Annual review
2020

COMPONENTA

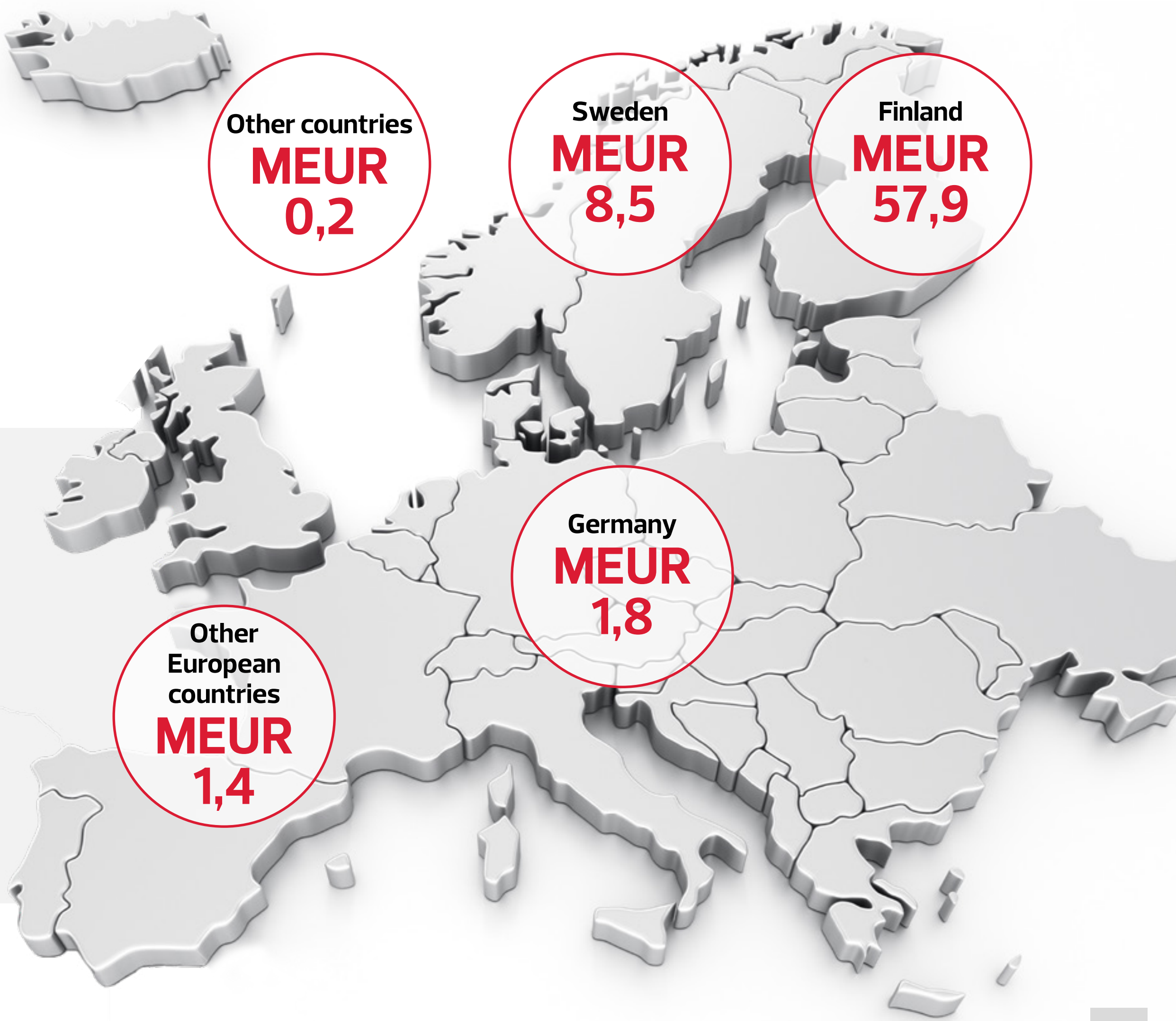
Contents

Componenta in brief

Componenta is an international technology company with operations located in Finland. With its wide technology portfolio, Componenta produces e.g. cast, machined and unmachined components for its clients who are local and global manufacturers of vehicles, machines and equipment.

Componenta's shares are listed on Nasdaq Helsinki (CTH1V).

Breakdown of net sales by market area in 2020



Net sales
MEUR 70,0

Distribution of net sales by customer segment

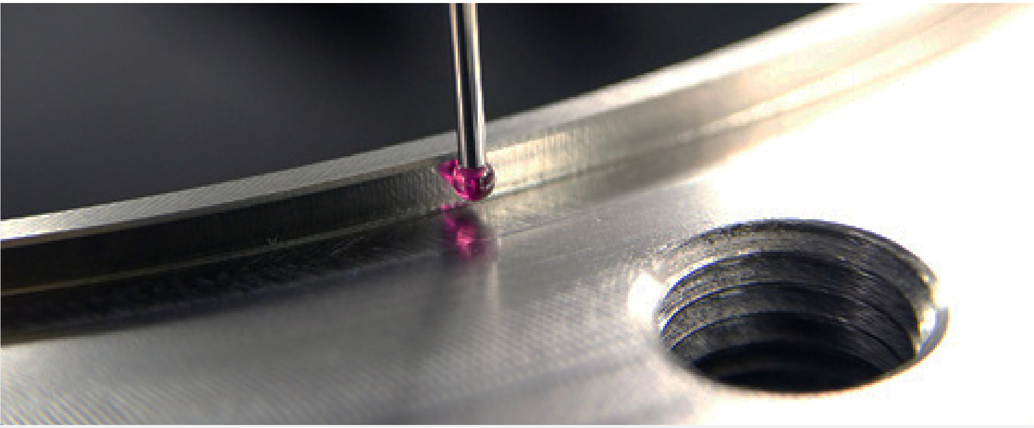
Machine building	43%
Agricultural machinery	26%
Energy industry	10%
Forestry machines	7%
Defence industry	7%
Other industries	7%

EDITBA
MEUR 3,7

Operating result
MEUR –2,0

Average number of employees
~590

Order book
MEUR 9,5



2020 in brief

- Componenta Manufacturing Oy's integration work progressed and investments in new sales began to pay off.
- The COVID-19-pandemic resulted in uncertainty in the market, but the acquisition increased our net sales.
- Our EBITDA improved due to operational adjustments and other planned development measures.
- A successful rights issue raised funds for the premature repayment of restructuring debts.
- The implementation of the restructuring programmes progressed as planned during the completed financial year.

Key figures

	2020	2019	Change, %
Net sales, continued operations, TEUR	70,040	50,737	38.0
EBITDA, continued operations, TEUR	3,750	1,590	135.8
Operating result, continued operations, TEUR	-2,034	-1,663	-22.3
Operating result margin, continued operations, %	-2.9	-3.3	-11.4
Result after financial items, continued operations, TEUR	-3,489	-2,051	-70.0
Net result, continued operations, TEUR	-3,175	-2,063	-53.9
Net result, including discontinued operations, TEUR	-949	14,570	-106.5
Basic earnings per share,* EUR	-0.20	3.79	-106.5
Diluted earnings per share,* EUR	-0.20	3.72	-106.5
Cash flow from operating activities, continued operations, TEUR	6,355	4,050	56.9
Interest-bearing net debt,** TEUR	-2,584	8,721	-129.6
Net gearing, %	-10.8	54.9	-119.7
Return on equity, %	-5.8	83.0	-107.0
Return on investment, %	0.7	3.2	-79.3
Equity ratio, %	37.3	29.4	27.0
Gross investments incl. lease liabilities, continued operations, TEUR	5,134	2,849	80.2
Group's restructing debt, TEUR	10,694	12,268	-12.8
Number of personnel at the end of the period, incl. leased workers, continued operations	574	617	-7.0
Average number of personnel during the period, incl. leased workers, continued operations	589	508	15.9
Order book at the end of the review period, continued operations, TEUR	9,536	9,001	5.9

* The comparable figures for 2019 have been adjusted due to reverse share split and rights issue.
** Only interest-bearing restructuring debts included.

CEO's review

Dear stakeholders,

As a whole, year 2020 was significant to Componenta in many ways. The strategic acquisition of Componenta Manufacturing Oy in autumn 2019 opened the way for the company to grow and position itself in the market with the significant expansion offered by the company as a whole. At the same time, however, general economic uncertainty weakened demand in our customer industries. Therefore, in terms of our sales volumes in 2020, the market situation was declining even before the spreading of the COVID-19-pandemic into a global crisis. In the second quarter of 2020, it became apparent that the effects of the pandemic would also be reflected in Componenta.

However, the Group's net sales increased, in contrast with the comparison period, thanks to the consolidation of Componenta Manufacturing Oy in the Group starting on 30 August 2019. Despite challenging circumstances, integration work on the acquisition progressed as planned during 2020.

Our profitability clearly improved due to operational adjustments and other planned development measures, where all of our staff have shown a strong commitment to our common goals.

We set ourselves the objectives of moving from a traditional technology-driven approach to a more in-depth business model that identifies customers' overall needs, and to becoming the primary overall supplier for our customers. Despite the disruption to the international supply chains caused by the pandemic, we were able to ensure the availability of raw materials for our own production and to maintain a high level of delivery reliability and customer service throughout the challenging year. Over the past year, we also strengthened our sales through recruitment and adjusted job descriptions, while clarifying the performance responsibilities of business units as well as sales ownership. With these measures, we have succeeded in creating significant new sales during the past year, which for its part supports the achieving of the Group's long-term growth and profitability goals. New sales will start affecting the Group's net sales and profitability when the related deliveries begin and will in future compensate for their part the negative impacts of the COVID-19-pandemic.

In addition to short-term measures, we have continued the planning and implementation of long-term measures in accordance with our strategy. Our goal is to continue to invest in our customer service and close customer relationships, responsibility, expansion of our offering and skilled personnel.

We have ensured the health and safety of our employees during COVID-19 by taking active measures right at the beginning of the pandemic and adapting them as the situation has changed. To manage the financial impact of the pandemic in 2020, we not only actively adjusted our personnel costs, but also partially limited our planned investments and minimised travel and the use of external expert services.

Our active efforts to ensure and maintain our liquidity were successful during the year, and our liquidity remained at a good level throughout the financial period. Since the end of the reporting period, liquidity has remained at a good level.

At the end of 2020, the company also carried out a rights issue, the aim of which was to strengthen the financial position of the company and, thereby, to start negotiations on the premature repayment of the parent company's restructuring debts. The rights issue succeeded as planned and, as a result of negotiations with our creditors, we also announced on 25 February our decision on the premature repayment of restructuring debts. We believe that the arrangement will clearly improve Componenta's position from the viewpoint of our customers, suppliers and other stakeholders alike, and that it will have a significant positive impact on the Group's entire business and the implementation of our growth strategy. I would therefore like to thank all the shareholders of Componenta for your contribution to the successful share issue and for your strong trust in the company.

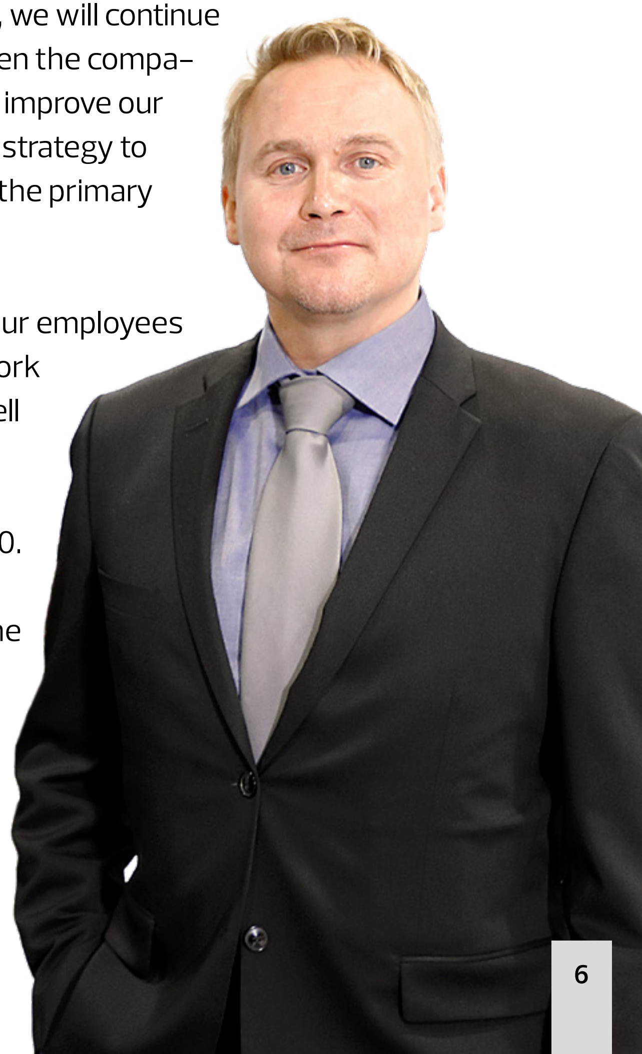
2020 was challenging in many ways, but we did achieve many positive things, too. Although the journey is only just beginning, we have already proceeded as planned in our strategic priorities, significantly increasing our new sales. Our profitability and cash flow have also improved from the comparison year.

There were also positive signs in the market at the end of the year, and if the international pandemic measures are to succeed as planned, a gradual economic recovery is expected to have a positive impact on Componenta's sales volumes.

With these positive expectations, we will continue our determined work to strengthen the company's position in the market and to improve our profitability as part of our growth strategy to expand our offering and become the primary supplier for our customers.

Once again, I would like to thank our employees for their commitment and hard work during the challenging year, as well as our customers, suppliers and all other stakeholders for their cooperation and trust during 2020. With a positive outlook, we can now turn our attention towards the future.

Sami Sivuranta
President and CEO



Review of the Board of Directors 2020

Business model

Componenta is an international technology company with operations located in Finland. With its wide technology portfolio. Componenta produces e.g. cast. machined and unmachined components for its clients who are local and global manufacturers of vehicles. machines and equipment. Componenta's business model is built on strong and often long-term customer relationships.

The comprehensive offering of production units covers component 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. Componenta's production is focused on serving customers flexibly, especially in short and medium-sized series.

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 2020

The post-acquisition integration of Componenta Manufacturing Oy (formerly Komas oy) acquired by Componenta through a strategic acquisition on 30 August 2019 progressed as planned during 2020, despite the exceptional circumstances. With the harmonisation of processes, operations have become part of the Group's normal day-to-day operations. Synergy benefits were sought especially from new sales opportunities for more comprehensive deliveries, and Componenta has succeeded in gaining new sales during 2020 in accordance with its growth plans. Through the acquisition, Componenta's total technological offering expanded significantly, supporting the achievement of the Group's growth targets.

The implementation of the five-year payment programmes in accordance with the restructuring programmes of Componenta Corporation and Componenta Castings Oy approved by the District Court on 23 August 2017 began in May 2019. In 2020, Componenta paid a total of EUR 0.7 million in internal restructuring liabilities and a total of EUR 1.2 million in external restructuring liabilities.

On 11 March 2020, Componenta Corporation's board of directors appointed Sami Sivuranta, M.Sc. (Eng.), to the position of CEO.

In November – December 2020, Componenta carried out a rights issue. With the oversubscribed issue, the company raised approximately EUR 9.5 million in gross funds with the aim of agreeing on the premature payment of the parent company's restructuring debts in early 2021.

On 18 December 2020, Componenta executed a reverse share split and related directed share issue, redemption of shares and cancellation of shares. The reverse share split and redemption of the shares were carried out in such a way that every fifty (50) of the company's shares were merged into one (1) share. In connection with the reverse share split, Componenta's Board of Directors resolved on a directed share issue, in which the company issued a total of 83,752 new shares without consideration by making the shares in each shareholders' book-entry divisible by 50. The total market value of the shares conveyed without consideration at the closing price on 18 December 2020 was EUR 5,125.62.

Restructuring programmes

The implementation of restructuring programmes has progressed as planned.

To safeguard against the COVID-19-pandemic and to ensure liquidity in circumstances where business predictability was very weak, Componenta

Castings Oy agreed with major restructuring creditors to defer payments under the payment schedule of 3 May 2020 and 3 November 2020. Payments were deferred so that payments are made to creditors evenly in connection with the remaining instalments (six instalments) during the years 2021 – 2023. However, the company may also pay the unpaid instalments earlier. Nevertheless, Componenta Castings Oy will pay the instalments defined in the payment plan to its parent company Componenta Corporation so that Componenta Corporation can pay its instalments normally in accordance with the payment plan. The agreement improved the cash flow from financing in 2020 by EUR 0.3 million.

In 2020, Componenta Corporation paid external restructuring debts of EUR 0.3 million in May and EUR 0.3 million in November, in accordance with the restructuring programme. In accordance with the restructuring plan, Componenta Castings Oy also paid external restructuring liabilities of EUR 0.3 million in May and EUR 0.3 million in November, as well as internal restructuring liabilities of EUR 0.4 million in May and EUR 0.4 million in November.

On 31 December 2020, the Group's external restructuring debt totalled EUR 10.7 million (31 December 2019: EUR 12.3 million). The reduction in restructuring debts includes EUR 1.2 million in restructuring debt payments and EUR 0.3 million of external restructuring debts which were set-off against receivable with the bankruptcy estate of Componenta Främmestad AB. Of the Group's external restructuring debts, short-term debts amounted to EUR 1.6 million. External restructuring liabilities included EUR 0.7 million of interest-bearing debt, of which EUR 0.2 million was short-term.

According to the restructuring programmes, a supplementary payment obligation to creditors is incurred for Componenta Corporation and Componenta Castings Oy, if the company's generated operating cash flow exceeds in any calendar year, starting from 2018 and ending in 2022, the operating cash flow predicted in the programme balance sheet for the calendar year in question, from which the operating cash flow shortfall from 2018 or later in proportion to the operating cash flow predicted in the programme balance sheet will be deducted once. Only the company's unsecured creditors are entitled to supplementary payments. In that case, the company has an obligation to pay a supplementary payment 50% of the amount by which the generated operating cash flow exceeded the operating cash flow predicted in the programme balance sheet for the calendar year in question, from which the operating cash flow shortfall from 2018 or later in proportion to the operating cash flow predicted in the programme balance sheet. However, there will be no supplementary payment obligation if the generated operating cash flow has exceeded the operating cash flow predicted in the programme balance sheet by a maximum of 10%. For 2020, no obligation to make a supplementary payment was created for Componenta Corporation or Componenta Castings Oy.

Repayment schedule of external restructuring debt on 31 December 2020

TEUR	2021	2022	2023	Total
Componenta Corporation	654	698	5,226	6,578
Componenta Castings Oy	1,040	1,069	2,006	4,116
Total	**1,694**	**1,768**	**7,232**	**10,694**

* The larger final instalment in Componenta Corporation and Componenta Castings Oy's repayment programme is due to the fact that income from the sale of properties not included in core business operations has been considered. This income will be used to pay debt at the end of the programme. The final instalment also includes an additional obligation of EUR 3.2 million arising from the expiry of a loan guarantee of EUR 80 million.

Repayment schedule for the Group's internal restructuring debt on 31 December 2020

TEUR	2021	2022	2023	Total
Componenta Corporation	2	2	7	12
Componenta Castings Oy	726	726	1,452	2,903
Total	**728**	**728**	**1,459**	**2,916**

On 25 February 2021, after the end of the financial period, Componenta announced the premature termination of the parent company's restructuring programme, and estimated that it would make the payments during March 2021.

Continued operations

Continued operations during the review period included Finnish foundry operations in Pori and Karkkila and machining shops in Jyväskylä, Härmä, Kurikka, Leppävesi and Sastamala. In addition, continued operations include real estate companies of minor importance in Finland.

