Half-Year Financial Report
2019

COMPONENTA

Componenta Corporation Half-Year Financial Report 1 January – 30 June 2019

Decreased deliveries in Sweden weakened EBITDA. Net cash flow from operating activities doubled.

The information presented in this half-year financial report relates to the development of Componenta Group in January-June 2019 and in the corresponding period in 2018, unless otherwise stated.

January–June, H1 2019

- Net sales decreased to EUR 59.1 million (EUR 66.1 million).
- EBITDA decreased to EUR 1.6 million (EUR 2.7 million).
- Operating result decreased to EUR 0.8 million (EUR 1.7 million).

April–June, Q2 2019

- Net sales decreased to EUR 28.0 million (EUR 32.8 million).
- EBITDA decreased to EUR 0.4 million (EUR 1.3 million).
- Operating result decreased to EUR 0.1 million (EUR 0.8 million).

Harri Suutari, CEO:

The profitability of the first half-year weakened compared to the comparison period. The weakening can almost solely be explained with reduction of operations in Sweden. Part of the weakening is explained with the advisory fees related to Komas acquisition. The underlying factors of the reduction of operations in Sweden is related to the termination of one customer agreement in 2018. Componenta's possibilities for profitable operation with the customer in question, became impossible after the divestment of Turkish operations in 2017. In terms of Componenta's business scope and profitability, the first half-year in Finland proceeded better than in the comparison period.

Componenta aims to improve profitability and reduce capital employed in business operations in Sweden. The downscaling activities are in progress and their impacts will be visible with a delay. Due to the procedures of termination of employment, the manufacturing costs are decreasing more slowly than the volumes of business. The costs of downscaling will burden the business of Componenta Främmestad AB also for the rest of the year. Componenta Främmestad AB is negotiating for agreements with customers. If these downscaling activities and negotiations for agreements do not result in required profitability, the ability for Componenta Främmestad AB to continue as a going concern is jeopardized.

The net cash flow from operations were EUR 7.3 million. The improved net cash flow from operations is mainly a result from decreased working capital.

The company signed an agreement, during the reporting period, on purchasing Komas Oy. This arrangement strengthens Componenta's competitiveness in the long run by improving the level of expertise in the company and the ability to offer more integrated services to customers. The acquisition of Komas was not closed yet during July 2019 because of absent of one approval from authorities. We expect to receive this approval during August.

Purchase of shares and capital loans of Komas Ltd

On 16 May 2019, Componenta announced that it had signed an agreement on purchasing the shares and capital loans of Komas Ltd ("Komas"), a machining operation company, from funds managed by CapMan, Fortaco Ltd and certain private persons.

Komas is a manufacturer of machined components, forged blanks, hydraulic pipes and plate cuttings. In 2018, Komas had net sales of EUR 44.9 million according to Finnish Accounting Standards (FAS) and EBITDA of EUR 2.0 million (FAS). At the end of 2018, the company employed 313 people in Jyväskylä, Härmä, Kurikka, Leppävesi and Sastamala. Key customers of Komas include major international OEMs of machinery and equipment.

The Extraordinary General Meeting of Componenta Corporation held on 1 July 2019, resolved to give needed authorizations for the Board of Directors of the company to conclude the transaction related to the acquisition of shares and capital loans of Komas Oy. The closing of the transaction is estimated to be completed on 30 August 2019, as the necessary approvals from authorities have been received. Componenta will issue shares for the sellers of Komas as a form of paying the purchase price. The purchase price of this arrangement consisted of 60 million new shares issued by Componenta, which is approximately 25.3% of issued Componenta Corporation shares after the share issue or 24.3% taking into account all rights and privileges attached to shares. The final purchase price is determined in accordance with the share price on the closing date. Komas will be consolidated in the Componenta group on the date of closing the transaction.

A prospectus including pro forma information on the impacts of the transaction is being prepared for the listing of new shares. The majority owners of Komas, i.e. the funds managed by CapMan and CapMan's portfolio company Fortaco Oy ("Majority Owners") have in the share purchase agreement undertaken not to exercise voting rights attaching their prospective shares until the shareholding of the Majority Owners has decreased below 10%. In accordance with the restriction the Majority Owners will abstain from exercising the voting rights in the general meetings of Componenta to the extent that the voting rights represent 50% or more of the votes represented in the general meeting concerned.

Key figures

MEUR	1-6/2019	1-6/2018	Change	1-12/2018
Net sales	**59.1**	66.1	-10.6%	120.7
EBITDA	**1.6**	2.7	-41.1%	3.7
Operating result	**0.8**	1.7	-54.1%	1.2
Operating result, %	**1.3**	2.6	-48.6%	1.0
Result after financial items	**0.7**	1.6	-56.1%	1.2
Net result	**0.7**	1.4	-50.3%	1.0
Basic earnings per share, EUR	**0.00**	0.01	-50.3%	0.01
Diluted earnings per share, EUR	**0.00**	0.01	-50.3%	0.01
Interest-bearing net debt*	**-9.0**	-4.6	96.1%	-3.4
Return on equity, %	**7.2**	15.3	-52.8%	5.6
Return on investment, %	**7.3**	16.2	-54.8%	6.0
Equity ratio, %	**39.1**	35.8	9.2%	39.3
Gross investment including lease liabilities recognized in balance sheet	**1.0**	0.9	-10.8%	1.8
Cash flow from operating activities	**7.9**	3.7	46.8%	3.5
Group's restructuring debt	**15.2**	16.1	-4.8%	16.0
Average number of personnel incl. leased personnel	**655**	710	-7.7%	703
Number of personnel at end of period incl. leased personnel	**611**	728	-16.1%	668
Order book	**9.6**	16.2	-40.4%	21.7

*) Only interest-bearing restructuring debts included.

Order book

Componenta's order book at the end of June 2019 was EUR 9.6 million (EUR 16.2 million). The order book of Componenta is calculated in a way that it contains the orders confirmed to customers for the next two months. The decline in the order book is mainly a result of the termination of a customer agreement in Sweden.

