeting must register no later than April 1, 2022 at 2 pm on the company's website at https://www.componenta.com/investors/governance/agm/2012/ or by e-mail ir.componenta@componenta.com.

Dividend and dividend policy

The Board of Directors proposes that no dividend be distributed for the financial period 1 January to 31 December 2021.

Financial information in 2022

During the year 2022, Componenta Corporation will publish its financial reports as follows:

- **Business Review for January–March 2022** on Friday 6 May 2022
- **Half-year Financial Report for January–June 2022** on Friday 22 July 2022
- **Business Review for January–September 2022** on Friday 4 November 2022

All publications and releases are available on Componenta's website immediately after publication.

Our Annual review 2021 is available on www.componenta.com. Previous annual reports, sustainability reports and interim reports are also available on the company website. You can order aprint version of a publication by email from ir.componenta@componenta.com.

By registering on Componenta's website, you can subscribe to your own e-mail and receive all the company's bulletins as soon as they are published.

All Componenta's financial publications are in Finnish and English.

Investor relations and contact details

Our goal is to provide comprehensive information about Componenta, its business environment and financial standing in support of investment decisions.

Before publishing the financial statements releases and interim reports, we observe a 30 day silent period. During that time, we will not hold meetings with investors or comment on financial performance.

Investors and shareholders can contact Componenta via email: ir.componenta@componenta.com.

COMPONENTA

Componenta Corporation
Teknobulevardi 7
FI-01530 Vantaa, Finland