Discontinued operations

The discontinued operations for the review period and the comparison period include Componenta Främmestad AB, in which the Group lost control when the company filed for bankruptcy on 25 September 2019.

Order book

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Order book	9,536	9,001

The order book of Componenta's continued operations at the end of 2020 was EUR 9.5 million (EUR 9.0 million). The order book includes confirmed orders for customers for the next two months.

Sales

Net sales by market area

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Finland	57,878	38,758
Sweden	8,472	7,939
Germany	1,775	1,987
Other European countries	1,446	1,639
Other countries	219	192
Rental income	247	223
Continued operations	70,038	50,737
Discontinued operations	–	42,594
Internal items/eliminations	2	11,170
Total	70,040	93,331

Sales volumes decreased somewhat from the previous year. However, the net sales of Componenta Group's continued operations increased by 38% from the previous year, amounting to EUR 70.0 million (EUR 50.7 million). The increase in net sales was due to the acquisition of Componenta Manufacturing Oy and Componenta Group as of 30 August 2019. The COVID-19-pandemic, on the other hand, had a somewhat negative effect on net sales.

Componenta's net sales for the financial year were broken down by customer industry as follows: machine building 43% (39%), agricultural machinery 26% (25%), forestry machines 7% (10%), energy industry 10% (12%), defence equipment industry 7% (3%) and other industries a total of 7% (11%).

Result

Continued operations	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Operating result, TEUR	-2,034	-1,663
Operating result margin, %	-2.9	-3.3
Result after financial items, TEUR	-3,489	-2,051
Result for the period, TEUR	-3,175	-2,063
Basic earnings per share, including discontinued operations, EUR	-0.20	3.01
Diluted earnings per share, including discontinued operations, EUR	-0.20	2.96

The Group's EBITDA from continued operations improved from the previous year and was EUR 3.7 million (EUR 1.6 million). Profitability improved due to the successful adjustment of operations and other planned development measures. Profitability for the financial year was improved by non-recurring items of EUR 0.9 million. Of this EUR 0.3 million was the part of the development supports received from Business Finland and cost support received from the State Treasury that had an impact on the result. The remaining EUR 0.6 million was related to the sale of unnecessary fixed assets and adjustments to the accounting principles for inventories in Componenta Manufacturing Oy during the fourth quarter. On the other hand, Componenta's profitability was burdened by the decline in delivery volumes due to the COVID-19-pandemic and changes in the product mix.

The operating result of the Group's continued operations was EUR -2.0 million (EUR -1.7 million). The Group's depreciation was EUR 2.5 million higher than in the previous year. The Group's net financial items from continued operations, including items affecting comparability, were EUR -1.5 million (EUR -0.4 million). The increase in depreciation and net financial items was mainly due to the company's acquisition of Componenta Manufacturing Oy on 30 August 2019. The result of continued operations after financial items was EUR -3.5 million (EUR -2.1 million). Taxes for continued operations for the financial year were EUR 0.3 million (EUR 0.0 million). The result of the Group's continued operations for the financial year was EUR -3.2 million (EUR -2.1 million).

The result of discontinued operations was EUR 2.2 million (EUR 16.6 million). On 16 November 2020, the bankruptcy estate of Componenta Främmestad AB paid Componenta a down payment of EUR 1.9 million for the receivables that Componenta had from the bankruptcy 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 are 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 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 therefore expected. Should the final distribution of the bankruptcy estate of Componenta Främmestad AB be less than the advance distribution now received, Componenta has undertaken to return any overpaid share.

The Group's result for the financial year was EUR -0.9 million (EUR 14.6 million). Basic earnings per share for the financial year were EUR -0.20 (EUR 3.01) and basic earnings per share from continued operations were EUR -0.66 (EUR -0.43). Diluted earnings per share for the financial year were EUR -0.20 (EUR 2.96) and earnings per share for continued operations for the review period were EUR -0.66 (EUR -0.43). Comparative information for 2019 has been adjusted due to the reverse split. Share options and share-based incentive plans do not have a diluting effect, when the result for the period is negative, and therefor they have not been taken into account when calculating diluted earnings per share.

Balance sheet, financing, and cash flow

Cash flow and balance sheet	2020	2019
Cash flow from operations, continued operations, TEUR	**6,355**	4,050
Interest bearing net debt, continued operations, TEUR	**-2,584**	8,721
Net gearing, pääomalaina velkana, %	**-10.8**	54.9
Equity ratio, %	**37.3**	29.4
The Group restructuring debt, TEUR	**10,694**	12,268
Return on equity, %	**-5.8**	83.0
Return on investment,%	**0.7**	3.2

At the end of the financial year, Componenta Group's liabilities totalled EUR 40.1 million (EUR 38.2 million), of which external restructuring liabilities were EUR 10.7 million (EUR 12.3 million). Of the external restructuring liabilities, Componenta Corporation's share was EUR 6.6 million (EUR 7.5 million) and Componenta Castings Oy's share was EUR 4.1 million (EUR 4.7 million). External restructuring liabilities include EUR 0.7 million (EUR 0.7 million) of interest-bearing debt, of which EUR 0.2 million (EUR 0.1 million) is short-term. In addition, non-current liabilities other than restructuring liabilities amounted to EUR 12.6 million (EUR 10.7 million), of which EUR 10.6 million (EUR 9.8 million) were interest-bearing. In addition to restructuring liabilities, current trade payables, accrued liabilities and other liabilities totalled EUR 16.8 million (15.2 million), of which EUR 2.9 million (EUR 2.7 million) were interest-bearing. Other long-term and short-term liabilities increased mainly due to payment exemptions related to the COVID-19-pandemic granted by pension companies and the Tax Authority, which must be paid according to separate payment schedules by 15 June 2022.

In November–December 2020, Componenta arranged a rights issue to raise approximately EUR 9.5 million in gross assets. Fees, commissions, and expenses related to the share issue were approximately EUR 0.9 million, so the company's net proceeds from the share issue were approximately EUR 8.6 million. Componenta's intention was to agree with restructuring creditors on the premature repayment of the parent company's restructuring debts. In addition, the purpose of the share issue was to strengthen the company's financial position. Componenta announced on 25 February 2021 about the premature ending of the parent company's restructuring programme as described in the section "Events after the financial year." The company expects that the end of the parent company's restructuring programme would have significant positive effects on the Group's business as a whole. In addition, the end of the parent company's restructuring programme is expected to enable the normalisation of the Group's financing in the future.

The net gearing at the end of 2020 was -10.8% (54.9%). The net gearing includes only interest-bearing liabilities from the restructuring liabilities. The Group's equity ratio at the end of 2020 was 37.3% (29.4%). At the end of 2020, the equity of Componenta Corporation, Componenta Castings Oy and Componenta Manufacturing Oy was positive. The Group's equity was positive EUR 23.9 (EUR 15.9 million).

At the end of the review period, the company's invested capital was EUR 38.0 million (EUR 29.1 million). The return on investment was 0.7% (3.2%) and the return on equity was -5.8% (83.0%).

At the end of the financial year, the Group's cash and cash equivalents totalled EUR 16.8 million (EUR 4.5 million). In addition, the Group had undrawn revolving credit facilities of EUR 4.0 million at the balance sheet date. Cash flow from continued operations during the financial year was EUR 6.6 million (EUR 4.1 million). The improved cash flow from continued operations is largely due to the payment period relief for pension companies and the Tax Authority related to the COVID-19-pandemic, but also to improved EBITDA and favourable development of working capital due to our own measures. At the end of the financial year, working capital from continued operations (incl. Inventories and trade receivables less trade payables) was EUR 5.2 million (EUR 6.7 million). The change in working capital has been affected by a decrease in capital employed in inventories and a slightly shorter turnover period for trade receivables, as well as an extended turnover period for trade payables due to improved payment terms.

The calculation of the figures and key figures are presented on pages 24–25.

Personnel

Personnel	2020	2019
Personnel expenses, TEUR, continued operations	-25,037	-18,441
Average number of personnel during the period, Group	580	602
Average number of personnel during the period, incl. leased personnel, Group	589	650
Number of personnel at period end, continued operations	564	617
Number of personnel at period end, incl. leased personnel, continued operations	574	617

At the end of the reporting period, the number of Group employees in continued operations was 564 (617).

Investments

TEUR	2020	2019
Non-current assets	3,415	1,312
Leases	1,719	1,537
Total	5,134	2,849

Investments in continued operations amounted to EUR 3.4 million (EUR 1.3 million). Investments in continued operations, including the share of leases recorded in the balance sheet, were EUR 5.1 million (EUR 2.8 million). The Group's net cash flow from investing activities was EUR -3.4 million (EUR -0.7 million), which includes the Group's cash flow from investing activities in tangible and intangible assets. Cash flow from investments in continued operations was EUR -3.4 million (EUR -0.2 million). The cash flow from investments in continued operations in the comparison period also includes cash received by the Group through the acquisition of subsidiaries.

The investments include, as the largest single item, an equipment investment in a long-life milling machine in Componenta Manufacturing Oy's Härmä machining unit, which was introduced during the financial year. With this investment, Componenta will ensure longer-term deliveries for certain customers, expand its own machining offering and improve productivity and overall competitiveness in heavier machining. The investment was mainly financed with a loan raised by Componenta Manufacturing Oy in the summer of 2019.

Research and development

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

Statement on non-financial information

Responsibility and sustainability are a key part of Componenta's business. The company's values – openness, honesty and appreciation – as well as strategy and operating methods form the basis of the company's responsible operations. Corporate responsibility includes Componenta's strategic and short-term planning and development work. Componenta's management sets goals for the most important areas of corporate responsibility each year, the development of which is regularly monitored and analysed. This approach will also allow preventive action to be taken if necessary.

Componenta recognizes the impact of its business on the surrounding society. In the company's field of activity, responsibility for the environment and caring for personnel are particularly emphasised. From a product portfolio point of view, the production of cast components in particular is energy-intensive, and the production process generates significant amounts of surplus sand and dust as a by-product. Due to the labour-intensive nature of the industry, both personnel costs and investments in the well-being and competence of the personnel have a significant impact on the company's success. The company respects the rights of its employees, freedom of association and the 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 in the Board of Directors' report. Componenta's Board of Directors has approved this report and has undertaken to annually determine the relevance of the issues of corporate responsibility and non-financial information. This section presents both actual and comparison figures in relation to the corresponding period of the previous year. The comparison figures include the data of Komas Oy (now Componenta Manufacturing Oy), acquired on 30 August 2019, from the moment of acquisition onwards.

Business model

Componenta is an international technology company with operations located in Finland. With its wide technology portfolio, Componenta produces e.g. cast, machined and unmachined components for its clients who are local and global manufacturers of vehicles, machines and equipment. Componenta's business model is built on strong and long-term customer relationships.

The comprehensive offering of production units covers component 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. Componenta's own production is focused on serving customers flexibly, especially in short and medium-sized series. If necessary, the offering can be expanded through Componenta's subcontracting network.

In Componenta's value chain, value is mainly generated in the end-use phase, when Componenta's customers are able to produce long-term, needs-based end products. From the point of view of raw materials and product supply chains, Componenta is part of a global value chain.

Environmental responsibility

Componenta's quality, environmental, occupational health and safety policies guide the company's operations. Each production unit has quality and environmental systems certified by third parties, and foundries have occupational safety systems certified by third parties. The most significant environmental impacts mainly relate to the energy consumption of cast component production, the surplus sand and dust generated as a by-product in production, as well as any emissions possibly caused by the operation of production units. Componenta also assesses each significant investment in terms of its environmental impact. New machinery and equipment, as well as changes in production methods can impact, for example, energy consumption levels, use of raw materials and emissions.

In Componenta foundries, the melting of raw material and holding its temperature 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, the potential tightening of environmental permit regulations or emission limits pose a significant risk for Componenta's operation.

The prevention of environmental pollution is crucial for Componenta, as any potentially polluting activities pose a significant financial 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 activities in the form of damage to the company's reputation. Componenta is committed to compliance with all applicable local laws and regulations. The company's objective is to ensure that its operations continue without disruption, the quality of operations remains good, and that the impact of the operations on the environment or nearby residences is kept to a minimum.

In addition to the prevention of emissions, Componenta's main objectives in terms of environmental responsibility include energy efficiency and the reduction of energy consumption, reduction of waste generation, and improved recovery of waste. 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, committing to responsible energy use, and through methodological planning and by performing energy audits as necessary. For example, the energy consumption of Componenta Manufacturing Oy's entire Jyväskylä machining unit decreased as a result of the renovation of the roof and heat exchanger in 2020. In iron foundries, production volumes and load stability have a major impact on the relative energy consumption and energy efficiency, as the amount of energy needed to maintain production readiness, such as keeping hot metal melted, is not reduced by a possible reduction in production.

In 2020, Componenta's total energy consumption was 61.7 (67.6) GWh, indicating a decrease of 8.7% compared to the previous year. Of the energy used, 82 (81) per cent was electrical energy. Other energy sources comprised district heating, LPG and oil, which accounted for 18 (19) per cent of the total energy use. In 2020, the relative energy consumption of Componenta Castings Oy's Karkkila and Pori iron foundries increased by 0.1 (1.4) per cent. The target for 2020 was that the relative energy consumption of iron foundries would not increase by more than 5%, and this target was met. Taking into account the production volume estimates of the foundries for 2021, Componenta's objective in 2021 is to reduce the relative energy consumption of its iron foundries by 2%.

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 faulty pieces are produced and, consequently, less raw materials, energy and resources are consumed. Componenta's foundries observe the principles of a circular economy, and the main raw material for cast components is largely recycled metal. In 2020, recycled steel accounted for 63 (61) per cent of all raw material in Componenta's iron foundries.

Despite the efficient internal recycling of materials, Componenta's production units generate significant amounts of waste. In 2020, Componenta generated a total of 18,747 (19,025) tonnes of waste, of which approximately 94 (86) per cent was delivered for recovery. The 2020 waste recovery target of 90% was exceeded. Nearly all waste generated at Componenta is sorted, and in 2020, unsorted waste accounted for only 0.36 (0.36) per cent of the total volume.

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. From development projects, e.g. the waste management reform performed in 2020 at Componenta Manufacturing Oy's Härmä Machining Unit had a significant impact on waste sorting and recycling. During 2020, Componenta Castings Oy's Pori iron foundry completed a pilot field project, in which foundry sand and dust were mixed with crushed concrete and moraine and used in the area of a local recycling park. During the two-year monitoring period, the pilot field project has produced positive results which can be used in environmental permit applications for the recovery and reuse of foundry sands, for example. During 2020, the Pori foundry also tested the manufacturing of foundry cores, or casting mould interiors, from recycled sand, and introduced water-based spray painting instead of solvent-based painting performed by a subcontractor. Componenta aims to make all sand and dust from its foundries available for recovery. Componenta's aim for 2021 is to recover and reuse 90% of the waste generated in its production facilities.

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 2020, 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 of the system. Componenta also monitors and measures the consumption of raw materials and production-related emissions, i.e., particulate matter and VOC (volatile organic compound) emissions, as well as the environmental noise levels resulting from operations in production units.

Componenta's overall environmental responsibility costs include costs directly related to the environment, such as waste and waste water management, as well as activities and permits related to environmental protection. An overwhelming majority of the costs are generated by the treatment of production waste. In 2020, environmental costs amounted to 0.95 (1.41) per cent of turnover.

Social responsibility and employee issues

At the end of 2020, Componenta's continued operations had 564 employees (2019: 617). Componenta's social responsibility management is based on personnel policy, management principles and company values. In accordance with Componenta's values and management principles, all decisions regarding recruitment, remuneration and promotion are based solely on the competence and achievements of each employee. Each production company performs an annual review of the equality plan. Employees also have an internal channel for reporting abuse and suspected cases of discrimination, for example.

Risks in terms of social responsibility and worker-related issues are emphasised in the industrial environment, particularly in terms of workers' health and accidents at work. Physically strenuous work in the production environment requires an investment in occupational safety and healthy working practices, so Componenta promotes the well-being of its employees by improving occupational safety and supporting activities that maintain the ability to work. In particular, long sickness-related absences and those 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 of sickness-related absences and accidents may adversely affect Componenta's financial performance.

In order to manage occupational health risks, Componenta has identified the prevention of sickness-related absences and the reduction of the duration of absences as a key development target. The aim is also to identify the risk factors for work-related accidents even more effectively thereby reducing the number of accidents at work. These monitoring and development targets are closely linked.

In order to minimise and prevent the risk of accidents, Componenta's production units regularly organise occupational safety training and ensure that their personnel have up-to-date, suitable and adequate tools at their disposal. Each unit has a regularly updated occupational safety programme. Componenta Castings Oy's Karkkila and Pori iron foundries also have a certified OHSAS 18001 occupational health and safety system. During 2021, both foundries aim to achieve an ISO 45001 occupational health and safety system certification, replacing the OHSAS 18001 system.

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

In 2020, long-term and short-term absences due to illness or accidents increased compared to the previous year, and the proportion of absences out of the total planned working time was 6.9 (4.6) per cent. The target of an absence percentage of no more 4.5% in 2020 was therefore not achieved. The total proportion of sickness-related absences in 2020 was increased by individual, prolonged periods of absence. Componenta cooperates closely with occupational pension providers and other parties to ensure that the necessary support and follow-up measures, such as retraining, are implemented in the case of prolonged absence.

Componenta has an operating model for responding to sickness-related absences, which emphasizes the cooperation between the employee, occupational health care and HR functions. The aim of actions in compliance with this model is to prevent health-related issues from leading to incapacity to work. The target in 2021 is for the proportion of sickness-related absences not to exceed 4.5%.

Componenta continuously monitors and registers not only actual accidents at work, but also the so-called "near misses". Componenta's operations are based on the premise that there should be no accidents at work. In 2020, the number of accidents at work leading to sickness-related absences was 45 (54) per million hours worked, two of which were more serious. The 2020 target of fewer than 40 accidents per million hours worked was therefore not achieved. The objective for 2021 is to further reduce the number of accidents at work to fewer than 30 accidents per million hours worked. Componenta aims to achieve this target by systematically developing its safety culture, by paying particular attention to the induction training of new employees, by providing employees with appropriate instructions, and by encouraging employees to raise and report any safety-related observations concerning their own working environments.

As a result of the continuous and systematic promotion of occupational safety in 2020, two production units in Componenta Manufacturing Oy reached the threshold of 1000 working days with no accidents. During 2020, Componenta also streamlined its safety observation process by introducing the same tool for reporting safety observations by staff in all production units.

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 imminent incidents are thoroughly investigated according to the company's operating model, and the necessary measures are taken to update work instructions and to raise awareness of safety issues within the work community. Instructions and safe working practices are communicated to employees as often 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 demand that the most commonly recognized ethical principles be observed in the value chain. However, Componenta's choice of business partners is influenced 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 relating to the violation of human rights concern suppliers and subcontractors in Componenta's product supply chain whose country of residence 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 particular risks to the company's reputation.

In accordance with its ethical guidelines, 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. 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 Organisation (ILO). Additionally, suppliers and subcontractors must comply with the quality and environmental standards according to which Componenta operates.

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 of Componenta. A key part of Componenta's risk management strategy, a whistleblowing channel, can be used by employees and other stakeholders to report violations of the Code of Conduct or any suspicions of violations against human rights.

In terms of the risks identified in the value chain, Componenta's purchasing and sales organisations, as well as unit and company level management play the most important role. In 2020, Componenta organised training for all Group employees on the company's operating guidelines. This training covered practices relating to respect for human rights. Approximately 92% of the Group's employees participated in the training. The company organises training for its employees on an annual basis.

Fight against corruption and bribery

Componenta's main risks with regard to corruption and bribery 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, as well as its business activities. Componenta or its employees and other entities acting on behalf of Componenta may not offer, give or accept bribes or other unlawful benefits. Business partners and representatives of the authorities should not be offered undue financial advantages in order to promote Componenta's transactions or other interests of the company.