Net sales

Business operations in the reporting period were the foundry operations in Pori and Karkkila, Finland, and the machine shop in Främmestad, Sweden. Additionally, the Group has administrative operations and minor real estate business operations in Finland.

Net sales in the reporting period decreased by 10.6% to EUR 59.1 million (EUR 66.1 million), mainly due to reduced deliveries resulting from the termination of an unprofitable customer agreement in Sweden.

By customer sector, Componenta's net sales in the reporting period were as follows: heavy trucks 58% (63%) and other industries 42% (37%).

Result

The EBITDA of the Group for the reporting period weakened from the previous year to EUR 1.6 million (EUR 2.7 million). The profitability weakened particularly due to the termination of an unprofitable customer agreement in Sweden, because the production expenses decrease more slowly than net sales. However, profitability improved due to price increases made on foundry products and other measures to increase efficiency. Additionally, the EBITDA of the Group was encumbered by advisory fees from the acquisition of Komas by EUR 0.2 million. The impact of exchange rate differences was immaterial.

Operating result of the Group for the reporting period decreased compared to the previous year to EUR 0.8 million (EUR 1.7 million). Depreciation on machinery and equipment was EUR 0.2 million less than in the previous year.

Net financial items were EUR -0.1 million (EUR -0.1 million). The net impact of deferred tax was EUR 0.0 million (EUR -0.2 million).

The Group's result for the half-year reporting period was EUR 0.7 million (EUR 1.4 million). Basic earnings per share were EUR 0.00 (EUR 0.01) for the reporting period.

Balance sheet, financing and cash flow

At the end of the reporting period, the Componenta Group's total liabilities were EUR 30.9 million (EUR 33.7 million), of which the external restructuring debts were EUR 15.2 million (EUR 16.1 million). Componenta Corporation's share was EUR 7.5 million (EUR 7.8 million), Componenta Finland Ltd's share was EUR 5.2 million (EUR 5.8 million) and Componenta Främmestad AB's share was EUR 2.5 million (EUR 2.5 million) of the external restructuring debt. The external restructuring debt includes EUR 0.7 million (EUR 0.8 million) in interest-bearing debt, of which EUR 0.1 million (EUR 0.1 million) is short-term. In addition, other long-term liabilities amounted to EUR 2.3 million (EUR 2.1 million) and short-term accounts payables, accrued debts and other debts, amounted to EUR 13.3 million (EUR 15.5 million).

Net gearing stood at -45.2% (-24.4%) at the end of the reporting period. Net gearing includes only interest-bearing liabilities of restructuring debts. At the end of the reporting period, the Group's equity ratio stood at 39.1% (35.8%). Each of the Group companies had positive equity at the end of the reporting period. The Group's equity was positive at EUR 19.8 million. The equity was also improved by the fact that the EUR 27.0 million capital loan received from the sold Turkish company was classified as equity. According to the agreement, the capital loan carries no interest and no repayment schedule has been specified. The loan must be fully repaid before Componenta Främmestad AB can distribute dividends.

At the end of the reporting period, cash and cash equivalents totaled EUR 11.0 million (EUR 6.2 million). The company had no committed credit facilities at the end of the reporting period. The net cash flow from operations in the reporting period was EUR 7.3 million (EUR 3.7 million). The improved net cash flow from operations is mainly a result of decreased working capital. At the end of the reporting period, working capital was EUR 5.2 million and at the end of year 2018 EUR 11.7 million, including current external restructuring debts. Less capital is employed in inventory and the days payables outstanding (DPO) has prolonged. Additionally, days sales outstanding (DSO) has shortened.

The company's invested capital at the end of the reporting period was positive EUR 21.8 million (EUR 20.6 million), the return on investment was 7.3% (16.2%) and the return on equity 7.2% (15.3%).

Investments

The production investments of the Group were EUR 1.0 million (EUR 0.9 million), of which financial lease investments amounted to EUR 0.1 million (EUR 0.0 million) and leases recognized in the balance sheet from the adoption of IFRS 16 amounted to EUR 0.4 million (EUR 0.0 million). Net cash flow from investments was EUR -0.6 million (EUR 0.2 million), which includes the cash flow from Group's investments in tangible and intangible assets, and the cash flow from sold and acquired shares and the sale of fixed assets and businesses.

Personnel

The average number of personnel in the Group at the end of the reporting period was 584 (584) and including leased personnel 655 (710). At the end of the reporting period, the number of personnel was 562 (598), and including leased personnel 611 (728), 69% (67%) of whom were in Finland and 31% (33%) in Sweden.

Risks and factors causing uncertainty to business

The most significant risks to Componenta's business are risks relating to the business environment (competition risk, situation and pricing risk, commodities risks and risks relating to the environment), risks relating to business operations (customer, supplier, productivity, production and process risks, upsets in the employment market, contract and product responsibility risks, personnel and data security risks) and financing risks (risks relating to arranging financing and liquidity; currency, interest and credit risks). Foreign currency loans, deposits and other natural hedging relationships are used to protect against exchange rate fluctuations. Due to the restructuring proceedings, at the moment the company cannot obtain the credit facilities it would need to sign hedging derivatives.

Regarding the ability of Componenta to continue as a going concern, the main risks and factors causing uncertainty are related to the ability of Componenta Corporation and Componenta Finland to pay the restructuring debts accordingly with the payment programs. Componenta Främmestad AB is adjusting its operations to comply with lower deliveries and is negotiating for agreements with customers. If these downscaling activities and negotiations for agreements do not result in required profitability, the ability for Componenta Främmestad AB to continue as a going concern is jeopardized. Uncertainties and other business risks related to the company's ability to continue as a going concern are described in the accounting principles of this half-year financial report and in the financial statements for 2018 published on 12 April 2019.