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

Designed to detect and pre-empt the risks of corruption and bribery, the Componenta Code of Conduct covers the training of both management and employees. It is considered important that personnel have a practical understanding of what corruption is and how it can be prevented. In the fight against corruption and bribery, Componenta's purchasing and sales organisations, as well as unit and company level management play an important role. These Groups participated in the Componenta Code of Conduct training for Group employees in 2020, which covered anti-corruption and anti-bribery practices. For information on training and participation rates, see the section 'Respect for human rights' above.

In 2020, Componenta introduced a new Supplier and Subcontractor Code of Conduct.

Componenta is committed to responsible business and integrity. Componenta's Code of Conduct helps an employee choose the correct course of action when they encounter an ethical problem. Componenta employees are encouraged to raise any issues relating to the company's Code of Conduct and to report any findings or suspected violations of the Code. 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 suspicions of corruption or bribery. The Code of Conduct training at Componenta is also aimed at raising awareness of reporting channels for potential violations. There were no notifications in the whistleblowing channel in 2020.

Shares and shareholders

The shares of Componenta Corporation are listed on the Nasdaq Helsinki stock exchange. During the financial year, the average share price during the financial year was EUR 2.63, the lowest price was EUR 1.81 and the highest price was EUR 4.32. The share price at the end of 2020 was EUR 3.16. The market capitalisation at the end of the financial year was EUR 30.0 million (EUR 26.6 million) and the relative share turnover during the financial year was 96.1% (25.4%) of the share capital. The average price, the lowest price and the highest price for the financial year have been adjusted by the reverse share split ratio.

In November – December 2020, Componenta carried out a rights issue, resulting in the total number of the company's shares increased by 237,269,224 shares from 237,269,224 shares to a total of 474,538,448 shares. At the end of the financial year, on 18 December 2020, Componenta completed the reverse share split, including a directed share issue, redemption of shares and cancellation of shares. The reverse share split and thereto related redemption of the shares were carried out in such a way that every fifty (50) of the company's shares were merged into one (1) share. After these measures, the total number of the company's shares were 9,492,444. The new number of shares was registered in the Trade Register on 18 December 2020 and trading with the new shares commenced on 21 December 2020 under ISIN code FI4000476783. Componenta's trading code CTH1V remained unchanged.

The number of the company's shares at the end of the financial year was 9,492,444 (237,269,224). The number of shareholders at the end of the financial year was 8,704 (7,632). The share capital of Componenta Corporation at the end of the financial year was EUR 1.0 million (EUR 1.0 million).

Shareholders on 31 Dec 2020

	Shareholder	Shares	%
1	Joensuun Kauppa ja Kone Oy	1,129,140	11.90
2	Etra Capital Oy	940,000	9.90
3	Varma Mutual Pension Insurance Company	416,252	4.39
4	Elo Mutual Pension Insurance Company	356,052	3.75
5	Nikula Jukka-Pekka	125,974	1.33
6	Siementila Suokas Oy	89,849	0.95
7	Kulonen Heikki Tapani	84,213	0.89
8	Citibank Europe Plc *	83,096	0.88
9	Suotuuli Oy	80,000	0.84
10	Lemmetti Juhani	78,351	0.83
Nominee-registered shares		161,746	1.70
Other shareholders		6,030,867	63.53
Total		9,492,444	100.00

* Nominee-registered shares.

Breakdown of share ownership on 31 December 2020

Number of shares	Share-holders	%	Shares	%
1-100	4,621	53.09	143,431	1.51
101-500	2,331	26.78	594,353	6.26
501-1000	727	8.35	539,489	5.68
1001-5000	802	9.21	1,708,316	18.00
5001-10 000	107	1.23	725,076	7.64
10 001-50 000	100	1.15	2,027,777	21.36
50 001-100 000	11	0.13	786,584	8.29
100 001-500 000	3	0.03	898,278	9.46
500 001-999 999 999	2	0.02	2,069,140	21.80
Total = total issued	8,704	100.00	9,492,444	100.00

Shareholders by sector on 31 December 2020

	%
Finnish companies	32.72
Financial institutions and insurance companies	1.53
General government bodies	8.14
Households	55.66
Non-profit institutions	0.79
Nominee-registered shares and other foreign shareholders	1.17
	100.00

Notifications of major shareholding

During 2020, Componenta received two notifications of major shareholding compliant with the Securities Markets Act and issued separate stock exchange releases for them.

According to the notifications, the share of Capman Buyout VIII Fund A L.P. of the total number of shares and voting rights in Componenta Corporation fell below 5% (on 5 October 2020).

The share of the total number of shares and voting rights of Componenta Corporation of Joensuun Kauppa ja Kone Oy, a company controlled by Kyösti Kakkonen, exceeded 10% (on 5 October 2020).

Resolutions of the Annual General Meeting

The arrangements for Componenta Corporation's Annual General Meeting held in Vantaa on 16 April 2020 were unusual due to the exceptional circumstances caused by the COVID-19-pandemic and the meeting restrictions imposed by the authorities. Shareholders had the opportunity to participate in the meeting online and were able to exercise their right to vote through a mandated representative. The Annual General Meeting adopted the financial statements and consolidated financial statements for the financial period from 1 January – 31 December 2019, approved the remuneration policy of the institutions and discharged the members of the board of directors and the CEO from liability concerning the financial period.

In accordance with the proposal of the board of directors, the General Meeting decided that no dividend will be distributed for the financial period which ended on 31 December 2019.

The General Meeting resolved that the annual remuneration payable to the chair of the board will be EUR 50,000 and the annual remuneration payable to other members of the board of directors will be EUR 25,000. In addition, the members of possible committees of the board of directors will be paid an annual remuneration of EUR 5,000. Travel expenses of the members of the board of directors will be compensated in accordance with the company's travel policy.

The number of the members of the board of directors was resolved to be four (4). The General Meeting resolved to re-elect Harri Suutari, Anne Leskelä, Petteri Walldén and Harri Pynnä, all currently members of the current board of directors. At its organisation meeting held after the Annual General Meeting, the board of directors elected Harri Suutari as chair of the board and Anne Leskelä as vice chair of the board.

The General Meeting elected authorised public accountants PricewaterhouseCoopers Oy as the company's auditor. Samuli Perälä, authorised public accountant, is the auditor in charge. The auditor's fee is paid on an invoice approved by the company.

In accordance with the proposal of the board of directors, the General Meeting resolved to amend Article 2 of the Articles of Association as follows:
"2. Industry: The company's business is to manufacture and market products for the engineering and foundry industries and to engage in other related activities as part of the Componenta Corporation Group. In order to conduct its business, the company may issue collateral, guarantees and cash as a debt to its Group and associated entities. The company can provide administrative, funding-related, financial and other services to Group and associated companies, as well as engage in securities trading and other investment activities."

Resolutions of the Extraordinary General Meeting and implementation thereof

The arrangements for Componenta Corporation's Extraordinary General Meeting held on 29 October 2020 in Vantaa were also unusual due to the exceptional circumstances caused by COVID-19 and the meeting restrictions imposed by the authorities. Shareholders had the opportunity to vote in advance electronically, to follow the meeting remotely and to exercise their voting rights by authorising a representative.

The Extraordinary General Meeting resolved to give the company's board of directors the necessary authority to decide on the rights issue. The General Meeting resolved to consolidate the company's shares and decide about their redemption, thereby reducing the number of the company's shares without reducing the share capital. This is achieved by consolidating every fifty of the company's shares into one share by issuing new company's shares and redeeming company's shares held. Connected with the reverse share split, the General Meeting resolved to authorise the board of directors to decide on a directed share issue. The reverse share split will be implemented on the reverse share split date decided by the company's board of directors later in the book-entry system after their stock exchange trading has ended.

The Extraordinary General Meeting resolved to authorise the board of directors to decide on the issuance of a maximum of 237,269,224 new shares to implement the rights issue. The shares will be offered for subscription to the company's shareholders in proportion to their holdings of the company's ordinary shares on the rights issue reconsolidation date. The authorisation entitled the board of directors to decide on the secondary offering of any unsubscribed shares to other shareholders or other investors. The authorisation could be used to carry out only one rights issue. The board of directors was authorised to decide on all other terms and conditions related to the rights issue. The authorisation is valid until the end of the next Annual General Meeting, but not later than 30 June 2021. The authorisation did not revoke the previously decided share issue authorisations.

Based on the authorisation given by the Extraordinary General Meeting, on 13 November 2020, Componenta Corporation's board of directors resolved to offer a rights issue in which the company offered a maximum of 237,269,224 new shares at a subscription price of EUR 0.04 primarily to the company's shareholders on the basis of their rights issue rights and secondarily to shareholders and other investors.

On 9 December 2020, Componenta's board of directors approved the subscriptions made in the rights issue and the allocation of new shares in accordance with the terms of the issue. As a result of the rights issue, the number of Componenta shares increased by 237,269,224 shares from 237,269,224 shares to a total of 474,538,448 shares.

The Extraordinary General Meeting decided on the reverse share split of the company and the redemption thereof, and authorised the board of directors to decide on a directed share issue as follows: The number of the company's shares will be reduced without reducing the share capital by consolidating every fifty (50) of the company's shares into one (1) share by issuing the company's new shares and redeeming the company's shares held. In order to avoid fractional shares, the board of directors was authorised to decide on a directed share issue in which the company's new shares will be issued without consideration in such a way that the number of shares in each shareholder's portfolio becomes divisible by 50 on the reverse share split day, decided by the board of directors at a later date. The maximum number of shares issued by the company to its shareholders is 49 multiplied by the total number of portfolios containing the company's shares on the reverse share split day. The share issue authorisation is for a maximum of 400,000 shares. The maximum number was based on the board of directors' estimate of the number of shareholders in the company. The share issue authorisation is valid until the end of the next Annual General Meeting, but not later than 30 June 2021. The authorisation did not revoke the previously decided share issue authorisations. The company's board of directors was authorised to decide on all matters related to the free issuance of shares within the limits of authorisation set by the Extraordinary General Meeting.

Simultaneously with the aforementioned issuance of new shares, the company will redeem, without consideration, from all shareholders of the company on the date of the reverse share split, the number of shares determined in accordance with the redemption ratio 49/50, meaning that 49 company shares will be redeemed for every 50 company shares held. The company's board of directors has the right to decide on all other matters related to the redemption of shares. The company's shares redeemed as part of share capital reduction will be cancelled immediately after redemption by a resolution of the company's board of directors.

The purpose of the reverse share split was to facilitate trade in the company's shares by increasing the value of an individual share and to contribute to the shares' efficient price formation. The board of directors considered that the reverse share split is therefore in the interest of the company and its shareholders and that there is a particularly compelling financial reason for reverse share split, redemption, and directed share issue. The reverse share split will not affect the company's equity.

Componenta's board of directors resolved on 9 December 2020, on the authorisation by the Extraordinary General Meeting, that the reverse share split, and the associated redemption of shares, will be executed on 18 December 2020. In connection with the reverse share split and based on the same authorisation, Componenta's board of directors resolved on 18 December 2020 to execute a directed share issue without consideration, in which the company issued a total of 83,752 new shares in order to make the shares in each shareholder's portfolio divisible by 50. The total market value of the shares conveyed without consideration at the closing price on 18 December 2020 was EUR 5,125.62. Following the directed share issue, the company redeemed 49 shares for each 50 shares of the company, in line with the Extraordinary General Meeting's resolution. The company's shares redeemed as part of share capital reduction will be cancelled immediately after redemption by a resolution of the company's board of directors. Following these measures, the company now has a total of 9,492,444 shares. The new number of shares was entered in the Trade Register on 18 December 2020 and trading in the consolidated shares commenced on 21 December 2020.

Share-based incentive scheme

On 12 November 2018, the board of directors of Componenta Corporation decided to introduce two share-based incentive schemes for the Group's key employees: an option scheme and a share-based incentive scheme. The schemes are used to encourage key employees to commit to long-term employment at the company in order to increase shareholder value. The schemes are also used to make the key employees commit to the company.

On 10 February 2020, the board of directors of Componenta Corporation decided to convert option rights 2018A returned to the company into option rights 2018B. After conversion of the option rights, there are a total of 2,013,750 option rights 2018A, a total of 2,861,500 option rights 2018B and a total of 2,445,250 option rights 2018C.

The subscription periods for shares to be subscribed using the option rights are as follows: 1 December 2021–30 November 2023 for option rights 2018A, 1 December 2022–30 November 2024 for option rights 2018B and 1 December 2023–30 November 2025 for option rights 2018C. One option right entitles to the subscription of one share.

On 18 December 2020, Componenta Corporation's board of directors resolved on changes related to the company's share-based incentive schemes. These changes were based on the rights issue carried out by the company, the final result of which was published on 9 December 2020, and the reverse share split, which was executed on 18 December 2020. Following the rights issue and the reverse share split, the 2018 number, subscription ratio and subscription prices of the stock options were revised to ensure equal treatment of shareholders and option holders.

After the review, there will be a maximum of 146,410 option rights 2018, of which 40,275 will be marked with the symbol 2018A, 57,230 will be marked with the symbol 2018B and 48,905 will be marked with the symbol 2018C. Each option right 2018 entitles the holder to subscribe two new shares of the company or shares held by the company. The total number of shares that can be subscribed with option rights is 292,820 shares. The subscription price with option right 2018A is EUR 5.25 per share, with option right 2018B EUR 3.85 per share and with option right 2018C EUR 3.025

per share. The shares to be subscribed on 2018 option rights correspond in total to a maximum of approximately 3 percent of the company's total shares and voting rights following share subscriptions with options if new shares are being issued.

The reward of the share incentive scheme 2018 is based on the key employee's existing contract of employment or service and continuation of the employment during the commitment period. The reward will be paid partly in shares and partly in cash after the commitment period that ends in November 2021, by the end of December 2021 at the latest. The purpose of the cash portion is to cover taxes and tax-like levies incurred by the key employee. Due to the rights issue carried out by the company and the reverse share split executed on 18 December 2020, the terms and conditions of the company's share incentive scheme for 2018 and the maximum rewards paid from the scheme were also reviewed. The total rewards payable from the scheme after the review will not exceed the value of 55,000 shares of Componenta Corporation, including the portion paid in cash.

The board of directors and management

At Componenta's Annual General Meeting held on 16 April 2020, the number of members in the company's board of directors was set at four (4). Harri Suutari, Anne Leskelä, Harri Pynnä and Petteri Walldén continued as members of the board of directors. At its organisation meeting held after the Annual General Meeting on 16 May 2019, the board of directors elected Harri Suutari as chair of the board and Anne Leskelä as vice chair of the board.

The Group management team was reduced from seven members to five on 1 March 2020. The change was aimed at improving the cost-effectiveness of administration and clarifying the management responsibilities. At the same time, Pasi Mäkinen, Senior Vice President, Material Services, was appointed the Group's Chief Operating Officer.

On 11 March 2020, Componenta Corporation's board of directors appointed Sami Sivuranta, M.Sc. (Eng.), to the position of CEO. At the same time, the Group management team was reduced from five to four members.

On 31 December 2020, the Group management team consisted of Sami Sivuranta, President and CEO, Mervi Immonen, General Counsel, Marko Karppinen, CFO, and Pasi Mäkinen, Chief Operating Officer.

Impact of the COVID-19-pandemic

The health and safety of personnel has been important to Componenta during the COVID-19-pandemic. Componenta's proactive measures to ensure the health of its personnel have minimised the effects of the pandemic and the Group has succeeded in serving customers, completing deliveries, and keeping all operations running.

During 2020, the pandemic had a somewhat negative impact on Componenta's revenue and profitability. During 2020, Componenta adjusted its operations by, among other things transferring payments related to taxes and pensions as permitted by the tax authority and pension companies, laying off personnel and and by agreeing upon postponement of payments of restructuring debts with significant creditors of Componenta Castings Oy. In June and August 2020, Componenta was granted Business Finland's development funding in the event of a business disruption totalling approximately EUR 0.2 million, and in September 2020 the State Treasury's financial support totalling EUR 0.2 million. Furthermore, on 22 April 2020 Componenta also signed a new agreement on a line of credit of EUR 2.0 million.

If the weak economic situation persists due to the pandemic, this may have a significant impact on the financial situation of Componenta's customers, which will increase Componenta's credit loss risks. The negative consequences of the COVID-19-pandemic, if prolonged, could also pose a risk of impairment of the company's goodwill, inventories, trade receivables or fixed assets. Management has assessed the situation of Componenta's trade receivables with the valuation of both inventories and fixed assets, and no significant impairment losses have been recognised based on the assessment. The amount of overdue trade receivables is at the usual level. The trade receivables' total is partially reduced by the factoring finance available to the Group, which covers part of the trade receivables. Management has also performed goodwill impairment testing, whereupon no impairment has been recognised in goodwill. 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. Further information on the annual impairment testing is provided in the notes to the 2020 financial statements.

In connection with the COVID-19-pandemic, Componenta closely follows regulatory guidelines on market developments and the operating conditions and business situation of its customers and adjusts its own operations accordingly. Possible illnesses and quarantines of personnel, as well as other restrictions in Finland and other countries, can cause challenges to both Componenta's own business and that of its partners. Of particular importance in managing the negative effects of a pandemic situation is the effectiveness of vaccinations and the pace of implementation. Componenta is actively pursuing the necessary measures to maintain health and wellbeing and prevent the spread of the pandemic. Uncertainty in the market caused by the COVID-19-pandemic will continue in 2021.

Risks and business uncertainties

The most significant risks in Componenta's business under normal circumstances are risks related to the business environment (competitive and price risk, commodity risks and environmental risks), business risks (customer, supplier, productivity, production, and process risks, labour market disruptions, contractual and product liability risks, personnel, and security risks) and financial risks (risks related to access to finance and liquidity, currency, interest rate and credit risks).

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

Componenta's potential risks related to the availability and liquidity of working capital may weaken future new business volumes and reduce future orders for new products from customers replacing expiring products. Volumes may also be weakened by possible customer product transfers due to price competition reasons.

Componenta's current credit facilities will need to be renewed next at the end of November 2021. The Group also finances its business through non-binding factoring arrangements for trade receivables. Termination of factoring arrangements or non-renewal of credit facilities could significantly weaken Componenta's liquidity. However, the Group's liquidity was at a good level at the balance sheet date, which makes it easier to manage the situation.

In terms of going concern, management assesses Componenta Castings Oy's performance of payments under the restructuring programme as one of the most significant uncertainties. The risk to the implementation of restructuring programme is also the adequacy of working capital, as the main customers support Componenta with shorter-than-normal sales payment terms and due to the limited availability of external financing. In addition, the ability to continue as a going concern is affected by Componenta's success in increasing sales volumes despite the risks posed by the COVID-19-pandemic. In addition, more insecurity is contained by the estimates into the companies' future sales volumes and net sales, EBITDA, investments and working capital needs, made by the management in analysing the companies' cash flow forecasts for the next 12 months and their future liquidity prospects.

A more detailed description of the uncertainties related to the ability to continue as a going concern and other business risks is provided on page 35 of the financial statements. For more information on financial risks, see Appendix 25 of the financial statements.

Events after the financial year

Componenta announced on 25 February 2021 about the premature ending of the parent company's restructuring programme.

In deviation from the restructuring programme, the company has proposed to its restructuring creditors the repayment of 90 percent of the unpaid reduced restructuring debt and the supplemental payment obligation based on realised guarantee liabilities of the restructuring programme as a lump sum payment to finally repay all restructuring debts and prematurely end the restructuring programme. The company's proposal has been accepted by restructuring creditors representing over 99 percent of all unsecured restructuring debts of the company.