Restructuring programmes

The implementation of restructuring programmes has proceeded as planned in Finland. The payment programmes of Componenta Corporation and Componenta Finland Ltd will commence in 2019 and end in 2023. In accordance with the restructuring programme, on 10 May 2019 Componenta Corporation paid EUR 0.3 million of external restructuring debts and EUR 0.03 million of internal restructuring debts. Similarly, on 3 May 2019 Componenta Finland Ltd paid EUR 0.5 million of external restructuring debts and EUR 0.4 million of internal restructuring debts. The following restructuring debt payment instalments will fall due in November 2019, and they will be of the same size as the instalments paid in May.

The repayment of Componenta Främmestad AB was postponed by one year in 2019, because EBITDA was negative between 1 July 2018 and 30 June 2019. The repayment is tied to the company's EBITDA and the annual maximum payment is 25% of EBITDA. If the annual instalment, according to repayment schedule, is not paid because of EBITDA, the payment is postponed to the next year. The repayment agreement between Componenta Främmestad AB and the former Turkish company of Componenta is flexible and the postponement of repayment will not result in any sanctions. On 30 June 2019, the Group's external restructuring debts were EUR 15.2 million (31 December 2018: EUR 16.0 million).

The contents of the restructuring programmes are presented in detail in the financial statement for 2018 and in the accounting principles of this half-year financial report.

Repayment schedule for external restructuring debts

MEUR	2019	2020	2021	2022	2023	2024	Total
Componenta Corporation	0.3	0.7	0.7	0.7	5.2	–	7.5
Componenta Finland Ltd	0.5	1.0	0.9	0.9	1.9	–	5.2
Componenta Främmestad AB	–	0.8*	0.4	0.4	0.4	0.4	2.5
Total	0.8	2.5	2.0	2.0	7.5**	0.4	15.2

*) The remaining liability of Componenta Främmestad AB to the former Turkish company of Componenta will be paid if EBITDA enables it. The repayment is tied to the company's EBITDA and according to the repayment agreement, the annual maximum payment is 25% of EBITDA. If the annual instalment, according to repayment schedule, is not paid because of EBITDA, the payment is postponed to the next year. The repayment schedule can continue from 2024 onwards.

**) The reason for the larger last instalment of Componenta Corporation and Componenta Finland Ltd is that the income from the sales of properties, which are not part of the core business, have been taken into account in the payment programme. The generated income will be used to repay debts during the end of the payment programme. The last instalment also includes a supplementary payment obligation of EUR 3.2 million incurred by the discharge of EUR 80 million loan guarantee.

Repayment schedule for internal restructuring debts

MEUR	2019	2020	2021	2022	2023	Total
Componenta Corporation	0.0	0.1	0.1	0.1	0.2	0.4
Componenta Finland Ltd	0.4	0.7	0.7	0.7	1.5	4.0
Total	0.4	0.8	0.8	0.8	1.6	4.4

Componenta Främmestad AB has paid all its internal restructuring debts.

Resolutions of the Annual General Meeting

The Annual General Meeting of Componenta Corporation, held on 16 May 2019, adopted the financial statements and the consolidated financial statements for the financial period from 1 January to 31 December 2018 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 resolved that no dividend shall be distributed for the financial period ended which on 31 December 2018.

The number of the members of the Board of Directors was resolved to be four (4). The General Meeting resolved to re-elect Petteri Walldén, Anne Leskelä and Asko Nevala, all currently members of the Board Directors, and to elect Harri Pynnä as a new member of the Board of Directors.

The General Meeting resolved that the annual remuneration payable to the Chairman of the Board shall be EUR 50,000 and the remuneration payable to other members of the Board of Directors shall 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 shall be compensated in accordance with the company's travel policy.

The General Meeting elected Authorized Public Accountants PricewaterhouseCoopers Oy as the company's auditor.

The General Meeting resolved to amend the Articles of Association of the company so that general meetings may be held, in addition to the domicile of the company, alternatively in Vantaa, Espoo or Karkkila. After the amendment, Section 8 of the Articles of Association reads as follows: "The notice of the General Meeting shall be delivered by releasing the notice of meeting on the company's webpage and as stock exchange release no more than three (3) months and no less than three (3) weeks prior to the General Meeting, however, always at least nine (9) days prior to the record date of the General Meeting. The Board of Directors may in addition decide to announce the notice of meeting in other ways. A shareholder wishing to participate in the General Meeting shall register his/her participation as required in the notice of meeting and at the latest on the date stated in the notice, which may be no earlier than ten (10) days before the meeting. The general meeting of shareholders may be held either at the company's domicile or in Vantaa, Espoo or Karkkila."

Resolutions of the Extraordinary General Meeting

The Extraordinary General Meeting of Componenta Corporation held on 1 July 2019, resolved to give needed authorizations to the Board of Directors of the company to conclude the transaction related to the acquisition of shares and capital loans of Komas Oy.

The General Meeting resolved to authorize the Board of Directors to decide on the issue of shares to execute the transaction .

The shares to be issued by virtue of the authorization may amount to a maximum of 60,000,000 new shares, equivalent to approximately 33.8% of the total number of shares of the company on the date of notice to the meeting. The shares to be issued by virtue of the authorization may be used as payment in the contemplated transaction. New shares may be issued through a directed share issue in deviating from the shareholders' pre-emptive subscription right if there is a weighty financial reason for the deviation from the company's point of view. The subscription price of the new shares can be paid as a contribution in kind. Based on the authorization, the Board of Directors is entitled to resolve on all other matters related to the share issue. The authorization is valid until 30 June 2020 at the latest.

The General Meeting resolved to authorize the Board of Directors to resolve on taking the company's own shares as a security.

In accordance with the provisions of the transaction, the company would take its own shares issued to the sellers as a security. The General Meeting resolved to authorize the Board of Directors to decide on taking the company's own shares up to a maximum of 12,000,000 shares as a security in one or more tranches. Based on the authorization, the Board of Directors may not make a resolution based on which the number of shares to be taken as a security, together with the shares possibly held by the company or its subsidiaries, would constitute one tenth or more of the total number of shares in the company. The Board of Directors is, based on the authorization, entitled to resolve on all other conditions for acquiring and/or taking own shares as a security. The authorization is valid until 30 June 2020 at the latest.