The Board of Directors of the company resolved on 25 February 2021 to carry out the aforementioned payments, in total approximately EUR 5.9 million, and prematurely end the restructuring programme. This amount includes approximately EUR 0.2 million of conditional and maximum amount guarantee debts, the final amounts of which have not been confirmed yet and the repayment of which the company will separately agree on with each respective creditor. The conditional and maximum amount debts may be wholly or partially converted into new debt for the purpose of ending the restructuring programme.

The repayment of restructuring debts is expected to take place during March. A net profit of approximately EUR 0.7 million will be realised in connection with the repayment, as restructuring debts with a book value of EUR 6.6 million shall be repaid with EUR 5.9 million. The profit will be entered into the financial items of continued operations. The final amounts may differ from that specified here depending on how the company will agree on the repayment of the aforementioned unrealized conditional and maximum amount guarantee liabilities with each respective creditor. The premature ending of the programme will be financed with funds received through the aforementioned rights issue. The restructuring programme is considered ended when the supervisor of the restructuring programme has approved the payments and has provided creditors with the supervisor's final account. This is expected to take place in March – April. The company will issue separate stock exchange releases in connection with the repayment of restructuring debts and the completion of the supervisor's final account.

The premature ending of the company's restructuring programme will not affect the restructuring programme of Componenta Castings Oy (formerly Componenta Finland Oy), which shall continue in accordance with its terms and conditions until 2023.

Componenta's guidance for 2021

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

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

Dividend proposal

On 31 December 2020, the parent company's distributable assets amounted to EUR 32.4 million (EUR 22.8 million). Under Chapter 9, Section 58 of the Restructuring of Enterprises Act, Componenta cannot distribute a dividend between the approval and the conclusion of the restructuring programme.

Annual general meeting

The Annual General Meeting of Componenta Corporation will be held on 9 April 2021 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.

Corporate Governance Statement

Componenta Corporation will publish its Corporate Governance Statement for 2020 as a separate report. Once published, the statement can be read on the company's website at www.componenta.com.

Key figures

December 31	2020	2019	2018	2017	2016
Balance sheet total, TEUR	**64,005**	54,098	48,949	52,769	84,154
Net interest bearing debt, TEUR	**-2,584**	8,721	-3,357	-2,994	89,724
Invested capital, TEUR	**38,038**	29,097	21,191	20,827	-35,165
Return on investment, %	**0.7**	3.2	6.0	n/a	n/a
Return on equity, %	**-5.8**	83.0	5.6	n/a	n/a
Equity ratio, %	**37.3**	29.4	39.3	34.8	-165.3
Net gearing, %	**-10.8**	54.9	-17.5	-16.2	n/a
Investments in non-current assets, TEUR	**3,415**	1,312	1,849	2,763	19,872
Number of personnel at period end*	**564**	617	412	691	664
Average number of personnel*	**580**	480	414	680	763

* The figures for 2018-2020 include only the number of personnel of current continued operations. The figures for 2016-2017 include only the number of personnel of continued operations valid on 31 December 2017.

Per share data	2020	2019
Basic earnings per share (EPS)*, EUR	**-0.20**	3.01
Diluted earnings per share (EPS)*, EUR	**-0.20**	2.96
Cash flow per share (EPS)*, EUR	**1.77**	0.84
Equity per share (EPS)*, EUR	**4.94**	3.28
P/E-ratio	**neg.**	1.45
Share price at year end, EUR	**3.16**	0.11
Average trading price, EUR	**2.63**	0.13
Lowest trading price, EUR	**1.81**	0.11
Highest trading price, EUR	**4.32**	0.17
Market capitalization at year-end, TEUR	**30,034**	26,574
Trading volume*, 1,000 shares	**4,562**	60,170
Trading volume, %	**96.1**	25.4
Weighted average of number of shares**, 1,000 shares	**4,836**	3,845
Number of shares at year-end**, 1,000 shares	**9,492**	4,745

* The comparable figures for 2019 have not been adjusted due to reverse share split and rights issue.
** The comparable figures for 2019 have been adjusted due to reverse share split and rights issue.

Calculation of key financial figures

Key figure		Numerator	Denominator
Return on equity, % (ROE)	=	Result after financial items – income taxes x 100	Shareholders' equity without preferred capital notes + non-controlling interest (starting & closing balance average)
Return on investment, % (ROI)	=	Result after financial items + interest and other financial expenses x 100	Shareholders' equity + interest bearing liabilities (starting & closing balance average)
Equity ratio, %	=	Shareholders' equity, preferred capital notes excluded + non-controlling interest x 100	Balance sheet total – advances received
Basic earnings per share, EUR (EPS)	=	Result after financial items – income taxes +/– non-controlling interest – deferred and paid interest on hybrid loan	Average number of shares during the financial period
Diluted earnings per share, EUR	=	As above, the number of shares has been increased with the possible warrants outstanding. When calculating the dilution effect of warrants, the number of shares has been adjusted with the number of own shares which the company could have acquired, if it would have used the funds generated from the warrants to buy back of own shares at market price (= average trading price). After tax interest expense of the possible convertible loan has been added to the profit of the period. Number of shares that can be subscribed by the loan has been added to the number of total shares.	
Cash flow per share, EUR (CEPS)	=	Net cash flow from operating activities	Average number of shares during the financial period
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)
Effective dividend yield, %	=	Dividend per share x 100	Market share price at period end
Market capitalization, EUR	=	Number of shares x market share price at period end	
P/E multiple	=	Market share price at period end	Earnings per share
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

	2020*	2019*	2018*	2017**	2016**
Net Sales, TEUR	**70,040**	50,737	39,340	122,427	138,882
Operating result, TEUR	**–2,034**	–1,663	952	26,291	–32,338
Operating result margin, %	**–2.9**	–3.3	2.4	21.5	–23.3
Financial income and expenses, TEUR	**–1,456**	–388	–32	102,053	33,145
Result after financial items, TEUR	**–3,489**	–2,051	920	128,326	806
Result for the period, continued operations, TEUR	**–3,175**	–2,063	930	128,824	–6,061
Result for the period, discontinued operations, TEUR	**2,226**	16,633	131	–4,760	–209,462
Order book at period end	**9,536**	9,001	5,770	23,590	20,399
Change in net sales, %	**38.0**	29.0	–	–11.8	–33.9
Share of export and foreign activities in net sales, %	**17.0**	23.2	31.8	79.2	80.0

* The figures for 2018–2020 are current continued operations.
** The figures for 2016–2017 are continued operations that were published in 2017 financial statements, including Componenta Främmestad AB.

Consolidated financial statements

Consolidated income statement

TEUR	Note	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
Continued operations			
Net sales	1	70,040	50,737
Other operating income	4	425	–28
Operating expenses	5, 6, 7	–66,714	–49,119
Depreciation, amortization and write-downs	8	–5,783	–3,253
Operating result		–2,034	–1,663
Financial income	9	2	6
Financial expense	9	–1,458	–394
Total financial income and expenses		–1,456	–388
Result after financial items		–3,489	–2,051
Income taxes	10	314	–12
Result for the financial period, continued operations		–3,175	–2,063
Discontinued operations			
Result for the financial period, discontinued operations		2,226	16,633
Result for the financial period		–949	14,570
Allocation of result for the period:			
To equity holders of the parent		–949	14,570
		–949	14,570
Earnings per share calculated on result attributable to the shareholders of the parent company*			
Basic earnings per share, Group, EUR	11	–0.20	3.01
Diluted earnings per share, Group, EUR	11	–0.20	2.96

The notes are an integral part of the financial statements.

*) The comparable figures for 2019 have been adjusted due to reverse split and rights issue.

Consolidated statement of comprehensive income

TEUR	Note	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
Net result		–949	14,570
Continued operations			
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Cash flow hedges		–	–7
Total items that may be reclassifed to profit and loss subsequently		–	–7
Other comprehensive income, net of tax, continued operations		0	–7
Discontinued operations			
Revaluation of land and property, net of tax		–	641
Translation differences		–	1,013
Other items	20	–	–27,197
Other comprehensive income, net of tax, Discontinued operations		–	–25,543
Total comprehensive income		–949	–10,980
Allocation of total comprehensive income			
To equity holders of the parent		–949	–10,980
Total comprehensive income		–949	–10,980

The notes are an integral part of these financial statements.

Consolidated statement of financial position

TEUR	Note	Dec 31, 2020	Dec 31, 2019
Assets			
Non-current assets			
Intangible assets	12	**1,962**	2,078
Goodwill	13	**3,225**	3,225
Tangible assets	14	**31,246**	31,807
Investment properties	19	**17**	17
Receivables	25	**349**	352
Total non-current assets		**36,799**	37,478
Current assets			
Inventories	15	**8,469**	9,165
Trade and other receivables	16, 17	**1,985**	2,976
Cash and cash equivalents	25	**16,752**	4,479
Total non-current assets		**27,206**	16,620
Total assets		**64,005**	54,098

TEUR	Note	Dec 31, 2020	Dec 31, 2019
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital		**1,000**	1,000
Unrestricted equity reserve		**16,522**	7,865
Other reserves		**3,087**	3,087
Retained earnings		**4,211**	-10,631
Result for the period		**-949**	14,570
Equity attributable to equity holders of the parent company	20	**23,871**	15,891
Shareholders' equity		**23,871**	15,891
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	25	**11,086**	10,357
Interest free liabilities and capital loans	25, 26	**10,311**	10,442
Provisions	24	**14**	14
Deferred tax liabilities	18	**270**	591
Total non-current liabilities		**21,681**	21,404
Current liabilities			
Interest-bearing liabilities	25	**3,082**	2,843
Interest free liabilities and capital loans	26, 27	**14,838**	13,624
Provisions	24	**534**	336
Total curent liabilities		**18,453**	16,803
Total liabilities		**40,134**	38,207
Total shareholders' equity and liabilities		**64,005**	54,098

The notes are an integral part of the financial statements.

Condensed consolidated cash flow statement

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Cash flow from operating activities		
Continued operations		
Result after financial items	-3,489	-2,051
Depreciation, amortization and write-downs	5,783	3,253
Net financial income and expenses	1,456	388
Other income and expenses, adjustments to cash flow	2,843	1,501
Change in net working capital		
Inventories	696	1,038
Current non-interest bearing receivables	992	2,151
Current non-interest bearing liabilities	-557	-1,828
Interest paid and other financial expenses	-1,368	-402
Net cash flow from operating activities, continued operations	6,355	4,050
Net cash flow from operating activities, discontinued operations	1,961	1,267
Net cash flow from operating activities	8,316	5,317
Cash flow from investing activities		
Continued operations		
Capital expenditure in tangible and intangible assets	-3,415	-1,312
Acquisitions	–	1,140
Net cash flow from investing activities, continued operations	-3,415	-172
Net cash flow from investing activities, discontinued operations	–	-525
Net cash flow from investing activities	-3,415	-697

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Cash flow from financing activities		
Continued operations		
Repayment of lease liabilities	-1,589	-766
Share issue	9,491	–
Cost of share issue	-430	-339
Draw-down of current loans	–	1,140
Repayment of current loans	-700	-1,619
Draw-down of non-current loans	2,000	–
Repayment of non-current loans and other changes	-1,664	-2,000
Net cash flow from financing activities, continued operations	7,107	-3,584
Net cash flow from financing activities, discontinued operations*	265	-1,871
Net cash flow from financing activities	7,373	-5,455
Change in liquid assets	12,273	-835
Cash and cash equivalents in the beginning of the period	4,479	5,314
Cash and cash equivalents at the period end	16,752	4,479

The notes are an integral part of the financial statements.

* Includes the derecognition of cash funds of the discontinued operations from the Group's statement of financial position in the comparison period in 2019.

Statement of changes in consolidated shareholders' equity

TEUR	Share capital	Share premium account	Unrestricted equity reserve	Revaluation of buildings and land areas	Other reserves	Cash flow hedges	Shareholders' equity Jan 1, 2020	Retained earnings	Share-holders' equity total
Shareholders' equity Jan 1, 2020	**1,000**	**0**	**7,865**	**580**	**2,507**	**0**	**0**	**3,939**	**15,891**
Net result								-949	-949
Total comprehensive income	0	0	0	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	0	8,657	0	0	0	0	272	8,928
Shareholders' equity Dec 31, 2020	**1,000**	**0**	**16,522**	**580**	**2,507**	**0**	**0**	**3,262**	**23,871**

TEUR	Share capital	Share premium account	Unrestricted equity reserve	Revaluation of buildings and land areas	Other reserves	Cash flow hedges	Translation differences	Retained earnings	Share-holders' equity total
Shareholders' equity Jan 1, 2019	**1,000**	**0**	**404**	**-61**	**29,504**	**7**	**-1,013**	**-10,608**	**19,233**
Net result								14,570	14,570
Comprehensive income items:									
Cash flow hedges						-7			-7
Comprehensive income items, discontinued operations				641	-26,997		1,013	-200	-25,543
Total comprehensive income	0	0	0	641	-26,997	-7	1,013	14,370	-10,980
Transaction with owners:									
Directed share issue			7,461						7,461
Option and share-based compensation								177	177
Transactions with owners, total	0	0	7,461	0	0	0	0	177	7,638
Shareholders' equity Dec 31, 2019	**1,000**	**0**	**7,865**	**580**	**2,507**	**0**	**0**	**3,939**	**15,891**

Notes to the consolidated financial statement

Accounting principles for the consolidated financial statements

Basic information about the Group

Componenta is a metal sector Group of companies with international operations. The Group manufactures cast, machined, surface-treated, ready-to-install components and total solutions made up from these. The Group's customers are global manufacturers in the machine building, agricultural machinery, forestry machines, energy industry and defence industry.

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 11 March 2021, the Board of Directors of Componenta Corporation approved these financial statements for publication.

Impact of COVID-19 on Componenta's reporting

Componenta assesses ongoing the impact of COVID-19 on its financial reporting. Componenta is closely monitoring the development of markets and the situation of its customers and will adapt its operations accordingly. The most significant measures have been transferring payments related to taxes and pensions and temporarily laying off employees. Additionally, Componenta Castings Oy has agreed with its significant creditors upon postponement of payments of restructuring debts. To control the situation Componenta has strived to improve its liquidity by, for example, postponing tax and pension payments and by signing a new revolving credit facility agreement. Componenta was also granted funding for business development in disruptive circumstances by Business Finland and business cost support from the Finnish State Treasury.

At the end of the financial period other liabilities included EUR 3.5 million tax debt for which the tax authority has granted payment exemptions. According to these payment exemptions, the tax debt must be amortized evenly, so that all debts have been amortized in June 2022. An interest of 2.5% is paid for these debts.

Corporate restructuring

The District Court of Helsinki issued its decision regarding the commencement of the restructuring proceedings in respect of Componenta Corporation and Componenta Castings Oy on 30 September 2016. The District Court of Helsinki appointed Mr Mika Ilveskero, Attorney-at-Law, from Castrén & Snellman Attorneys to act as an administrator (hereinafter referred to as the "Administrator") in respect of the corporate restructurings of Componenta Corporation and Componenta Castings Oy. Furthermore, in connection with both corporate restructurings, the District Court of Helsinki appointed creditor committees, which act as the joint representatives of the creditors in the restructuring proceedings. Various creditor Groups, including secured creditors, trade creditors, creditors with supplier guarantees and other unsecured creditors, are represented in the creditor committees appointed by the court. The creditor committees of Componenta Corporation and Componenta Castings Oy have different compositions due to different creditors.

The District Court of Helsinki confirmed the restructuring program for Componenta Corporation and its subsidiary Componenta Castings Oy on 23 August 2017. On the basis of the restructuring program, the unsecured debts of Componenta Corporation were cut by approximately 94% and the lowest-priority debts were cut in their entirety. The secured debts of Componenta Castings Oy will be paid in their entirety, whereas unsecured debts were cut by 75%. The payment programmes for both companies will commence in May 2019 and end in November 2023.

On 4 August 2017, Componenta Corporation signed an agreement to sell its shareholding in Componenta Dökümcülük Ticaret ve Sanayi A.S., amounting to 93.6% of the company's shares and votes, to Döktaş Metal Sanayi ve Ticaret A.Ş. The transaction was completed on 27 September 2017. The agreement covered all of the company's iron, machine shop and aluminum business in Turkey. The transaction had no cash flow impact. In connection with the closing of the sale of the shareholding, the Turkish club loan banks discharged Componenta Corporation from all liabilities and obligations based on the club loan agreement, including the discharge from a loan guarantee of EUR 80 million.

Componenta Wirsbo AB and Componenta Arvika AB, both located in Sweden, were declared bankrupt on 17 July 2017. According to the terms of the restructuring programs, the companies should have paid restructuring debts of some EUR 4.9 million in July 2017. The primary goal was to agree with creditors on postponing payment of the restructuring debts and to arrange refinancing by January 2018. In July 2017, it became clear that arranging external financing and postponing the payment of the restructuring debts until January 2018 was unlikely due to insufficient support from the creditors.

The restructuring application of Componenta Främmestad AB was approved and the restructuring proceedings started on 1 September 2016. In March 2016, Componenta Främmestad AB paid off its restructuring debts, EUR 2.3 million of external restructuring debts and a salary guarantee of EUR 0.6 million to the Swedish government. These amounts would have matured in July 2018. In 2019, Componenta Främmestad AB tried to improve profitability and reduce the capital employed in business operations. As part of its profitability improvement measures, the company engaged in negotiations to renew its significant customer agreements. These negotiations were not successful in terms of ensuring future profitability of operations. Therefore, Componenta Främmestad AB decided to file for bankruptcy on 25 September 2019.

Componenta Corporation and Componenta Castings Oy had around EUR 2.0 million in intra-Group receivables from Componenta Främmestad AB at the time of its bankruptcy. As collateral for these receivables, Componenta Främmestad AB pledged its best-priority Sweden mortgages. The nominal value of these mortgages is SEK 51.9 million. Componenta Främmestad AB's receivables from Componenta Corporation and Componenta Castings Oy totalled EUR 0.4 million at the time of its bankruptcy. Componenta has written down the entire aforementioned receivable of EUR 2.0 million from Componenta Främmestad AB in its consolidated financial statements after Componenta Främmestad's bankruptcy in 2019. Componenta Group's internal restructuring debt of EUR 0.4 million to Componenta Främmestad AB increased Componenta's external debt. Componenta Corporation and Componenta Castings Oy have not provided guarantees or other collateral for Componenta Främmestad AB's liabilities, apart from liabilities of around EUR 0.2 million concerning repurchase commitments related to lease agreements. The capital loan of EUR 27.0 million presented under "Other reserves" on Componenta Främmestad AB's balance sheet was removed from Componenta Group's balance sheet due to the bankruptcy. In addition, Componenta Främmestad AB's bankruptcy reduced the Group's restructuring debt by EUR 2.5 million. Componenta Group recognized in 2019 a positive result impact of EUR 16.7 million in discontinued operations due to the loss of control resulting from the bankruptcy of Componenta Främmestad AB. The impact on result consists of the difference between the assets and liabilities of Componenta Främmestad AB, including the impact of translation differences accumulated in the equity, of the write-down of Componenta Group's receivables from Componenta Främmestad AB, as well as of the EUR 27.0 million capital loan of Componenta Främmestad AB to a third party which in the Componenta Group was classified as equity and which was in connection with losing the control recognized through profit and loss in discontinued operations. Componenta Främmestad AB was classified as a discontinued operation on 25 September

2019 and was presented as a discontinued operation in the 2019 consolidated financial statements.

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. The advanced dividend was in its totality EUR 2.2 million after the set-off of restructuring debts of Componenta Corporation EUR 0.3 million to the bankruptcy estate of Componenta Främmestad AB was considered.

The payment received from the bankruptcy estate with default interest and the portion allocated to the offsetting of restructuring liabilities are 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 by EUR 2.2 million and liquidity by EUR 1.9 million. The write-down of receivables in 2019 was measured through profit and loss of discontinued operations and therefor also the reverse of the write-down was measured through profit and loss of discontinued operations in 2020.

The payment received was a full payment for Componenta's receivables from the bankruptcy estate, and no further payments are therefore expected. Should the final distribution of the bankruptcy estate of Componenta Främmestad AB be less than the advance distribution now received, Componenta has undertaken to return any overpaid share.

Main contents of Componenta Corporation's restructuring programme

In Finland, the District Court of Helsinki issued its decision regarding the commencement of the corporate restructuring proceedings in respect of Componenta Corporation on 30 September 2016. The District Court of Helsinki confirmed the corporate restructuring programme of Componenta Corporation on 23 August 2017. On the basis of the restructuring program, the unsecured debts of Componenta Corporation were cut by approximately 94% as the Turkish credit guarantee was eliminated, and the lowest-priority debts were cut in their entirety. The payment programme commenced in May 2019 and will end in November 2023. When the restructuring programme of Componenta Corporation was confirmed, the company's debt cuts entered into force. The debt cuts mean that the debts on the company's balance sheet decreased by approximately EUR 118 million, which strengthens the company's equity through the result.

In compliance with the restructuring programme, the company has sold off almost all of the real estate companies that are not part of its core business, and any participations in them, to parties external to the Group and dissolved its dormant subsidiaries through liquidation proceedings. The company may face an additional payment obligation due to its cash flow exceeding expectations. Only the company's non-preferential creditors will be entitled to receive the additional payment. The company may also face an additional payment obligation, if the final amount of conditional and maximal restructuring debts included in the restructuring guarantees exceeds the amount set out in the restructuring programme.

Main contents of Componenta Castings Oy's restructuring programme

In Finland, the District Court of Helsinki issued its decision regarding the commencement of the corporate restructuring proceedings in respect of Componenta Castings Oy on 30 September 2016. The District Court of Helsinki confirmed the corporate restructuring programme of Componenta Castings Oy on 23 August 2017. The secured debts of Componenta Castings Oy will be paid in their entirety, whereas unsecured debts were cut by 75%. The payment programme commenced in May 2019 and will end in November 2023. When the restructuring programme of Componenta Castings Oy was confirmed, the company's debt cuts entered into force. The debt cuts mean that the debts on the company's balance sheet decreased by approximately EUR 28 million, which strengthens the company's equity through the result. After the debt cuts, the total external restructuring debts on the balance sheet of Componenta Castings Oy was approximately EUR 5.8 million when the payments allocated for the debts considered as a conditional and maximum amount have been taken into account.

In compliance with the restructuring programme, the company has sold off almost all real estate companies that are not part of its core business, and any participations in them, to parties external to the Group and dissolved its dormant subsidiaries through liquidation proceedings. The restructuring programme also obligates the company to sell off any fixed assets that are not associated with its core business. Most of these assets have been sold by the balance sheet date. The company may face an additional payment obligation due to its cash flow exceeding expectations. Only the company's non-preferential creditors will be entitled to receive the additional payment.

Assumptions of ability to continue as a going concern

The financial statements for the financial year 2020 were prepared on the going concern basis. It is assumed that Componenta can, during the foreseeable future, realize its assets and pay back its liabilities as part of normal operations within the framework of the restructuring programmes. When assessing the going concern principle, Componenta's management has taken into account the uncertainties and risks related to the various confirmed restructuring programmes, available funding sources and the cash flow estimates of the companies for the next 12 months. Due to limitations arising from the restructuring programmes, Componenta's assessment is that it has only a limited opportunity to influence how it can transfer cash funds and bank receivables between Group companies (such as subsidiaries' ability to distribute funds in the form of dividends, Group contributions or intra-Group loans) and the nature of new financing that the Group can acquire. In assessing the ability to continue as a going concern, the management has analyzed the impact of the approved restructuring programmes on the financial position and cash flow of the Group, the companies under restructuring proceedings and the parent company.

The Group's liquidity and the company's financial performance, as well as the success of the restructuring programmes and financing transactions are affected by the material uncertainties in accordance with the IFRS standards, which the Group management has taken into account when assessing the company's ability to continue as a going concern. It is possible that the restructuring will be unsuccessful, and the Group companies will file for bankruptcy. The implementation of the restructuring programmes may be unsuccessful due to, for example, the companies under restructuring being unable to repay the restructuring debts confirmed in the restructuring programmes confirmed by the courts, and the creditors in such circumstances being unwilling to renegotiate debt repayment arrangements that the companies would be able to satisfy.

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

- Componenta Castings Oy will be able to make the payments in accordance with the restructuring programme. A material risk to the success of the restructuring programmes is the availability of working capital, because the main customers will support Componenta with shorter- than-normal sales terms and because access to external financing is limited.
- Componenta successes in increasing the sales volumes regardless of the risks caused by COVID-19.
- The annually renewable revolving credit facility agreements and non-binding factoring arrangements of Componenta Manufacturing Oy and Componenta Castings Oy will be secured.
- When analyzing cash flow and liquidity forecasts for the companies over the next 12 months, the management has estimated the companies' future sales volumes, net sales, EBITDA margins, capital expenditure and working capital needs.

These estimates are subject to material uncertainty in accordance with the IFRS standards, as there is no certainty that the anticipated sales volumes, sales prices and EBITDA margins will be achieved or that capital expenditure can be implemented as expected.

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 2020. 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.

Following the confirmation of the restructuring decision, a restructuring programme supervisor was assigned to Componenta. According to the restructuring programme, the supervisor is required to submit an annual report on the implementation of the restructuring programme as well as a final report at the conclusion of the restructuring programme. At the request of a creditor or the supervisor, the court may order that the restructuring programme is to lapse. Despite the limitations related to control under IFRS 10, the company consideres that the consolidation of Componenta Castings Oy in the consolidated financial statements of Componenta is justified and gives a true and accurate picture of the Group's result and financial position. The control of Componenta Främmestad AB was lost as the company filed for bankruptcy on 25 September 2019. In 2019, Karkkilan Palvelut Oy was dissolved through liquidation procedure and the consolidation to the Group ended.

In the management's opinion, the preparation of a consolidated financial statements is justified because the functions of the company and its consolidated subsidiaries are closely related to each other and are interdependent. Accordingly, Componenta's financial information for the financial year ending on 31 December 2020 is given in consolidated financial statements, which cover the company and its subsidiaries under corporate restructuring as well as other companies under the parent company's control.

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.

Acquired operations

In 2019, Componenta acquired the entire capital stock and capital loans of Komas Oy (currently Componenta Manufacturing Oy) from funds managed by CapMan, Fortaco Oy and certain private individuals. The company manufactures machined components, forged blanks, hydraulic pipes and metal sheet cuttings. The transaction was completed on 30 August 2019. Komas Oy (currently Componenta Manufacturing Oy) will be consolidated on the transaction date.

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. Discontinued operations include Componenta Främmestad AB, in which the Group lost its control as the company filed for bankruptcy on 25 September 2019.

Segment information

Componenta offers its clients services throughout the whole supply chain including planning, casting, machining, painting and logistical services, thus creating total solutions bringing added value to customers. The main products sold by Componenta are non-machined, machined and painted iron cast components. Componenta serves selected industries that have synergies with each other and have customers with which Componenta has strong and long-term relationships. Geographically Componenta operates in Europe, but collaborations exist with companies that operate globally. Sales revenue that is insignificant from the Group's perspective is gained from the operational leasing of office space and industrial premises.

The chief operating decision maker at Componenta is the company's President and CEO. The Group's Corporate Executive Team and other management assist and support the President and CEO in his work.

Due to the business and organization model as well as the nature of operations of Componenta, the business operations of Componenta is presented as one reporting segment.

Accounting principles requiring judgment by the management

When preparing these consolidated financial statements in accordance with International Financial Reporting Standards, the management needs to make estimates and assumptions concerning the future. The estimates and assumptions that involve a significant risk of material changes in the carrying amounts of assets and liabilities during the next financial period are presented below.

When preparing Componenta's financial statements, the management has used significant judgements when making assumptions about the company's ability to continue as a going concern. Uncertainties related to the ability to continue as a going concern are presented in more detail above in the chapter Assumption of the ability to continue as a going concern. The management has made significant estimates and assumptions in determining the valuation of assets such as investment properties, goodwill, tangible and intangible assets, inventories, the realizability of deferred tax receivables and the contingent liabilities. Additionally, the management 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 company's own business as well as the general economic situation. The performed assessment did not result in any changes in the valuation of accounts receivables.

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. The management has also estimated the recoverable amounts of these assets and assumed that there are no indications and that there is no need for impairment of the carrying amounts of Group's assets. These estimates and assumptions involve risks and uncertainty, and therefore it is possible that as conditions change or if the pandemic is prolonged, these forecasts will change, which may affect the recoverable amounts of the assets. Additional information of the annual impairment testing is presented in note 13.

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. 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 levels 2 and 3, 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. The valuation is based on the best possible use of the asset and, therefore, the values determined do not 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. When making these estimates and assumptions, the management considers the impact of the corporate restructuring proceedings and COVID-19-pandemic on the cash flows and forecasts. 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

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, economic life of assets, 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 performance measures used for financial reporting

Componenta no longer reports adjusted net sales, adjusted EBITDA and adjusted operating result as alternative performance measures. Componenta will continue to publish certain publicly available performance measures 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 2019, except for the following amended standards that the Group has applied as of 1 January 2020:

- **Amendments to IAS 1 and IAS 8: Definition of Material**

As of 1 January 2020, Componenta adopted the amendments to IAS 1– Presentation of Financial Statements and IAS 8– Accounting Policies, Changes in Accounting Estimates and Errors. Componenta has considered an amended materiality definition in the Group's consolidated financial statements and disclosures. The amendments made will clarify the definition of material and align the definition used in the Conceptual Framework and the standards themselves.

Upcoming new and amended standards and interpretations not yet effective in 2020

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 offers its clients services throughout the whole supply chain including planning, casting, machining, finishing and logistical services. The main products sold by Componenta are non-machined, machined and painted iron cast components. Additionally the company produces machining services for its clients own products. Componenta serves clients, with which Componenta has strong and long-term relationships. Geographically Componenta operates in Europe, but collaborations exist with companies that operate globally. Sales revenue that is insignificant from the Group's perspective is received from the leasing of office space and industrial premises.

Net sales by market area, continued operations

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Finland	**57,878**	38,758
Sweden	**8,472**	7,939
Germany	**1,775**	1,987
Other European countries	**1,446**	1,639
Other countries	**219**	192
Rental income	**247**	223
Continued operations	**70,038**	50,737
Discontinued operations	**–**	42,594
Internal items/eliminations	**2**	11,170
Total	**70,040**	93,331

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

Net sales by business area, continued operations

%	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Machine building	**43**	39
Agricultural machinery	**26**	25
Forestry machines	**7**	10
Energy industry	**10**	12
Defence industry	**7**	3
Other industries	**7**	11
Total	**100**	100

Net sales by customer, continued operations

Componenta has one significant customers, which share of the net sales is over 10%. The customers share of the Group net sales is 23.5% (24.1%). In 2019 Componanta also had another customer which share of net sales was 10.7%.

Disaggregation of revenue from contracts with customers, continued operations

Timing of revenue recognition, TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
At a point in time	**69,922**	50,532
Over time	**118**	205
Total	**70,040**	50,737

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.

TEUR	2020 Assets based on contract	2019 Assets based on contract	2020 Liabilities based on contract	2019 Liabilities based on contract
Jan 1	102	0	0	0
Revenue recognised that was included in the contract liability balance at the beginning of the period	-102	-	-	-
Increase from revenue	-	-	-	0
Portion of assets related to contracts, transferred to receivables at beginning of period	-	0	-	-
Changes related to acquired business	-	0	-	-
Additions in assets, related to contracts, regarding satisfied, but not billed performance obligations	-	102	-	-
Dec 31	0	102	0	0

Unsatisfied performance obligations

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

TEUR	2020	2019
Contracts with customers	-	3,800

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 by signing the contract. 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 Business acquisitions and business divestments

Componenta had no business acquisitions in 2020.

On 16 May 2019, Componenta announced that it had signed an agreement on purchasing the shares and capital loans of Komas Oy ("Komas"), a machining operation company, from funds managed by CapMan, Fortaco Oy and certain private individuals. Komas is a manufacturer of machined components, forged blanks, hydraulic pipes and plate cuttings.The company has premises in Jyväskylä, Härmä, Kurikka, Leppävesi and Sastamala in Finland. Its key customers include major international OEMs of machinery and equipment.

The transaction was completed on 30 August 2019. Componenta conducted a directed share issue for the sellers of Komas as a form of paying the purchase price. The purchase price of the acquisition was paid by issuing shares in the company to the sellers in accordance with the authorisation granted by Componenta's Extraordinary General Meeting of Shareholders on 1 July 2019. The purchase price consisted of 60 million (not adjusted) new shares issued by Componenta. After the new share issue, these shares represented approximately 25.3% of the outstanding shares in the company. The purchase price, EUR 7.8 million, was based on the share price at the time of the transaction.

Goodwill identified on acquisition was EUR 3.2 million. Goodwill is based on acquired competent work force and expected synergy benefits.The acquisition expands Componenta's range of products and services and improve the quality of customer service by creating a one-stop-shop for industries purchasing cast and machined components. The acquisition will improve the level of expertise within the Group and expand presence in the Finnish market.

Assets and liabilities of the acquired business at fair value

TEUR	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
Intangible assets	–	1,674
Tangible assets	–	15,826
Deferred tax assets	–	602
Inventories	–	4,868
Trade and other receivables	–	990
Cash and cash equivalents	–	1,140
Total assets	–	25,100
Interest bearing liabilities	–	12,696
Non-interest bearing liabilities	–	6,856
Provisions	–	305
Deferred tax liabilities	–	668
Total liabilities	–	20,525
Total net assets	–	4,575
Acquisition cost, paid in shares	–	7,800
Acquisition cost at date of acquisition	–	7,800
Goodwill	–	3,225

Analysis of cash flow of acquisition

TEUR	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
Acquisition cost, paid in cash	–	0
Cash and cash equivalents in acquired company	–	1,140
Net cash flow on acquisition	–	1,140

Key figures after acquisition date related to acquired company

TEUR	Jan 1– Dec 31, 2020	30.8.–Dec 31, 2019
Net sales	–	13,098
EBITDA	–	694
Operating result	–	-602

The Group net sales of continued operations would have been EUR 78.7 million in 2019 and the result for the period EUR -2.9 million, if the acquired business had been consolidated from 1 January 2019.

Divested business operations

Componenta had no divested business operations in 2020 and 2019.

3 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.

The result of discontinued operations was EUR 2.2 million (EUR 16.6 million). On 16 November 2020, the bankruptcy estate of Componenta Främmestad AB paid Componenta a down payment of EUR 1.9 million for the receivables that Componenta had from the bankruptcy 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 are 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 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 therefore expected.

Net result of discontinued operations

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Income	2,226	57,499
Expenses	–	-41,494
Result after financial items	2,226	16,005
Taxes	–	628
Net result of discontinued operations	2,226	16,633

Componenta Främmestad AB bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity, reconciliations

TEUR	Dec 31, 2020	Dec 31, 2019
Derecognition of net assets from the statement of financial position through income statement or through statement of other comprehensive income	–	-6,949
All write-downs of receivables registered by the remaining consolidated companies within the corporation	–	-1,961
Bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity	–	-8,910

TEUR	Dec 31, 2020	Dec 31, 2019
Derecognition of external assets from the Group's statement of financial position	–	-17,988
Derecognition of external liabilities from the Group's statement of financial position	–	9,078
Bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity	–	-8,910

Cash flow of discontinued operations

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Cash flow from operating activities	1,961	1,267
Cash flow from investing activities	–	-525
Cash flow from financial activities	265	-1,871
Change in liquid assets	2,226	-1,129

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.

4 Other operating income

Continued operations

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Rental income	45	22
Profit from sale of non-current assets	80	–
Other operating income	300	-50
Total	425	-28
Rental income that are included in net sales, continued operations	247	200

Accounting principles

Revenues that are not part of actual net sales are recognized under other income from operations. Other operating income mainly include supports from Business Finland.

5 Operating expenses

Continued operations TEUR	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
Change in inventory of finished goods and work in progress	**-377**	-322
Production for own use	**31**	29
Materials, supplies and products	**-25,283**	-17,738
External services	**-3,338**	-2,394
Personnel expenses	**-25,037**	-18,441
Rents	**-171**	-172
Waste, property and maintenance costs	**-3,917**	-4,010
Energy	**-2,830**	-2,836
Sales and marketing	**-48**	-16
Computer software	**-1,658**	-1,326
Tools for production	**-1,351**	-535
Freights	**-94**	-111
Other operating expenses	**-2,641**	-1,246
Total operating expenses, continued operations	**-66,714**	-49,119

Audit fees	**-150**	-169
Other fees *	**-119**	-252
Total fees paid to auditors, continued operations	**-269**	-421

* PricewaterhouseCoopers Oy has provided non-audit services in the financial year 2020 to the entities of Componenta Group in total of 119 thousand euros (252 thousand euros). These services included tax services, auditors's statements and other services.

6 Personnel expenses

Continued operations TEUR	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
Personnel expenses, continued operations		
Salaries and fees	**-20,924**	-14,498
Pension costs	**-2,700**	-2,873
Other personnel costs	**-1,412**	-1,070
Total personnel expenses	**-25,037**	-18,441

Average number of personnel, excluding leased personnel

TEUR	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
Continued operations	**580**	480
Discontinued operations	**-**	122
Group total	**580**	602

Personnel expenses include costs related to share-based payment EUR -0.3 (-0.2) million.

7 Research and development costs

Continued operations TEUR	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
The following amounts have been recognized in the income statement under research and development costs	**-**	-

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.

8 Depreciation, amortization and write-down of non-current assets

Continued operations TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Depreciation and amortization		
Intangible assets		
Intangible rights	–	0
Computer software	–70	–43
Other capitalized expenditure	–387	–201
Intangible assets, total	–457	–244
Tangible assets		
Buildings and structures	–1,875	–814
Machinery and equipment *	–3,442	–2,197
Other tangible assets	–9	–9
Tangible assets, total	–5,327	–3,020
Write-downs on tangible and intangible assets **	0	11
Total depreciation, amortization and write-downs	–5,783	–3,253

* The units-of-production depreciation method is used for production machinery and equipment. Continued operations planned depreciation based on normal utilized capacity was EUR -3.0 (-2.2) million and capacity utilization correction was EUR 0.0 (0.3) million.

** The weighted average cost of capital used in the impairment tests was 8.5% (7.1%). The increase in discount rate is mainly an outcome of the increased expenses regarding the draw-down of borrowings.

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. On 1 January 2009, the Group started to use 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:

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

9 Financial income and expenses

Continued operations TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Other interest income	3	–
Other financial income	–1	6
Effective interest expenses for financial liabilities recognized at amortized cost	–253	–178
Interest expense from lease liabilities	–488	–155
Other charges on financial liabilities valued at amortized cost	–240	–
Interest expenses and commissions for sold trade receivables	–477	–79
Other financial expenses	–	18
Financial income and expenses, total, continued operations	–1,456	–388

10 Income taxes

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Income taxes, continued operations		
Change in deferred taxes (see note 18)	314	–12,0
Continued operations total	314	–12,0
Income taxes, discontinued operations		
Change in deferred taxes	–	628
Discontinued operations total	–	628
Income taxes, Group	314	616

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

TEUR	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
Profit before tax, continued operations	-3,489	-2,051
Income tax using Finnish tax rate	698	410
Tax exempt income	0	389
Non-deductible expenses	-59	-464
Other	-325	-347
Taxes total	314	-12

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.