The General Meeting resolved to authorize the Board of Directors to resolve on the transfer of shares.

With respect to the possible realization of the company's own shares taken as a security based on the authorization given above the General Meeting resolved to authorize the Board of Directors to decide on the transfer of own shares held by the company in one or several parts, either against payment or without payment. The total number of new shares to be transferred may amount to a maximum of 12,000,000 shares, equivalent to approximately 6.8% of the total number of shares of the company on the date of this notice to the Meeting. The authorization entitles the Board of Directors to decide on all terms and conditions related to the transfer of shares, including the right to deviate from the shareholders' pre-emptive subscription rights. The authorization is valid until 31 December 2020.

The General Meeting resolved that the number of the members of the Board of Directors be increased from four to five. The General Meeting resolved to elect Harri Suutari as a new Board member in addition to the current Board of Directors. The General Meeting resolved that the annual remuneration payable to a board member in accordance with the decision made at the Annual General Meeting shall be paid to Harri Suutari pro rata temporis for the duration of his term. The resolution of the General Meeting is conditional on the execution of the transaction related to Komas Oy and in the event that the transaction is not executed, the decisions on number of the Board Members, election of the Board Members and remuneration of the Board of Directors will lapse.

Board of Directors and management

At its organizational meeting held after the Annual General Meeting on 16 May 2019, the Board of Directors elected Petteri Walldén as Chairman of the Board and Anne Leskelä as Vice Chairman of the Board.

The Extraordinary Annual Meeting resolved on 1 July 2019 that the number of members of the Board be five and resolved to supplement the Board by electing

Harri Suutari. The resolution of the General Meeting is conditional on the execution of the transaction related to Komas Oy and in the event that the transaction is not executed, the decisions on number of the Board Members, election of the Board Members and remuneration of the Board of Directors will lapse.

The Board resolved not to establish a separate audit committee and that the entire Board shall attend to the tasks that belong to the audit committee under the Finnish Corporate Governance Code.

Shares and shareholders

The shares of Componenta Corporation are quoted on the Nasdaq Helsinki stock exchange. The average share price during the reporting period was EUR 0.14 (EUR 0.18), the lowest price was EUR 0.11 (EUR 0.14), and the highest price was EUR 0.17 (EUR 0.26). The quoted price at the end of June stood at EUR 0.15 (EUR 0.18). The shares had a market value of EUR 26.9 million (EUR 34.8 million) and the volume of shares traded during the reporting period was equivalent to 20% (40%) of the share stock.

Componenta Corporation's share capital stood at EUR 1.0 million (EUR 1.0 million) at the end of the reporting period. At the end of the reporting period, the company had a total of 177,269,224 (177,269,224) shares.

The company had 7.846 (7.798) shareholders at the end of the reporting period.

Guidance for 2019

Componenta updated the guidance for 2019 in its Business review published on 16 May 2019. Componenta expects net sales to be EUR 90-110 million in 2019. EBITDA is expected to remain positive. Net sales in 2018 were EUR 120.7 million and EBITDA EUR 3.7 million.

The guidance is based in the assumption that the transaction of shares will be closed on 30 August 2019. Additionally, potential fluctuations in exchange rates, higher raw materials prices and the general competitive climate may affect the business outlook. Changes to new accounting principles are not expected to have significant impact on the future financial statement.

Alternative performance measures

Componenta has ended the reporting of adjusted net sales, adjusted EBITDA and adjusted operating result presented as alternative performance measures. Componenta will continue to publish certain publicly available performance measures that can be derived from the IFRS financial statements. The calculation of these key financial figures is presented at the end of this half-year financial report.

Helsinki, 2 August 2019

COMPONENTA CORPORATION

Board of Directors

Componenta is an international technology company. Componenta specializes in supplying cast and machined components for its global customers, which are manufacturers of vehicles, machines and equipment. The company's share is listed on Nasdaq Helsinki.

Half-year financial report tables

Accounting principles

Componenta Corporation's half-year financial report for January—June 2018 has been prepared in line with IAS 34, Interim Financial Reporting, and should be read in conjunction with Componenta's financial statements for 2018, published on 12 April 2019. Componenta has applied the same corporate financial statement accounting principles in the preparation of this half-year financial report as in the financial statements for 2018, except for the adoption of new IFRS-standards and IFRIC-interpretations published by IASB, effective during 2019, and that are relevant to Componenta operations. These changes do not have any material impact on the half-year financial report. This half-year financial report has not been audited.

New applied standards

IFRS 16, Leases

As of 1 January 2019, Componenta adopted the new IFRS 16 "Leases" standard. This standard presents the definition of recognition, the measurement of lease agreements, presentation and other information given in relation to lease agreements in the consolidated financial statements. As a result, in applying the new standard the lease agreements of the lessee are recognized on the balance sheet, as operating leases and finance leases are no longer separated. According to the new standard an asset item (fixed asset item) and a financial liability regarding rental payments are recognized on the balance sheet.

Componenta has used the modified retrospective method so consequently the comparative financials have not been restated. The Group took advantage of the relief allowed by the standard, according to which lease agreements concerning current and low-value asset items are not recorded on the balance sheet. With regard to leases valid until further notice, the Group recorded on the balance sheet only those leases with a notice period of over 12 months and that do not contain a significant cancellation clause.

A fixed asset item EUR 0.4 million and correspondingly a lease agreement liability EUR 0.4 million as a non-current and current non-interest-bearing liability, were recognized in the opening balance. At the end of the reporting period, EUR -0.1 million was recorded as depreciations and change of liabilities of EUR 0.1 million as an impact on the result. EBITDA improved by EUR 0.1 million because rental expenses were transferred to depreciations and financial items. Payments regarding lease agreements are presented as financing activities and interest as operating activities in the cash flow statement. Earlier all rental payments of operational lease agreements were presented as operating activities. At the end of the reporting period the impact on operating activities was EUR 0.1 million, on investing activities EUR 0.0 million and on financing activities -0.1 million.

Restructuring programmes

The District Court of Helsinki issued its decision regarding the commencement of the restructuring proceedings in respect of Componenta Corporation and Componenta Finland Ltd 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 Finland Ltd. 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 Finland Ltd have different compositions due to different creditors.

The District Court of Helsinki confirmed the restructuring program for Componenta Corporation and its subsidiary Componenta Finland Ltd 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 Finland Ltd will be paid in their entirety, whereas unsecured debts were cut by 75%. The payment programs for both companies will commence in May 2019 and end in November 2023.

On 4 August 2017, Componenta signed an agreement to sell its shareholding in Componenta Dökümcülük Ticaret ve Sanayi A.Ş., amounting to 93.6% of the company's shares and votes, to Döktaş Metal Sanayi ve Ticaret A.Ş. This transaction was completed on 27 September 2017. The agreement covered all the company's iron, machine shop and aluminium business in Turkey. The transaction had no impact on cash flow. 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.

The completion of the sale of the shareholding in the Turkish company has some effect on the fulfilment of the restructuring program of Componenta Corporation, confirmed by the District Court of Helsinki on 23 August 2017. The loan guarantee of EUR 80 million to the Turkish club loan banks has been taken into account as a conditional and maximum amount in the confirmed restructuring programme, since the Turkish club loan banks had not yet discharged Componenta Corporation from the loan guarantee by the time of the confirmation of the restructuring programme. Following the completion of the sale of the shares held in the Turkish company, the guarantee liability of EUR 80 million was excluded from Componenta Corporation's debts that have been taken into account as a conditional and maximum amount in the restructuring programme. On grounds of the supplementary payment obligation included in the restructuring programme, Componenta Corporation's unsecured creditors are entitled to a proportion corresponding to payment of the restructuring debt of EUR 80 million, i.e. a supplementary payment totaling EUR 3.2 million, on the last payment date of the payment program in November 2023. The supplementary payment will be paid to the unsecured creditors in accordance with the restructuring programme in proportion to their receivables.

The total external restructuring debts on the balance sheets of Componenta Corporation and Componenta Finland Ltd will amount to approximately EUR 13.6 million, as the supplementary payment obligation following the exclusion of the guarantee liability of EUR 80 million and the payments allocated for the debts considered as a conditional and maximum amount have been taken into account. The guarantee liability and other debts that have been considered as a conditional and maximum amount had earlier been taken into account in off-balance sheet liabilities. In accordance with the restructuring programme, on 10 May 2019 Componenta Corporation paid EUR 0.3 million of external restructuring debts and EUR 0.03 million of internal restructuring debts. Similarly, on 3 May 2019 Componenta Finland Ltd paid EUR 0.5 million of external restructuring debts and EUR 0.4 million of internal restructuring debts. The following restructuring debt payment instalments will fall due in November 2019, and they will be of the same size as the instalments paid in May. On 30 June 2019, the Group's restructuring debts were EUR 15.2 million (31 December 2018: EUR 16.0 million).

The restructuring programme for Componenta Främmestad AB was confirmed at the ruling of the District Court of Skaraborg on 3 July 2017. In accordance with the court ruling, the company is to pay restructuring debts of around EUR 2.6 million to creditors outside the Componenta Group, and a salary guarantee of EUR 0.6 million to the Swedish government, within 12 months. The sufficient support by the creditors was a prerequisite for the confirmation of the restructuring program and it was obtained as Componenta Främmestad AB and Componenta Turkey signed a separate agreement in May 2017 regarding a EUR 10 million restructuring debt receivable of Componenta Turkey. According to the agreement, the debt is cut by 75% and the remaining EUR 2.5 million will be paid back within a period of six years, after the repayment of the other restructuring debt. The repayment is tied to the EBITDA of Componenta Främmestad AB. Componenta Främmestad AB has a capital loan of EUR 27.0 million from the Group's divested Turkish subsidiary. The loan carries no interest and no repayment schedule has been specified for it. The loan should be paid before a probable distribution of dividend by the subsidiary in question. Componenta Främmestad AB paid its restructuring debts in March, which fell due in July 2018 and has only a EUR 2.5 million debt to Turkey. The repayment in 2019 of Componenta Främmestad AB was postponed by one year, because the EBITDA was negative between 1 July 2018 and 30 June 2019. The repayment is tied to the company's EBITDA and the annual maximum payment is 25% of EBITDA. If the annual instalment, according to repayment schedule, is not paid because of EBITDA, the payment will be postponed to the next year. The repayment agreement between Componenta Främmestad AB and the former Turkish company of Componenta is flexible and the postponement of repayment will not result in any sanctions.

The contents of the restructuring programs are presented in detail in the consolidated financial statement for 2018.

Basis for consolidations

Following the confirmation of the restructuring decision, a restructuring program supervisor was assigned to Componenta. According to the restructuring programme, the supervisor is required to submit a report on the implementation of the restructuring programme annually, as well as a final 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 to lapse. Despite the limitations related to control under IFRS 10, the company believes that the inclusion of Componenta Finland Ltd and Componenta Främmestad AB in the consolidated financial statements of Componenta is justified and gives a true and accurate picture of the Group's result and financial position.

Still in the management's opinion, the preparation of a consolidated financial statement 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 is given as a consolidated half-year financial report, which covers the company and its subsidiaries under corporate restructuring as well as other companies under the parent company's control.

The contents of the restructuring programmes are presented in detail in the consolidated financial statement for 2018.

Ability to continue as a going concern

This half-year financial report has been prepared on the going concern basis. It is assumed that Componenta can, during the foreseeable future, realize its assets and repay 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 for the coming 12 months of the companies under restructuring proceedings. 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, the company's financial performance, and 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 Corporation and Componenta Finland Ltd 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 the Group companies do not at the moment have access to external financing.

- The objective of adjustments of operations and changes in business models, followed by the termination of unprofitable customer agreements in Componenta Främmestad AB, is to reduce cost and structurally reduce committed working capital and the need for working capital. Adjusting the operations and changing the business model entail the risk that projected sales volumes and margins will not be realized if the largest customers move over to competitors.