11 Earnings per share

Group	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
Profit for the period attributable to the shareholders of the parent company, 1,000 EUR	-949	14,570
Weighted average number of outstanding shares during the financial year, 1,000 shares	4,836	4,842
Basic earnings per share, EUR	-0.20	3.01
Dilution effect of share options and share-based incentive plans, 1,000 shares	120	75
Weighted average number of outstanding shares during the financial year, 1,000 shares	4,956	4,917
Diluted earnings per share*, EUR	-0.20	2.96

Continued operations		
Profit for the period attributable to the shareholders of the parent company, 1,000 EUR *)	-3,175	-2,063
Weighted average number of outstanding shares during the financial year, 1,000 shares	4,836	4,842
Basic earnings per share, EUR	-0.66	-0.43
Dilution effect of share options and share-based incentive plans, 1,000 shares	120	75
Weighted average number of outstanding shares during the financial year, 1,000 shares	4,956	4,917
Diluted earnings per share*, EUR	-0.66	-0.43

Discontinued operations		
Profit for the period attributable to the shareholders of the parent company, 1,000 EUR *)	2,226	16,633
Weighted average number of outstanding shares during the financial year, 1,000 shares	4,836	4,842
Basic earnings per share, EUR	0.46	3.43
Dilution effect of share options and share-based incentive plans, 1,000 shares	120	75
Weighted average number of outstanding shares during the financial year, 1,000 shares	4,956	4,917
Diluted earnings per share, EUR	0.45	3.38

* 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

12 Intangible assets

TEUR	2020	2019
Intangible rights		
Acquisition cost at 1 Jan	1,859	1,884
Additions	–	–
Disposals	0	–
Re-classifications	–	–
Translation differences	–	-25
Acquisition cost 31 Dec	1,859	1,859
Accumulated amortization at 1 Jan	-1,591	-1,616
Accumulated amortization on decreases and re-classifications	–	–
Translation differences	–	25
Amortization during the period	–	0
Accumulated amortization at 31 Dec	-1,591	-1,591
Book value at 31 Dec	268	268

TEUR	2020	2019
Computer software		
Acquisition cost at 1 Jan	5,122	4,991
Additions	226	22
Companies acquired	–	137
Disposals	1	–
Re-classifications	141	–
Translation differences	–	-28
Acquisition cost at 31 Dec	5,490	5,122
Accumulated amortization at 1 Jan	-4,908	-4,871
Accumulated depreciation on companies acquired	–	-22
Accumulated amortization on decreases and re-classifications	–	–
Translation differences	–	28
Amortization during the period	-70	-43
Accumulated amortization at 31 Dec	-4,978	-4,908
Book value at 31 Dec	512	214

TEUR	2020	2019
Other capitalized expenditure		
Acquisition cost at 1 Jan	12,631	10,305
Additions	3	141
Companies acquired	–	2,195
Disposals	–	–
Re-classifications	49	–
Translation differences	–	-10
Acquisition cost at 31 Dec	12,683	12,631
Accumulated amortization at 1 Jan	-11,115	-10,285
Accumulated depreciation on companies acquired	–	-637
Accumulated amortization on decreases and re-classifications	–	–
Translation differences	–	10
Amortization during the period	-387	-203
Accumulated amortization at 31 Dec	-11,501	-11,115
Book value at 31 Dec	1,182	1,516

TEUR	2020	2019
Advance payments for intangible assets		
Acquisition cost at 1 Jan	79	0
Additions	–	79
Disposals	-26	–
Re-classifications	-53	–
Book value at 31 Dec	0	79
Total intangible assets	1,962	2,077

Capital expenditure on intangible asets during the financial period totalled EUR 0.2 million (EUR 0.2 million). Intangible assets increased by EUR 1.7 million in 2019 due to acquisition of Componenta Manufacturing Oy.

Accounting principles

Intangible assets include mainly computer software. 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.

13 Goodwill

TEUR	Dec 31, 2020	Dec 31, 2019
Acquisition cost on Jan 1	3,225	-
Additions	-	-
Acquired business	-	3,225
Disposals and transfers between items	-	-
Write-downs	-	-
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 cost structure. 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.

The impairment testing was performed on 31 December 2020.

Key assumptions 2020	5-year average	Terminal value
Used pre-tax discount rate	8.5%	8.5%
Long-term growth forecast on net sales	0.0%	0.0%
Operating result	5,20%	6.90%
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.

14 Tangible assets

TEUR	2020	2019
Land and water areas		
Acquisition cost at 1 Jan	805	854
Additions	–	–
Disposals	–	-49
Re-classifications	–	–
Revaluation on land and water areas *	–	–
Translation differences	–	–
Book value at 31 Dec	805	805

TEUR	2020	2019
Buildings and constructions		
Acquisition cost at 1 Jan	25,665	31,253
Additions	11	53
Disposals	–	-5,491
Re-classifications	–	–
Revaluation on buildings *	–	–
Translation differences	–	-150
Acquisition cost at 31 Dec	25,676	25,665
Accumulated depreciation at 1 Jan	-19,939	-22,635
Accumulated depreciation on decreases and re-classifications	–	3,831
Translation differences	–	112
Depreciation and write-downs during the period	-407	-1,247
Accumulated depreciation at 31 Dec.	-20,346	-19,939
Book value at 31 Dec	5,330	5,726

TEUR	2020	2019
Buildings and constructions, leases		
Acquisition cost at 1 Jan	9,714	0
Additions	1,219	1,227
Companies acquired	–	8,487
Disposals	–	–
Re-classifications	–	–
Translation differences	–	–
Acquisition cost at 31 Dec	10,933	9,714
Accumulated depreciation at 1 Jan	-1,405	–
Accumulated depreciation on companies acquired	–	-915
Accumulated depreciation on re-classifications	–	–
Translation differences	–	–
Depreciation during the period	-1,466	-490
Accumulated depreciation at 31 Dec	-2,871	-1,405
Book value at 31 Dec	8,062	8,309

TEUR	2020	2019
Machinery and equipment		
Acquisition cost at 1 Jan	82,914	95,255
Additions	2,881	614
Companies acquired	–	8,082
Disposals	–	-20,090
Re-classifications	567	208
Translation differences	–	-1,155
Acquisition cost at 31 Dec	86,362	82,914
Accumulated depreciation at 1 Jan	-68,959	-86,774
Accumulated depreciation on companies acquired	–	-1,176
Accumulated depreciation on decreases and re-classifications	–	20,126
Translation differences	–	1,068
Depreciation and write-downs during the period	-2,931	-2,203
Accumulated depreciation at 31 Dec	-71,890	-68,959
Book value at 31 Dec	14,472	13,955

TEUR	2020	2019
Machinery and equipment, leases		
Acquisition cost at 1 Jan	5,692	14,540
Additions	504	609
Companies acquired	–	1,117
Disposals	–	-10,380
Re-classifications	–	–
Translation differences	–	-194
Acquisition cost at 31 Dec	6,196	5,692
Accumulated depreciation at 1 Jan	-4,026	-12,838
Accumulated depreciation on companies acquired	–	-509
Accumulated depreciation on decreases	–	9,872
Translation differences	–	121
Depreciation during the period	-512	-672
Accumulated depreciation at 31 Dec	-4,538	-4,026
Book value at 31 Dec	1,658	1,666

TEUR	2020	2019
Other tangible assets		
Acquisition cost at 1 Jan	605	636
Additions	–	55
Companies acquired	–	–
Disposals	–	–
Re-classifications	1	-30
Translation differences	–	-56
Acquisition cost at 31 Dec	606	605
Accumulated depreciation at 1 Jan	-69	-168
Accumulated depreciation on companies acquired	–	–
Accumulated depreciation on decreases and re-classifications	–	–
Translation differences	–	99
Depreciation during the period	-10	0
Accumulated depreciation at 31 Dec	-79	-69
Book value at 31 Dec	527	536

TEUR	2020	2019
Advance payments and fixed assets under construction		
Acquisition cost at 1 Jan	810	226
Additions	290	348
Companies acquired	–	299
Disposals	-9	–
Re-classifications	-699	-63
Translation differences	–	–
Book value at 31 Dec	392	810
TOTAL TANGIBLE ASSETS	31,246	31,807

* 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. The previous revaluation process throughout the Group was carried out in 2016. The valuation is mainly based on the income approach. The difference in book value and fair value of buildings and land EUR 0.0 (0.6) million is booked through other comprehensive income items under discontinued operations, for the part that it has in previous years been booked at revaluation reserve. The reliability of the valuation of property is classified as Level 2 or 3, in other words there is no active market for these mainly industrial properties and the price cannot be deduced from verifiable market data. The valuation is based on the income approach and determining the fair value involves considerable discretion.

Investments during the financial period totaled EUR 3.4 (1.3) million. Investments during the financial period including leases recognized in the balance sheet totaled EUR 5.1 (2.8) million.

Changes in right-of-use assets

TEUR	2020	2019
Carrying amount, Jan 1	9,976	1,713
Impact of adoption of the IFRS 16 standard	–	390
Additions	1,723	1,446
Disposals	0	-518
Companies acquired	–	8,180
Depreciation	-1,978	-1,162
Translation differencies	0	-73
Carrying amount, Dec 31	9,721	9,976

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. There have not been any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

Lease receivables scheduled for leases

TEUR	Dec 31, 2020	Dec 31, 2019
Not later than one year	262	259
Later than one year but not later than five years	1,048	1,039
Total	1,309	1,298

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 level of employment, general economic situation, recent transactions). 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. During the financial year that ended on 31 December 2016, 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 values determined do not reflect the fair realisation value of the asset. 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 levels 2 and 3, 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. In 2020 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
it 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 and assumed that there are no indications and that there is no need for impairment of the carrying amounts of Group's 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. When making these estimates and assumptions, the management takes into account the impact of the corporate restructuring proceedings on the cash flows and forecasts. 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 adopted the new IFRS 16 standard as of 1 January 2019. According to the new standard, an asset (right-of-use asset) and a financial liability regarding rental payments are recognized on the balance sheet (see note 29). 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..

15 Inventories

TEUR	Dec 31, 2020	Dec 31, 2019
Raw materials and consumables	2,735	3,574
Work in progress	1,537	1,763
Finished products and goods	2,132	2,210
Other inventories	1,994	1,330
Advance payments	70	288
Total inventories	8,469	9,165

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.

16 Accounts receivables

TEUR	Dec 31, 2020	Dec 31, 2019
Accounts receivables	1,150	1,766
Contract assets	–	118
Total	1,150	1,884

Changes in contract assets are specified in note 1.

Accounts receivables by currency

%	Dec 31, 2020	Dec 31, 2019
EUR	100	100
Total	100	100

Aging of accounts receivables

Outstanding trade receivables fall due as follows

	Dec 31, 2020		Dec 31, 2019	
TEUR	Accounts receivables	Loss allowance	Accounts receivables	Loss allowance
Not due	299		728	
Overdue				
less than 1 month	564		945	
1 – 3 months	294		143	
3 – 6 months	32		2	
more than 6 months	91	130	90	141
Total	1,280	130	1,907	141

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 partially its trade receivables to financing companies without recource. Sold trade receivables at the end of the financial period was EUR 5.8 million (EUR 6.7 million). Ther 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 1.3 (1.9) million. Credit risk covers all current receivables except tax receivables and interest receivables.

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.

17 Other short-term receivables and accrued income

TEUR	Dec 31, 2020	Dec 31, 2019
Loan receivables	3	12
Prepayments and accrued income	700	1,087
VAT receivables	44	0
Other receivables	88	111
Total	835	1,210

Prepayments and accrued income include mainly prepaid accrued expenses.

Prepayments and other accrued income

TEUR	Dec 31, 2020	Dec 31, 2019
Energy tax	202	258
Personnel	118	175
Insurance	55	62
Other accrued income	325	592
Total	700	1,087

18 Deferred tax assets and liabilities

Changes in deferred taxes during the financial year 2020

TEUR	Jan 1, 2020	Recognized in income statement	Recognizedin equity	Deconsolidation	Translation differences	at 31 Dec 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	0			–1,511
Total	0	0	0			0

In 2020 deferred tax assets were recognized EUR 0.0 million.

TEUR	Jan 1, 2020	Recognized in income statement	Recognizedin equity	Deconsolidation	Translation differences	at 31 Dec 2020
Deferred tax liabilities						
Valuing tangible assets at fair value when merging businesses	348	–38				310
Accelerated depreciation	55					55
Finance leases	221	–149	–6			66
Other differences	1,452	–101				1,351
Total	2,076	–288	–6	0	0	1,782
Offset with deferred tax assets	–1,485	–26	0			–1,511
Total	591	–314	–6	0	0	270

Deferred income tax assets and liabilities are netted on the balance sheet primarily on a country-by-country basis when the country in question allows the balancing of taxable profits and losses between Group companies or when there is only one subsidiary in the country in question.

Changes in deferred taxes during the financial year 2019

TEUR	Jan 1, 2019	Recognized in income statement	Recognizedin equity	Deconsolidation*	Translation differences	Dec 31, 2019
Deferred tax assets						
Other differences	923	-19	601	-20		1,485
Total	923	-19	601	-20		1,485
Offset with deferred tax liabilities	-923	19	-601	20		-1,485
Total	0	0	0	0		0

In 2019 deferred tax assets were recognized EUR 0.6 million.

TEUR	Jan 1, 2019	Recognized in income statement	Recognizedin equity	Deconsolidation*	Translation differences	Dec 31, 2019
Deferred tax liabilities						
Valuing tangible assets at fair value when merging businesses	0		615	-267		348
Accelerated depreciation	26		29			55
Finance leases	846	-625				221
Other differences	1,466	-10	24		-28	1,452
Total	2,338	-635	668	-267	-28	2,076
Offset with deferred tax assets	-923	19	-601	20	0	-1,485
Total	1,415	-616	67	-247	-28	591

* Consolidation of Componenta Främmestad AB was discontinued in September 2019.

Deferred income tax assets and liabilities are netted on the balance sheet primarily on a country-by-country basis when the country in question allows the balancing of taxable profits and losses between Group companies or when there is only one subsidiary in the country in question.

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 2.1 million) before offset with deferred tax assets.

Unrecognized deferred tax assets from confirmed losses

Year of expiration	Confirmed losses, EUR	Deferred tax asset, EUR
2020	9,025,453.97	1,805,090.79
2021	18,455,319.67	3,691,063.93
2022	22,724,946.71	4,544,989.34
2023	12,009,129.51	2,401,825.90
2024	17,272,214.12	3,454,442.82
2025	11,987,317.99	2,397,463.60
2026	27,435,949.25	5,487,189.85
2027	142,787.46	28,557.49
2028	8,275,528.55	1,655,105.71
2029	709,152.02	141,830.40
Total	128,037,799.25	25,607,559.85

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 recognized 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. Because of the material uncertainty related to the companies ability to continue as a going concern, no net deferred tax assets had been recognised in the 2020 and 2019 financial statements.

19 Investment properties

TEUR	2020	2019
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

According to the restructuring program confirmed on 23 August 2017, the Group should sell all its investment properties during the restructuring program. Componenta has executed this program by selling almost all its investment properties in 2018. The remaining investment properties in the Group are immaterial and difficult to liquidate.

Accounting principles

The real estate companies within the Group hold land areas and buildings, which the Group do not have in own use and from which the Group recognise rental income. 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. These external valuators carry out the valuations by following each valuator'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. 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. According to the restructuring programme, Componenta Corporation and Componenta Castings Oy have the obligation to sell investment properties that are not part of their business operations. These 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.

20 Share capital, share premium reserve and other reserves

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

	Number of shares, (1,000)	Share capital, TEUR	Share premium reserve, TEUR	Cash flow hedges, TEUR	Unrestricted equity reserve, TEUR	Buildings and land revaluation reserve TEUR	Other reserves, TEUR
Jan 1, 2019	177,269	1,000	0	0	404	-61	29,504
Directed share issue	60,000				7,461		
Option and share-based compensation					0		
Other comprehensive income						641	-26,997
Dec 31, 2019	237,269	1,000	0	0	7,865	580	2,507

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 has 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 is 9,492,444. The new number of shares were registered with the Trade Register on 18 December 2020.

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.

Componenta Corporation completed the acquisition of Komas Oy (currently Componenta Manufacturing Oy) on 30 August 2019. The purchase price of the acquisition was paid by issuing shares in the company to the sellers in accordance with the authorisation granted by Componenta's Extraordinary General Meeting held on 1 July 2019. The purchase price consisted of 60 million new shares issued by Componenta which, after the new share issue, represented approximately 25.3 per cent of the outstanding shares in the company. The purchase price was determined according to the share price at the time of closing the transaction and was EUR 7.8 million. EUR 0.3 million of transaction costs, related to considaration paid as shares were netted against unrestricted equity reserve.

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 2020 EUR 0.6 million (EUR 0.6 million). The change in 2019 resulted from cancelling the write-down of buildings and land areas in Componenta Främmestad AB, as the consolidation of the statements of financial position was discontinued in September 2019.

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. The change in 2019 resulted from derecognition of non-intererst bearing capital loan in total EUR 27.0 million in Componenta Främmestad AB from the statement of financial position. The EUR 27.0 million capital loan to a third party which the Group had classified as equity and which, due to loss of control, was recognized through profit and loss account in the result of discontinued operations. The consolidation of the statements of financial position of Componenta Främmestad AB was discontinued in September 2019.

The cumulative translation differences in the Group in 2019 were mainly related to the changes in Swedish crown and due to discontinued consolidation of Componenta Främmestad AB in September 2019, there are no cumulative translation differencies in the Group at year-end.

Pursuant to Chapter 9 Section 58 of the Restructuring of Enterprises Act (25.1.1993/47) it is forbidden to pay dividend between confirmation and end of the restructuring programme.

21 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 monitors in particular the compliance of the restructuring program and no separate target is set on the equity ratio. The equity ratio increased from previous year and stood at 37.3% (29.4%). The net gearing decreased from previous year and stood at -10.8% (54.9%). The change in net gearing and equity ratio is mainly due to the completed share issue in 2020.

The key indicators for capital structure*

%	Dec 31, 2020	Dec 31, 2019
Net gearing	-10.8	54.9
Equity ratio	37.3	29.4

* Taulukon tiedot ovat tilintarkastamattomia.

22 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 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 is 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 will be based on the key employee's valid employment or service and the continuation of work during the vesting period. The Restricted Share Plan is intended for key employees. The rewards to be 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 3.93%, 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 2020 a total of 9,766 shares have been returned to the company.

Options

During financial period 2018 Componenta resolved of one option program. No new option programs were resolved in 2019. During financial period 2020 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 relationship of a key employee ends before the share subscription period, the person loses the option program immediately.

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 option rights 2018, of which 40,275 will be marked with the symbol 2018A, 57,230 will be marked with the symbol 2018B and 48,905 will be marked with the symbol 2018C. Each option right 2018 entitles the holder to subscribe two new shares of the company or shares held by the company. The total number of shares that can be subscribed with option rights is 292,820 shares. The subscription price with option right 2018A is EUR 5.25 per share, with option right 2018B EUR 3.85 per share and with option right 2018C EUR 3.025 per share. The share subscription period, for stock options 2018A, will be 1 December 2021—30 November 2023, for stock options 2018B, 1 December 2022—30 November 2024, and for stock options 2018C, 1 December 2023—30 November 2025. At the end of 2018 Componenta had no outstanding options. In 2018 the Board of Directors resolved on stock option 2018A. At the end of year 2020 Componenta had no options available. During 2020 a total of 9,766 shares have been returned to the company.

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.

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	40,275	–	2	5.25	1 December, 2021 – 30 November, 2023
2018B	57,230	–	2	3.85	1 December, 2022 – 30 November, 2024

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
Share-price at the date of issue, EUR	0.16	0.114
Original subscription price, EUR	0.17*	0.128**
New subscription price, EUR	5.25	3.85
Duration (years)	3	4.8
Expected volatility, %	66.9	59.94
Risk-free interest rate, %	0.0	0
Fair value of option at the date of issue, EUR	0.09	0.052
Number of plan participants	12	15

* 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.