- 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.

When preparing cash flow forecasts for the companies, 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. Uncertainties and risks related to the company's ability to continue as a going concern are also presented in the financial statements published on 12 April 2019.

Accounting principles requiring judgement by the management

As this consolidated Interim Financial Report is being prepared in accordance with International Financial Reporting Standards, the management needs to make estimates and assumptions concerning the future. The estimates and assumptions, that involve a significant risk of material changes in the carrying amounts of assets and liabilities, are presented below.

In preparing Componenta's Interim Financial Report, 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. Management has made significant estimates and assumptions in determining the valuation of assets such as tangible and intangible assets, inventories, and contingent liabilities.

Consolidated income statement

MEUR	Jan 1–Jun 30, 2019	Jan 1–Jun 30, 2018	Jan 1–Dec 31, 2018
Net sales	**59.1**	66.1	120.7
Other operating income	**0.0**	1.2	2.4
Operating expenses	**–57.5**	–64.5	–119.4
EBITDA	**1.6**	2.7	3.7
% of net sales	***2.7***	4.1	*3.1*
Depreciation, amortization and write-downs	**–0.8**	–1.0	–2.5
Operating result	**0.8**	1.7	1.2
% of net sales	***1.3***	2.6	*1.0*
Financial income and expenses	**–0.1**	–0.1	0.0
Result after financial items	**0.7**	1.6	1.2
% of net sales	***1.2***	2.4	*1.0*
Income taxes	**0.0**	–0.2	–0.2
Net result	**0.7**	1.4	1.0
Allocation of net profit for the period			
To equity holders of the parent	**0.7**	1.4	1.0
Earnings per share calculated on the result attributable to equity holders of the parent			
– Basic earnings per share, EUR	**0.00**	0.01	0.01
– Diluted earnings per share, EUR	**0.00**	0.01	0.01

Consolidated statement of comprehensive income

MEUR	Jan 1–Jun 30, 2019	Jan 1–Jun 30, 2018	Jan 1–Dec 31, 2018
Net result	**0.7**	1.4	1.0
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of buildings and land areas	**0.0**	0.0	0.0
Items that may be reclassified subsequently to profit or loss			
Translation differences	**–0.1**	–1.0	–0.1
Actuarial gains and losses	**–**	–	0.0
Cash flow hedges	**0.0**	0.0	0.0
Other items	**–**	–	0.0
Total items that may be reclassified to profit or loss subsequently	**–0.1**	–1.0	–0.1
Income tax on other comprehensive income	**0.0**	0.0	0.0
Other comprehensive income, net of tax	**–0.1**	–1.0	–0.1
Total comprehensive income	**0.6**	0.5	0.9
Allocation of total comprehensive income			
To equity holders of the parent	**0.6**	0.5	0.9

Consolidated statement of financial position

MEUR	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Assets			
Non-current assets			
Intangible assets	**0.4**	0.6	0.4
Investment properties	**0.0**	0.0	0.0
Tangible assets	**20.6**	19.7	20.4
Receivables	**0.4**	0.4	0.3
Other investments	**0.0**	0.0	0.0
Deferred tax assets	**0.0**	0.0	0.0
Total non-current assets	**21.5**	20.7	21.1
Current assets			
Inventories	**10.4**	13.5	14.3
Receivables	**7.8**	11.2	8.2
Tax receivables	**0.0**	0.0	0.0
Cash and cash equivalents	**11.0**	6.2	5.3
Total current assets	**29.2**	30.8	27.8
Assets classified as held for sale	**0.0**	1.0	0.0
Total assets	**50.7**	**52.5**	**48.9**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	**1.0**	1.0	1.0
Other equity	**18.8**	17.8	18.2
Equity attributable to equity holders of the parent company	**19.8**	18.8	19.2
Shareholders' equity	**19.8**	18.8	19.2
Liabilities			
Non-current			
Interest bearing liabilities	**1.2**	1.2	1.5
Interest free liabilities and capital loans	**13.4**	14.8	13.7
Provisions	**0.0**	0.0	0.0
Deferred tax liability	**1.4**	1.4	1.4
Total non-current liabilities	**16.0**	17.4	16.6
Current			
Interest bearing	**0.8**	0.3	0.5
Interest free	**14.0**	15.9	12.6
Tax liabilities	**0.0**	0.0	0.0
Provisions	**0.0**	0.1	0.0
Total current liabilities	**14.8**	16.3	13.1
Total liabilities	**30.9**	33.7	29.7
Total shareholders' equity and liabilities	**50.7**	**52.5**	**48.9**

Condensed consolidated cash flow statement

MEUR	Jan 1–Jun 30, 2019	Jan 1–Jun 30, 2018	Jan 1–Dec 31, 2018
Cash flow from operating activities			
Result after financial items	0.7	1.6	1.2
Depreciation, amortization and write-downs	0.8	1.0	2.5
Net financial income and expenses	0.1	0.1	0.0
Other income and expenses, adjustments to cash flow	–0.4	–0.2	0.6
Increase (–) / decrease (+) of working capital	6.1	1.2	–0.8
Cash flow from operations before financing and income taxes	7.3	3.8	3.5
Interest received and paid and dividends received	0.0	–0.1	0.0
Taxes paid	0.0	0.0	0.0
Net cash flow from operating activities	7.3	3.7	3.5
Cash flow from investing activities			
Capital expenditure in tangible and intangible assets	–0.6	–0.5	–1.8
Proceeds from tangible and intangible assets	–	0.7	1.7
Other investments and loans granted	–	0.0	0.0
Proceeds from other investments and repayments of loan receivables	–	–	–
Net cash flow from investing activities	–0.6	0.2	–0.2
Cash flow from financing activities			
Repayment of lease liabilities	–0.3	–0.2	–0.4
Draw-down (+) / repayment (–) of current loans	–0.8	–3.0	–3.1
Draw-down of non-current loans	–	–	–
Repayment of non-current loans and other changes	–	–	–
Net cash flow from financing activities	–1.0	–3.2	–3.5
Change in liquid assets	5.7	0.7	–0.2
Cash and cash equivalents at the beginning of the period	5.3	5.5	5.5
Effects of exchange rate changes on cash	0.0	0.0	0.0
Cash and cash equivalents at the period end	11.0	6.2	5.3