Possible dividends are taken into account in the calculations.

Restricted share plan

The reward from the Restricted Share Plan 2018 will be based on the key employee's valid employment or service and the continuation of work during the vesting period. The reward will be paid partly in the company´s shares and partly in cash after the expiry of a 36 month vesting period by the end of December 2021, at the latest. The cash proportion is 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.

Adjustments related to rights issue and reverse share split	
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, %	97 %
Number of plan participants	13

Share-based payments

Share-based payments recognized as an expense

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
To be paid in shares	263	187
To be paid in cash	54	33
Total	317	220

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.

Componenta has two share-based incentive plans for the Corporate Executive Team and the Group 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 continuation of work during the vesting period are key conditions.

The reward from the Restricted Share Plan will be based on the key employee's valid employment or service and the continuation of work during the vesting period. The rewards to be 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 revises its estimates of the number of shares, of the share-based incentive plan, that are expected to be distributed. The expense will be recognized over the vesting period. This estimate will be revised at each consolidated statement of financial position date and the impact of the revision of original estimates will be recognized in the statement of income.

23 Pension obligations and other benefit plans

Pension obligations

Most of the Group's pension plans are defined contribution plans. In 2019 in Sweden, at Componenta Främmestad AB, the Group had a pension scheme, Alecta ITP, classified as multi-employer defined benefit scheme. However, since Alecta was not been able to supply the required actuarial valuations, the Swedish pension plan was treated as defined contribution plan in accordance with IAS 19.30 (a).

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 2020 was EUR 121.9 (121.9) thousand. There are no plan assets in the defined benefit plan. No recorded movements in 2020. Movements in the net liability consisted of EUR 15.5 thousand of contributions and total charges of EUR -3.4 thousands in 2019. This benefit plan has no actuarial gains and losses. Assumptions used in calculating benefit obligation were; discount rate 0.35% and average future salary increase 2.5%. The duration of the defined benefit obligation is assumed to be 6.6 years.

Sensitivity analysis

Effect of a change in assumption used	Change in assumption	Defined Benefit Obligation Increase	Decrease
Discount rate	0.5%	5.8%	2.5%
Future salary increase	0.5%	9.3%	9.2%

24 Provisions

Current

TEUR	Reorganisation provisions	Environmental provisions	Other provisions	Total
Jan 1, 2020	0	0	336	336
Translation differences	–	–	–	–
Additions to provisions	–	–	198	198
Utilized during the period	–	–	–	–
Derecognition from the statement of financial position, discontinued operations	–	–	–	–
Dec 31, 2020	0	0	534	534

TEUR	Reorganisation provisions	Environmental provisions	Other provisions	Total
Jan 1, 2019		0	15	0
Translation differences		–	–	–
Additions to provisions		–	321	321
Utilized during the period		–	–	–
Derecognition from the statement of financial position, discontinued operations		–	–	–
Dec 31, 2019		0	336	336

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
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	**–198**	–321

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.

25 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 to be limited to acceptable level by using financial instruments commonly used in the financial markets. The administration of the financial risks is centralized to Group Treasury.

Values of financial assets and liabilities

Dec 31, 2020, TEUR	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 receivables		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

Dec 31, 2019, TEUR	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		98			98
Current assets					
Cash and cash equivalents		4,479			4,479
Accounts receivables		1,766			1,766
Total financial assets		6,343			6,343
Non-current liabilities					
Loans from financial institutions		1,917			1,917
Lease liabilities				7,721	7,721
Other loans		189			189
Trade payables and advances received		265			265
Interest-bearing restructuring debts		530			530
Non-interest-bearing restructuring debts		10,177			10,177
Current liabilities					
Loans from financial institutions		1,067			1,067
Lease liabilities				1,544	1,544
Other loans		100			100
Trade payables and advances received		4,252			4,252
Interest-bearing restructuring debts		132			132
Non-interest-bearing restructuring debts		1,429			1,429
Total financial liabilities		20,058		9,265	29,323

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

Financing and liquidity risks

The financing of the Group business operations is based on internally generated funds, committed and drawn loans from financial institutions, non-committed factoring financing of trade receivables. Revolving credit facility agreements should be renewed annually and factoring financing arrangement will renew yearly automatically unless terminated. The termination of the factoring arrangements or if the credit facilities would not be renewed, could cause considerable uncertainty to Componenta's liquidity. However, the Group liquidity is on very good level at the end of 2020 which will make it easier for the Group to manage the situation.

In the near future, the financing and liquidity risks of Componenta Group are related to the implementation of the corporate restructuring programs currently underway. The Group's ability to continue as a going concern depends on that the Group company Componenta Castings Oy undergoing restructuring is able to make the payments stipulated in the restructuring programmes. The sufficiency of working capital presents a material risk to the implementation of the restructuring programme, because the main customers support Componenta with shorter-than-normal sales payment terms and because the external financing is limitedly available.

The company believes that the restructuring process in Finland will make it possible to restore operations to profitable level and develop them in the future. There still remains uncertainty regarding going concern, such as if Componenta Castings Oy is able to make the payments stipulated in the restructuring programme.

The ongoing restructuring programmes affect significantly the management of the refinancing and liquidity risks. More information in the paragraph 'Corporate restructuring' in the Accounting Principles for the Consolidated Financial Statements.

At the end of the financial period 31 December 2020, Componenta's cash and cash equivalents totalled EUR 16.8 (4.5) million. Additionally at the end of the financial period, Group had EUR 4.0 (2.8) million of undrawn committed credit facilities.

Instalments and interest payments on financial liabilities 2020

TEUR	2021	2022	2023	2024	2025	2026 +	Total
Loans from financial institutions	-1,235	-1,209	-1,133	-350	0	0	-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

Componenta announced on 25 February 2021 about the premature ending of the parent company's restructuring programme. The repayment of restructuring debts is expected to take place during March. A net profit of approximately EUR 0.7 million will be realized in connection with the repayment, as restructuring debts with a book value of EUR 6.6 million shall be repaid with EUR 5.9 million. The profit will be entered into the financial items of continued operations. More information in note 32.

Instalments and interest payments on financial liabilities 2019

TEUR	2020	2021	2022	2023	2024	2025 +	Total
Loans from financial institutions	-1,066	-564	-564	-564	-224	0	-2,983
Lease liabilities *	-1,545	-1,387	-1,267	-1,157	-1,220	-2,689	-9,266
Trade payables	-4,361	-122	-	-	-	-	-4,483
Interest expenses on loans	-640	-478	-376	-278	-184	-156	-2,112
Restructuring debts	-1,653	-1,727	-1,653	-7,236	-	-	-12,268
Other debts **	-100	-92	-78	-53	0	0	-323
Total	-9,365	-4,371	-3,937	-9,289	-1,628	-2,845	-31,435

* 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.
** Other debts in 2020 and 2019 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.

Financial liabilities

TEUR	Dec 31, 2020	Dec 31, 2019
Non-current financial liabilities		
Loans from financial institutions	2,692	1,917
Lease liabilities	7,812	7,721
Restructuring debts	9,069	10,707
Other debts *	372	454
Total	19,945	20,799
Current financial liabilities		
Loans from financial institutions	1,235	1,067
Lease liabilities	1,578	1,544
Restructuring debts	1,625	1,561
Other debts *	93	100
Total	4,530	4,272
Total financial liabilities	24,476	25,071

* Other debts in 2020 and 2019 are hire purchase agreements.

Currency breakdown of financial liabilities

%		2020	2019
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

%	2020 Nominal interest rates	2020 Effective interest rates	2019 Nominal interest rates	2019 Effective interest rates
Loans from financial institutions	**5.0 – 8.1**	**5.1 – 12.6**	3.5 – 8.0	3.9 – 8.2
Lease liabilities	**1.2 – 5.8**	**1.2 – 5.8**	1.2 – 6.8	1.2 – 6.8
Other loans *	**2.0 – 5.0**	**2.0 – 5.0**	2.0 – 5.0	2.0 – 5.0

* Other loans in 2020 and 2019 are interest bearing secured restructuring liabilities and a hire purchase agreements.

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 and 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 euro.

To hedge against changes in exchange rates, the Group uses foreign currency loans and deposits and other natural hedging relationships. In addition, it can be used common derivative instruments 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.

At the end of the reporting period, the Group does not have 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

TEUR	Dec 31, 2020 for 2021 Sensitivity interest rate curve +100bp	Dec 31, 2019 for 2020 Sensitivity interest rate curve +100bp
Interest-bearing financial liabilities	-13	-14

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. 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 pre-payments 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 on which hedge accounting would be applied.

26 Restructuring debts

The implementation of the restructuring programmes progressed as planned. The payment program in the Group will end in 2023. Restructuring debts are presented in note Financial risks and instruments and they have been measured as financial liabilities measured at amortised cost.

Componenta announced on 25 February 2021 about the premature ending of the parent company's restructuring programme. The repayment of restructuring debts is expected to take place during March. A net profit of approximately EUR 0.7 million will be realized in connection with the repayment, as restructuring debts with a book value of EUR 6.6 million shall be repaid with EUR 5.9 million. The profit will be entered into the financial items of continued operations. More information in note 32.

Total restructuring debt in Group's balance sheet

TEUR	Dec 31, 2020	Dec 31, 2019
Current interest bearing liabilities	**176**	132
Non-current interest bearing liabilities	**485**	530
Current non-interest bearing liabilities	**1,449**	1,429
Non-current non-interest bearing liabilities	**8,584**	10,177
Total	**10,694**	12,268

Summary of Groups's restructuring debt per each company

TEUR	Dec 31, 2020	Dec 31, 2019
Componenta Oyj	**6,578**	7,535
Componenta Finland Oy	**4,116**	4,733
Total	**10,694**	12,268

Repayment schedule for external restucturing debts

TEUR	2021	2022	2023	Yhteensä
Componenta Oyj	654	698	5,226	6,578
Componenta Finland Oy	1,040	1,069	2,006	4,116
Total	1,694	1,768	7,232*	10,694

* The last repayment amounts of Componenta Corporation and Componenta Castings Oy are bigger as it is assumed that the income from sale of real estate properties unrelated to the core business are used for the repayments at the end of the program and in addition, it is including the supplementary payment obligation of EUR 3.2 million following the exclusion of loan guarantee of EUR 80 million.

27 Other non-interest bearing current liabilities and accruals

TEUR	Dec 31, 2020	Dec 31, 2019
Accounts payables	**4,440**	4,218
Restructuring debts	**1,449**	1,429
Accruals	**5,118**	5,876
VAT liabilities	**585**	582
Other liabilities	**3,246**	1,519
Total	**14,838**	13,624

Other liabilities in 2020 include payment exemptions related to the COVID-19-pandemic granted by pension companies and the Tax Authority.

Accrued expenses and deferred income

TEUR	Dec 31, 2020	Dec 31, 2019
Personnel expenses	**4,127**	4,830
Other accruals	**991**	1,046
Total	**5,118**	5,876

28 Reconciliation of financial liabilities to cash flow statement

TEUR	Long-term interest-bearing liabilities	Short-term interest-bearing 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 instalments 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 effect on cash flow from financing activities 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 instalments in 2020 - 2024. The effect on cash flow from financing activities 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.

TEUR	Long-term interest-bearing liabilities	Short-term interest-bearing liabilities	Total	Long term non-intrest bearing restructuring debt	Short term non-intrest bearing restructuring debt	Total
Jan 1, 2019	1,486	471	1,957	13,352	1,810	15,162
Drawdowns	-	1,140	1,140			
Repayments	-2,000	-898	-2,898		-1,423	-1,423
Change in liabilities which does not include cash flow:						
Change in restructuring liabilities	-139	132	-7	-3,175	1,042	-2,133
Ohter changes	11,010	1,998	13,008			
Dec 31, 2019	10,357	2,843	13,200	10,177	1,429	11,606

Repayments of interest-bearing liabilities in 2019 include repayments of EUR 0.1 million of restructuring liabilities. The changes in liabilities which does not include cash flow include the additions in the balance sheet from the loans of Componenta Manufacturing Oy and the deletion from the balance sheet of the loans of the discontinued operations of Componenta Främmestad AB.

29 Lease liabilities

TEUR	2020	2019
Carrying amount Jan 1	9,266	633
Additions from adoption of IFRS 16	–	390
Additions to lease liabilities	1,725	1,426
Disposals to lease liabilities	-12	-821
Acquired subsidiaries	–	8,364
Lease payments	-1,589	-726
Carrying amount Dec 31	9,390	9,266

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

TEUR	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
Depreciation from right-of use assets	-1,959	-631
Interest expense from lease liabilities	-488	-155
Expense from leases of low value assets and short-term leases	-171	-172
Lease income from third parties	292	280
Total	-2,326	-678

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.

30 Contingent liabilities

TEUR	Dec 31, 2020	Dec 31, 2019
Real-estate mortgages		
For own debts	3,150	3,150
Business mortgages		
For own debts	12,400	10,000
Pledges		
For own debts	7,800	7,800
Other leases	65	90
Other commitments	247	239
Total	23,661	21,280

Liabilities secured with real estate, pledges for other business guarantees

TEUR	Dec 31, 2020	Dec 31, 2019
Interest-bearing restructuring debts	546	546
Loans from financial institutions	3,926	2,968
Total	4,472	3,514

31 Related party disclosures

Group companies (control) December 31, 2020

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, 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 Mar, 2020)	169,486	-	-	169,486
President and CEO Sami Sivuranta (as of 30 Aug, 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

* Includes fees and salaries for members of CET of continued operations.

Jan 1– Dec 31, 2019, EUR	Salaries, fees & fringe benefits	Voluntary pension benefits	Share-based payments	Total
Board of Directors	150,000	–	–	150,000
President and CEO Harri Suutari (until 30 Aug, 2019)	235,899	–	–	235,899
President and CEO Marko Penttinen (as of 30 Aug, 2019)	81,011	–	27,031	108,041
Other members of CET *	634,022	–	67,635	701,657
Total	1,100,932	–	94,666	1,195,598

* Includes fees and salaries for members of CET of continued operations.

Remuneration of the Board of Directors and executive management

Remuneration and fees, 1,000 EUR	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
President and CEO Marko Penttinen (until 11 Mar, 2020)	169	–
President and CEO Sami Sivuranta (as of 11 Mar, 2020)	191	–
President and CEO Harri Suutari (until 30 Aug, 2019)	–	236
President and CEO Marko Penttinen (as of 30 Aug, 2019)	–	108
Members of Board of Directors:		
Harri Suutari (as of 2 Sep, 2019)	50	42
Petteri Walldén	25	33
Anne Leskelä	25	25
Asko Nevala	–	25
Harri Pynnä	25	25
Olli Isotalo	–	–
Total, Board of Directors	125	150

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

Other related party disclosures

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 any transactions with management included in related parties in 2019. Loan receivables from related parties at the end of the reporting period was totalling EUR 0.0 (0.0) million.

32 Events after end of period

Componenta announced on 25 February 2021 about the premature ending of the parent company's restructuring programme.

In deviation from the restructuring programme, the company has proposed to its restructuring creditors the repayment of 90 percent of the unpaid reduced restructuring debt and the supplemental payment obligation based on realised guarantee liabilities of the restructuring programme as a lump sum payment to finally repay all restructuring debts and prematurely end the restructuring programme. The company's proposal has been accepted by restructuring creditors representing over 99 percent of all unsecured restructuring debts of the company.

The Board of Directors of the company resolved on 25 February 2021 to carry out the aforementioned payments, in total approximately EUR 5.9 million, and prematurely end the restructuring programme. This amount includes approximately EUR 0.2 million of conditional and maximum amount guarantee debts, the final amounts of which have not been confirmed yet and the repayment of which the company will separately agree on with each respective creditor. The conditional and maximum amount debts may be wholly or partially converted into new debt for the purpose of ending the restructuring programme.

The repayment of restructuring debts is expected to take place during March. A net profit of approximately EUR 0.7 million will be realised in connection with the repayment, as restructuring debts with a book value of EUR 6.6 million shall be repaid with EUR 5.9 million. The profit will be entered into the financial items of continued operations. The final amounts may differ from that specified here depending on how the company will agree on the repayment of the aforementioned unrealised conditional and maximum amount guarantee liabilities with each respective creditor. The premature ending of the programme will be financed with funds received through the aforementioned rights issue. The restructuring programme is considered ended when the supervisor of the restructuring programme has approved the payments and has provided creditors with the supervisor's final account. This is expected to take place in March – April. The company will issue separate stock exchange releases in connection with the repayment of restructuring debts and the completion of the supervisor's final account.

The premature ending of the company's restructuring programme will not affect the restructuring programme of Componenta Castings Oy (formerly Componenta Finland Oy), which shall continue in accordance with its terms and conditions until 2023.

Parent company financial statements

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

Parent company income statement

TEUR	Note	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
NET SALES	1	**2,787.2**	3,224.7
Other operating income	2	**44.9**	2.0
Operating expenses	3, 5, 6	**–2,164.1**	–3,692.7
Depreciation, amortization and write-down of non-current assets	4	**–45.7**	–41.7
OPERATING RESULT		**622.3**	–507.7
Financial income and expenses in total	7	**514.4**	248.2
RESULT AFTER FINANCIAL ITEMS		**107.9**	–259.5
Appropriations		**–**	–
RESULT AFTER APPROPRIATIONS		**107.9**	–259.5
Income taxes		**–**	–
RESULT FOR THE FINANCIAL PERIOD		**107.9**	–259.5

Parent company balance sheet

TEUR	Note	Dec 31, 2020	Dec 31, 2019
Assets			
Non-current assets			
Intangible assets	8	**232.6**	175.0
Tangible assets	9	**42.4**	46.7
Investments	10	**22,518.2**	21,099.8
Non-current assets, total		**22,793.2**	21,321.5
Current assets			
Non-current receivables	11	**6,297.4**	8,957.6
Current receivables	11	**1,230.8**	849.7
Cash and bank accounts		**11,299.9**	1,239.1
Current assets, total		**18,828.1**	11,046.4
Total assets		**41,621.3**	32,367.9

TEUR	Note	Dec 31, 2020	Dec 31, 2019
Liabilities and shareholders' equity			
Shareholders' equity	12		
Share capital		**1,000.0**	1,000.0
Unrestricted equity reserve		**17,656.8**	8,166.0
Retained earnings		**14,617.2**	14,876.7
Result for the financial period		**107.9**	-259.5
Shareholders' equity		**33,381.8**	23,783.2
Liabilities	13		
Non-current liabilities		**6,144.8**	6,878.8
Current liabilities		**2,094.7**	1,705.9
Liabilities		**8,239.5**	8,584.7
Total liabilities and shareholders' equity		**41,621.3**	32,367.9

Parent company cash flow statement

TEUR	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
Cash flow from operations		
Result after financial items	108	-259
Depreciations according to plan	46	42
Other income and expenses, non-cash items	-1,870	782
Financial income and expenses	110	-248
Cash flow before changes in working capital	-1,606	316
Changes in working capital		
Current non-interest bearing receivables increase (-)/decrease (+)	1,006	279
Current non-interest bearing liabilities increase (+)/decrease (-)	610	359
Cash flow from operating activities before financial items and taxes	10	954
Interest and payments paid from other financial expenses of operations	-3	-3
Interest received from operations	342	193
Cash flow from operating activities (A)	349	1,144

TEUR	Jan 1– Dec 31, 2020	Jan 1– Dec 31, 2019
Cash flow from investing activities		
Capital expenditure in tangible and intangible assets	-125	-102
Investments in shares of subsidiary companies	115	-869
Loans receivables, decrease (+) / increase (-)	1,273	-1,286
Cash flow from investing activities (B)	1,263	-2,256
Cash flow from financing activities		
Share issue	9,491	-
Share issue costs	-430	-
Draw-downs (+) and repayments (-) of current loans	-	-14
Draw-downs (+) and repayments (-) of non-current loans	-613	-671
Cash flow from financing activities (C)	8,448	-685
Change in liquid assets (A + B +C) increase (+)/decrease (-)	10,061	-1,797
Cash and bank accounts at the beginning of the period	1,239	3,036
Cash and bank accounts at period end	11,300	1,239
Change during the period	10,061	-1,797

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, 2020.