Statement of changes in consolidated shareholders' equity

MEUR	Share capital	Share premium account	Unrestricted equity reserve	Revaluation of buildings and land areas	Other reserves	Cash flow hedges	Trans-lation diffe-rences	Retained earnings	Share-holders' equity total
Shareholders' equity Jan 1, 2019	**1.0**	**0.0**	**0.4**	**0.0**	**29.5**	**0.0**	**-1.0**	**-10.7**	**19.2**
Net result								0.7	0.7
Comprehensive income items:									
Translation differences							-0.2		-0.2
Cash flow hedges						0.0			0.0
Revaluation of buildings and land areas				0.0					0.0
Other comprehensive income items									0.0
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	0.7	0.5
Transaction with owners:									
Option and share-based compensation								0.0	0.0
Transactions with owners, total								0.0	0.0
Shareholders' equity Jun 30, 2019	**1.0**	**0.0**	**0.4**	**0.0**	**29.5**	**0.0**	**-1.2**	**-10.0**	**19.8**

MEUR	Share capital	Share premium account	Unrestricted equity reserve	Revaluation of buildings and land areas	Other reserves	Cash flow hedges	Trans-lation diffe-rences	Retained earnings	Share-holders' equity total
Shareholders' equity Jan 1, 2018	**1.0**	**0.0**	**0.4**	**0.0**	**29.5**	**0.0**	**-0.9**	**-11.7**	**18.3**
Net result								1.4	1.4
Comprehensive income items:									
Translation differences							-1.0		-1.0
Cash flow hedges						0.0			0.0
Revaluation of buildings and land areas									0.0
Other comprehensive income items								0.0	0.0
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	1.4	0.4
Transaction with owners:									
Option and share-based compensation								0.0	0.0
Transactions with owners, total								0.0	0.0
Shareholders' equity Jun 30, 2018	**1.0**	**0.0**	**0.4**	**0.0**	**29.5**	**0.0**	**-1.9**	**-10.2**	**18.8**

Group development

Group development by quarter

MEUR	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Net sales	28.0	31.1	29.1	25.6	32.8	33.3
Operating result	0.1	0.7	-0.7	0.3	0.8	0.9
Net financial items	0.0	-0.1	0.1	0.0	0.0	-0.1
Result after financial items	0.0	0.7	-0.6	0.3	0.7	0.9

Order book at period end

MEUR	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Order book	9.6	20.5	21.7	23.2	16.2	23.6

Net sales

Componenta offers its customers services throughout the whole supply chain including planning, casting, machining, painting and logistical services. The main products sold by Componenta are non-machined, machined and painted iron cast components. Componenta serves 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 received from the leasing of office space and industrial premises.

Net sales by market area

MEUR	Jan 1–Jun 30, 2019	Jan 1–Jun 30, 2018	Jan 1–Dec 31, 2018
Sweden	21.4	24.2	46.3
Finland	15.6	14.6	26.8
Benelux countries	8.6	11.5	19.0
Germany	3.6	3.3	7.0
Other European countries	7.8	9.4	15.9
Other countries	2.2	3.0	5.7
Total	**59.1**	**66.1**	**120.7**

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

Quarterly net sales development by market area

MEUR	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Sweden	10.2	11.2	12.3	9.8	11.8	12.4
Finland	7.9	7.7	5.8	6.5	7.4	7.2
Benelux countries	3.7	4.9	4.3	3.1	5.4	6.2
Germany	1.8	1.7	1.9	1.7	1.7	1.6
Other European countries	3.4	4.4	3.4	3.1	5.2	4.2
Other countries	1.0	1.2	1.3	1.3	1.3	1.7
Total	**28.0**	**31.1**	**29.1**	**25.6**	**32.8**	**33.3**

Net sales by business area

%	Jan 1–Jun 30, 2019	Jan 1–Jun 30, 2018	Jan 1–Dec 31, 2018
Heavy truck	58	63	63
Other	42	37	37
Total	**100**	**100**	**100**

Net sales by customer

Componenta has two significant customers whose share of the net sales is over 10%. The first customers share of Group net sales is 41.6% (48.6%) and the second customer's share is 17.1% (15.5%).

Business acquisitions

Componenta had no business acquisitions in 2019 and in 2018.

Business divestments

Componenta had no business divestments in 2019.

Componenta sold one real estate property and two parcels of land in Pietarsaari on 23 February 2018. The real estate and both parcels were sold at market price and the total cash flow impact of all sales on the Group was EUR 0.2 million. On 5 April 2018, a subsidiary of Componenta Corporation, Oy Högfors-Ruukki Ab, sold the whole capital stock of a real estate company called Kiinteistöosakeyhtiö Pietarsaaren Tehtaankatu 13. The sale was carried out at market price and the total cash flow impact on the Group was EUR 0.4 million. Additionally, Componenta Finland Ltd sold the shares of a housing company called Asunto-osakeyhtiö Iisalmen Ahjolansato on 25 June 2018. The sale was carried out at market price and the total cash flow impact on the Group was EUR 0.2 million. All sales mentioned above had a total impact of EUR 0,2 million on the Group result.