Impact of COVID-19 on the reporting

The Impacts of the COVID-19-pandemic has been described in detail in the accounting principles of the Group.

Corporate restructuring proceedings and ability to continue as a going concern

During 2016 the company implemented financial solutions described in the financial statements for 2016 and the Group also sold non-core business operations during 2016. Despite these measures the company's liquidity remained tight, and as a result of this weak liquidity the company was no longer able to meet all its financial obligations as they fell due. In consequence of this, on 1 September 2016 the company filed an application to begin corporate restructuring proceedings. In Finland the District Court of Helsinki issued its decision regarding the commencement of the restructuring proceedings in respect of Componenta Corporation on 30 September 2016. The District Court of Helsinki confirmed the restructuring program on 23 August 2017.

At the end of the reporting period Componenta Corporation's restructuring debts were EUR 8.2 million, which are at the same time unsecured debts. EUR 0.4 million of these debts are to Group companies and EUR 7.8 million are to third parties. The unsecured debts of Componenta Corporation were cut by 94% and the debts with lowest priority were cut in their entirety in the restructuring programmes. The payment programme for unsecured debts commenced in May 2019 and will end in November 2023.

The financial statements for the financial year 2020 have been prepared on the going concern basis and it is assumed that Componenta Corporation can, during the foreseeable future, realize its assets and pay back its liabilities as part of normal operations within the framework of the restructuring programmes. When assessing the ability to continue as a going concern, Componenta Corporation's management has considered the uncertainties and risks related to the confirmed restructuring programmes, available funding sources and the cash flow estimates for the next 12 months of the companies under restructuring proceedings. The company's' liquidity and financial performance as well as the success of the restructuring programme and financing transactions are affected by the material uncertainty, which the management has considered when assessing the company's ability to continue as a going concern. It is important that the subsidiary's restructuring programme is successful, because the main sources of income for Componenta Corporation consist of Trade mark license fee and management fee charges from its subsidiaries. It is possible that the restructuring programmes are unsuccessful, and the Company will have to file for bankruptcy.

The content and implementation of restructuring programme is presented in more detail in the consolidated financial statement.

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. 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.

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.

Cash and cash equivalents

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

Share-based payments

Componenta has 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 will be based on the key employee's valid employment or service and the continuance of work during the vesting period. The rewards to be 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 revises its estimates of the number of shares, of the share-based incentive plan, that are expected to be distributed. The expense will be recognized over the vesting period. This estimate will be revised at each consolidated statement of financial position date and the impact of the revision of original estimates will be recognized in the statement of income.

Notes to the income statement

1 Net sales by market area

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Finland	2,776.0	2,081.0
Other Nordic countries	11.2	1,143.7
Net sales total	2,787.2	3,224.7

2 Other operation income

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Other operating income	44.9	2.0
Other operating income total	44.9	2.0

3 Personnel expences

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Salaries and fees	-1,662.2	-1,620.3
Pension costs	-217.4	-200.0
Other personnel costs	-29.7	-24.5
Total	-1,909.3	-1,844.8
Salaries and other remuneration of the Corporate Executive Team	-955.4	-853.3
Fringe benefits of the Corporate Executive Team	-10.4	-5.1
Average number of personnel	13	13

4 Depreciations and write-downs

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Intangible assets		
Other long-term expenditure	-36.9	-31.4
Tangible assets		
Machinery and equipment	-8.8	-10.2
Total depreciation and write-downs	-45.7	-41.7

5 Other operating expenses

TEUR	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019
Rents	-106.7	-102.5
Credit loss	782.0	-782.0
Other operating expenses	-930.1	-963.4
Other operating expenses total	-254.8	-1,847.9

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

6 Audit fees

TEUR	Jan 1–Dec 31. 2020	Jan 1–Dec 31. 2019
Audit fees	-104.1	-97.0
Other fees	-119.1	-238.0
Total fees paid to auditors	-223.2	-335.0

7 Financial income and expenses

TEUR	Jan 1–Dec 31. 2020	Jan 1–Dec 31. 2019
Interest and other finance income		
Group companies	240.1	248.9
Others	82.1	0.5
Total	322.2	249.4
Interest and other finance expenses		
Others	-836.6	-1.2
Total	-836.6	-1.2
Financial income and expenses, total	-514.4	248.2
Financial income and expenses include exchange gains/losses (net)		
Others	-2.3	-0.7
Total	-2.3	-0.7

Notes to the statement of financial position

Non-current assets

8 Intangible assets

TEUR	Dec 31, 2020	Dec 31, 2019
Other long-term expenditure		
Acquisition cost at Jan 1	5,110.2	5,088.0
Additions	120.2	22.2
Re-classifications	53.3	0.0
Acquisition cost at Dec 31	5,283.8	5,110.2
Accumulated planned amortization at Jan 1	-5,014.3	-4,982.8
Amortization during the period	-36.9	-31.4
Accumulated amortization at Dec 31	-5,051.2	-5,014.3
Book value at Dec 31	232.6	96.0
Advance payments and assets under construction		
Acquisition cost at Jan 1	79.0	0.0
Additions	–	79.0
Disposals	-25.7	0.0
Re-classifications	-53.3	0.0
Acquisition cost at Dec 31	0.0	79.0
Total intangible assets	232.6	175.0

9 Tangible assets

TEUR	Dec 31, 2020	Dec 31, 2019
Machinery and equipment		
Acquisition cost at Jan 1	1,014.0	1,013.0
Additions	4.5	1.0
Acquisition cost at Dec 31	1,018.4	1,014.0
Accumulated planned depreciation at Jan 1	-983.3	-973.0
Depreciation during the period	-8.8	-10.2
Accumulated depreciation at Dec 31	-992.1	-983.3
Book value at Dec 31	26.4	30.7
Other tangible assets		
Acquisition cost at Jan 1	86.0	86.0
Disposals	0.0	0.0
Acquisition cost at Dec 31	86.0	86.0
Accumulated planned depreciation at Jan 1	-70.0	-70.0
Depreciation during the period	0.0	0.0
Accumulated depreciation at Dec 31	-70.0	-70.0
Book value at Dec 31	16.0	16.0
Total tangible assets	42.4	46.7

10 Investments

TEUR	Dec 31, 2020	Dec 31, 2019
Shares in Group companies		
Acquisition cost at Jan 1	345,995.0	337,338.0
Additions	0.0	8,657.0
Disposals	-115.4	0.0
Acquisition cost at Dec 31	345,879.6	345,995.0
Accumulated write-downs at Jan 1	-324,895.3	-324,895.3
Write-downs during the period		
Accumulated write-downs at Dec 31	-324,895.3	-324,895.3
Book value at Dec 31	20,984.3	21,099.7
Capital note investments in Group companies		
Acquisition cost at Jan 1	0.0	0.0
Additions	1,533.9	0.0
Write-downs during the period	0.0	0.0
Acquisition cost at Dec 31	1,533.9	0.0
Investments total	22,518.2	21,099.8

CURRENT ASSETS

11 Receivables

TEUR	Dec 31, 2020	Dec 31, 2019
Non-current receivables		
Loan receivables from Group companies	3,441.2	5,387.4
Restructuring receivables form Group companies	2,856.2	3,570.3
Total non-current receivables	6,297.4	8,957.6
Receivables from Group companies		
Trade receivables		
Loan receivables	195.6	448.0
Other receivables	790.6	117.6
Prepayments and accrued income	79.9	99.2
Total	1,066.1	664.9
Current receivables		
Trade receivables	39.0	66.8
Loan receivables	3.1	5.0
Other receivables	61.1	16.6
Prepayments and accrued income	61.5	96.4
Total	164.7	184.8
Total current receivables	1,230.8	849.7

TEUR	Dec 31, 2020	Dec 31, 2019
Prepayments and accrued income		
Interest receivables	79.9	99.2
Insurance payments	4.8	20.7
Others	56.7	75.8
Total	141.4	195.6

12 Shareholders' equity

Dec 31, 2020, TEUR	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

Dec 31, 2019, TEUR	Share capital	Unrestricted equity reserve	Retained earnings	Result for the period	Total
Shareholders' equity Jan 1, 2019	1,000.0	366.0	13,864.5	1,012.2	16,242.7
Directed share issue					7,800.0
Reclassifications			1,012.2	-1,012.2	0.0
Result for the financial period				-259.5	-259.5
Shareholders' equity Dec 31, 2019	1,000.0	366.0	14,876.7	-259.5	23,783.2

Calculation of distributable equity

TEUR	Dec 31, 2020	Dec 31, 2019
Retained earnings	**14,617.2**	14,876.7
Unrestricted equity reserve	**17,656.8**	8,166.0
Result for the financial period	**107.9**	-259.5
Total	**32,381.9**	22,783.2

Persuant to the Restructuring of Enterprises Act it is forbidden to pay dividend under the restructuring proceedings.

In November – December 2020, Componenta carried out a rights issue. With the oversubscribed issue, the company raised approximately EUR 9.5 million in gross funds with the aim of agreeing on the premature payment of the company's restructuring debts in early 2021.

On 18 December 2020, Componenta executed a reverse share split and related directed share issue, redemption of shares and cancellation of shares. The reverse share split and redemption of the shares were carried out in such a way that every fifty (50) of the company's shares were merged into one (1) share. In connection with the reverse share split, Componenta's Board of Directors resolved on a directed share issue, in which the company issued a total of 83,752 new shares without consideration by making the shares in each shareholders' book-entry divisible by 50. The total market value of the shares conveyed without consideration at the closing price on 18 December 2020 was EUR 5,125.62.

13 Liabilities

TEUR	Dec 31, 2020	Dec 31, 2019
Interest-bearing liabilities	–	–
Non-interest-bearing liabilities	8,239.5	8,584.7
Total	8,239.5	8,584.7
Non-current liabilities		
Liabilities to Group companies	9.2	11.7
Other non-current interest-free liabilities	6,135.6	6,867.2
Non-current liabilities total	6,144.8	6,878.8
Non-current liabilities fall due as follows		
Later than one year but not later than five years	6,144.8	6,878.8
Later than five years	–	–
Total	6,144.8	6,878.8
Liabilities to Group companies		
Trade payables	2.9	1.2
Accrued expenses and deferred income	–	–
Liabilities to Group companies total	2.9	1.2
Liabilities to others		
Trade payables	643.9	290.5
Advances received	43.3	–
Other current liabilities	851.7	852.5
Accrued expenses and deferred income	552.8	561.7
Liabilities to others total	2,091.8	1,704.7
Current non-interest-bearing liabilities total	2,094.7	1,705.9
Current liabilities total	2,094.7	1,705.9

TEUR	Dec 31, 2020	Dec 31, 2019
Accrued expenses and deferred income		
Annual salaries with social security	228.4	201.3
Accrued salaries with social security	292.2	311.5
Pensions	25.2	26.3
Parent company's liability towards National Emergency Supply Organisation	–	–
Others	7.0	22.5
Total	552.8	561.7
Total liabilities	8,239.5	8,584.7

14 Restructuring debt included in the balance sheet

TEUR	Dec 31, 2020	Dec 31, 2019
Non-current non-interest-bearing liabilities		
Loans to Group companies	7.1	9.1
Loans to third parties	5,855.5	6,729.4
Trade payables to Group companies	2.0	2.5
Trade payables to third parties	112.3	137.8
Non-current non-interest-bearing liabilities total	5,976.9	6,878.8
Current non-interest-bearing liabilities		
Trade payables to Group companies	0.5	0.5
Trade payables to third party	25.7	27.1
Loans to Group companies	2.0	2.0
Other liabilities to third party	584.8	641.3
Current non-interest-bearing liabilities total	613.0	670.8
Restructuring debt total	6,589.9	7,549.7

15 Secured liabilities, contingent liabilities and other commitments

TEUR	Dec 31, 2020	Dec 31, 2019
Plegdes		
On behalf of Group companies	7,800.0	7,800.0
Total	7,800.0	7,800.0
Guarantees		
On behalf of Group companies	0.0	18.0
Total	0.0	18.0
Other commitments		
Future payments of the lease liabilities		
Not later than one year	57.1	57.3
Later than one year	11.2	116.0
Total	68.2	173.3
Other commitments	178.5	171.5

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 90,785,312.75 (EUR 90,578,249.12). The related deferred tax receivables of these losses are EUR 18,157,062.55 (EUR 18,115,649.82).

Year of expiration	Confirmed losses, EUR	Deferred tax asset, EUR
2020	2,831,994.58	566,398.92
2021	2,769,774.76	553,954.95
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	–110,360.25	–22,072.05
Total	82,631,404.59	16,526,280.92

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.

16 Events after end of period

Componenta announced on 25 February 2021 about the premature ending of the parent company's restructuring programme.

In deviation from the restructuring programme, the company has proposed to its restructuring creditors the repayment of 90 percent of the unpaid reduced restructuring debt and the supplemental payment obligation based on realised guarantee liabilities of the restructuring programme as a lump sum payment to finally repay all restructuring debts and prematurely end the restructuring programme. The company's proposal has been accepted by restructuring creditors representing over 99 percent of all unsecured restructuring debts of the company.

The Board of Directors of the company resolved on 25 February 2021 to carry out the aforementioned payments, in total approximately EUR 5.9 million, and prematurely end the restructuring programme. This amount includes approximately EUR 0.2 million of conditional and maximum amount guarantee debts, the final amounts of which have not been confirmed yet and the repayment of which the company will separately agree on with each respective creditor. The conditional and maximum amount debts may be wholly or partially converted into new debt for the purpose of ending the restructuring programme.

The repayment of restructuring debts is expected to take place during March. A net profit of approximately EUR 0.7 million will be realised in connection with the repayment, as restructuring debts with a book value of EUR 6.6 million shall be repaid with EUR 5.9 million. The profit will be entered into the financial items. The final amounts may differ from that specified here depending on how the company will agree on the repayment of the aforementioned unrealised conditional and maximum amount guarantee liabilities with each respective creditor. The premature ending of the programme will be financed with funds received through the aforementioned rights issue. The restructuring programme is considered ended when the supervisor of the restructuring programme has approved the payments and has provided creditors with the supervisor's final account. This is expected to take place in March – April. The company will issue separate stock exchange releases in connection with the repayment of restructuring debts and the completion of the supervisor's final account.

Signatures for the financial statement and Board of Directors' report

Helsinki, March 11, 2021

Harri Suutari
Chairman of the Board

Anne Leskelä
Vice Chairman of the Board

Petteri Walldén
Member of the Board

Harri Pynnä
Member of the Board

Sami Sivuranta
CEO

The auditor's note

Our auditor's report has been issued today.

Helsinki, March 12, 2021

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 2020. 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.

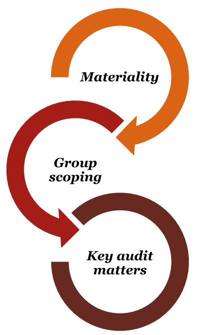
Material uncertainties related to going concern

We draw attention to the accounting principles of the consolidated financial statements and of the financial statements of the parent company, which describe the status and progress of the corporate restructuring proceedings of the Group companies and their ability to continue as a going concern. The Board of Directors and Management of Componenta Group have assessed the company's ability to continue as going concern taking into consideration the company's liquidity situation and the impact of the restructuring proceedings to the financial position and cash flows of the Group and Group companies. The success of the restructuring programmes as well as the outcome of the cash flow forecasts together with other aspects desribed in notes to the consolidated fiancial statements and notes to the parent company´s financial statements, are such uncertainties that may cast significant doubt on the Componenta Group's and its subsidiaries' ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.

Our Audit Approach

Overview

	• Overall Group materiality: € 630 000 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 assets taking into consideration the corporate restructuring proceedings and reorganisation of the business operations • The effect of the corporate restructuring proceedings and reorganising of the business operations to 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	630 000 euros (previous year 500 000 euros)
How we determined it	Overall Group materiality is determined as a percentage of the Group's FY2020 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 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.

In addition to matter described in paragraph above "Material uncertainties related to going concern" we have concluded that the matters listed below are key audit matters.

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 consist 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. Small 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. 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 and testing of key controls. – 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 assets taking into consideration the corporate restructuring proceedings and reorganisation of the business operations **Refer to accounting principles and Notes 3, 13 and 14 of the consolidated financial statements** The Componenta Group's parent company Componenta Corporation and its Finnish subsidiary Componenta Castings Oy are under corporate restructuring programmes. The uncertainties described in section "Material uncertainties related to going concern" cast significant doubt on the Group's ability to continue as a going concern. The Board of Directors and Management have used significant judgment in assessing the effect of above mentioned matters in valuation of assets including goodwill arising from acquisition of Componenta Manufacturing Oy in the end of 2019. For this reason the valuation of assets taking into consideration the corporate restructuring proceedings and reorganising of the business operations are considered a key audit matter in the Group audit.	Our audit procedures included for example the following procedures: – We updated our perception of the contents of the corporate restructuring proceedings and progress. – We discussed with the management and examined the matters discussed by the board of directors related to reorganization of the business operations. – We assessed cash flow analysis prepared by management and reviewed by the board of directors used as a basis of valuation of assets. – We assessed the management´s estimates related to valuation of properties. – We gained an understanding and assessed the reasonableness, consistency and mathematical accuracy of the methods and assumptions used in goodwill impairment testing.

Key audit matter in the audit of the Group	How our audit addressed the key audit matter
The effect of the corporate restructuring proceedings and reorganising of the business operations to the parent company's financial statements **Refer to the accounting principles of the consolidated financial statements and the parent company's financial statements**	
The Componenta Corporation's Finnish subsidiary Componenta Castings Oy is under corporate restructuring programmes. 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 effect of the parent company's and subsidiaries' restructuring proceedings and their ability to continue as a going concern. The 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 have updated our perception of the contents of the corporate restructuring proceedings and progress. – We read the analyses of alternative outcomes of restructuring programs and reorganisations of business prepared by management and approved by the board of directors. – We assessed cash flow analysis prepared by management used as a basis of valuation of certain assets. – We assessed the management´s estimates related to valuation of properties.
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 12 March 2021

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, 9 April 2021 at 9.00 EET.

Participation

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 on Componenta's website.

Shareholders and their proxy representatives may follow an online webcast of the Annual General Meeting on the company's website at www.componenta.com/investors/corporate-governance/general-meeting/agm-2021/. Watching the webcast does not constitute actual participation in the Annual General Meeting, and it is not possible to vote or ask questions during the meeting via webcast.

Each shareholder, who is registered on the record date of the Annual General Meeting, 26 March 2021, in the shareholders' register of the company held by Euroclear Finland Ltd., has the right to participate in the Annual General Meeting.

Dividend and dividend policy

The Board of Directors proposes that no dividends be distributed on the basis of the balance sheet established for the financial year that ended on 31 December 2020. According to Section 58 of Chapter 9 of the Restructuring of Enterprises Act (47/1993), the company may not distribute dividends between the approval and the end of the restructuring programme.

Financial information in 2021

- **Business Review** January – March 2021, on 7 May 2021
- **Half-Year Financial Report** January – June 2021, on 23 July 2021
- **Business Review** January – September 2021, on 5 November 2021

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

Our Annual review 2020 is available on www.componenta.com. Previous annual reports, sustainability reports and interim reports are also available on the company website. You can order a print version of a publication by email from ir.componenta@componenta.com.

On the company website, you can subscribe to receive Componenta's published releases to your email.

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.

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COMPONENTA