Changes in tangible assets

MEUR	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Changes in tangible assets			
Acquisition cost at the beginning of the period	**142.8**	142.9	142.9
Right-of-use assets (IFRS 16)	**0.4**	–	–
Translation differencies	**–1.0**	–2.1	–1.5
Additions	**0.7**	0.6	1.5
Companies acquired	**0.0**	0.0	0.0
Revaluation of buildings and land areas	**0.0**	0.0	0.3
Disposals and transfers between items	**0.0**	–0.3	–0.4
Acquisition cost at the end of the period	**142.8**	141.0	142.8
Accumulated depreciation at the beginning of the period	**–122.4**	–121.9	–121.9
Translation differencies	**0.8**	1.5	1.0
Accumulated depreciation on disposals and transfers	**0.2**	0.0	0.7
Accumulated depreciation on companies acquired	**0.0**	0.0	0.0
Depreciations, amortizations and write-downs during the period	**–0.8**	–1.0	–2.3
Accumulated depreciation at the end of the period	**–122.2**	–121.3	–122.4
Carrying amount at the end of the period	**20.6**	19.7	20.4

Lease liabilities

MEUR	Jan 1, 2019
Operating lease commitments disclosed on Dec 31, 2018	**0.6**
Discounted on Jan 1, 2019	**0.6**
Finance lease liabilities recognised on Dec 31, 2018	**0.6**
Recognition exemption for:	
– short-term leases	**–0.2**
– leases of low-value assets	**0.0**
Lease liabilities recognised on Jan 1, 2019	**1.0**

The adoption of the IFRS 16 -standard did not have a material impact on the Group's operating result or key figures. The cash flow from operations improved by EUR 0.2 million, because rent expenses of EUR 0,3 million are presented in cash flow from financing activities, and depreciations in the reporting period were EUR 0.1 million.

Changes in right-of-use assets

MEUR	Jun 30, 2019
Carrying amount, Jan 1, 2019	**0.4**
Additions	**0.1**
Disposals	**–0.1**
Depreciation	**–0.1**
Translation differencies	**0.0**
Carrying amount, Jun 30, 2019	**0.3**

Assets classified as held for sale

Non-current assets held for sale

MEUR	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Investments	**0,0**	1,0	0,0
Assets classified as held for sale total	**0,0**	1,0	0,0

Non-current assets held for sale represent investment properties held for sale. Due to the restructuring programme the company should sell the real estate companies that are not part of its core business. The measures in restructuring programmes have proceeded as planned and all non-current assets held for sale in 2017 have been sold during 2018. In 2017, some of the real estate companies, that met the requirements of IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations, were classified as non-current assets held for sale. The investment properties were measured at fair value.

Values of financial assets and liabilities

MEUR, Jun 30, 2019	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	Other financial assets and liabilities	Total
Non-current assets					
Loan receivables		0.1			0.1
Other receivables		0.1			0.1
Current assets					
Cash and cash equivalents		11.0			11.0
Accounts receivables		6.4			6.4
Total financial assets		17.6			17.6
Non-current liabilities					
Lease liabilities		0.3			0.3
Other loans		0.4			0.4
Trade payables and advances received		0.3			0.3
Interest-bearing restructuring debts		0.6			0.6
Current liabilities					
Lease liabilities		0.5			0.5
Pension loans		–			–
Other loans		0.1			0.1
Trade payables and advances received		4.8			4.8
Interest-bearing restructuring debts		0.1			0.1
Total financial liabilities		7.1			7.1

MEUR, Dec 31, 2018	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	Other financial assets and liabilities	Total
Non-current assets					
Loan receivables		0.0			0.0
Other receivables		0.1			0.1
Current assets					
Cash and cash equivalents		5.3			5.3
Accounts receivables		6.6			6.6
Total financial assets		12.0			12.0
Non-current liabilities					
Lease liabilities		0.4			0.4
Other loans		0.4			0.4
Trade payables and advances received		0.4			–
Interest-bearing restructuring debts		0.7			0.7
Current liabilities					
Lease liabilities		0.2			0.2
Pension loans		–			0.0
Other loans		0.1			0.1
Trade payables and advances received		4.1			4.1
Interest-bearing restructuring debts		0.1			0.1
Total financial liabilities		6.4			6.0

Interest free restructuring debts are not included in the table.

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

Loans are initially recognized at fair value and valued thereafter at amortized cost using the effective interest rate method. Substantial transaction costs are taken into account when calculating the acquisition cost.

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

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

Contingent liabilities

MEUR	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Real-estate mortgages			
For own debts	**3.2**	3.2	3.2
Business mortgages			
For own debts	**-**	0.0	-
Pledges			
For own debts	**-**	0.0	-
Other leasing commitments	**0.1**	0.8	0.6
Other commitments	**0.4**	0.0	0.8
Total	**3.7**	4.0	4.5

The comparability of lease commitments is affected by the adoption of the standard IFRS 16-Leases on 1 January 2019. Due to adoption of the standard, part of the operating lease commitments has been recognized in the balance sheet.

Related party transactions

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

Componenta did not have any transactions with related parties in 2019 nor 2018. Salaries and remunerations paid to the management are presented annually in the consolidated financial statements.

Key figures

	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Equity ratio, %	**39.1**	35.8	39.3
Equity per share, EUR	**0.11**	0.11	0.11
Invested capital at period end, MEUR	**21.8**	20.6	21.2
Return on investment, %	**7.3**	16.2	6.0
Return on equity, %	**7.2**	15.3	5.6
Net interest bearing debt, MEUR	**-9.0**	-4.6	-3.4
Net gearing, %	**-45.2**	-24.1	-17.5
Order book, MEUR	**9.6**	16.2	21.7
Investments in non-current assets incl. lease liabilities, MEUR	**1.0**	0.9	1.8
Investments in non-current assets excl. lease liabilities, MEUR	**0.6**	0.9	1.8
Investments in non-current assets (incl. lease liabilities), % of net sales	**1.7**	1.3	1.5
Average number of personnel during the period	**584**	584	596
Average number of personnel during the period, incl. leased personnel	**655**	710	703
Number of personnel at period end	**562**	598	602
Number of personnel at period end, incl. leased personnel	**611**	728	668
Share of export and foreign activities in net sales, %	**73.6**	77.9	77.8
Contingent liabilities, MEUR	**3.7**	4.0	4.5

Per Share Data	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Basic earnings per share, EUR	**0.00**	0.01	0.01
Diluted earnings per share, EUR	**0.00**	0.01	0.01
Cash flow per share, EUR	**0.04**	0.02	0.02

Calculation of key financial figures

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

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COMPONENTA