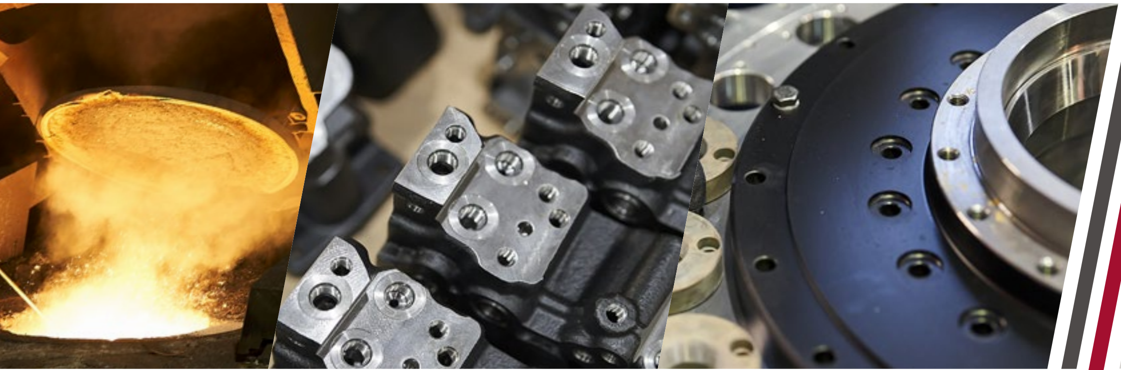
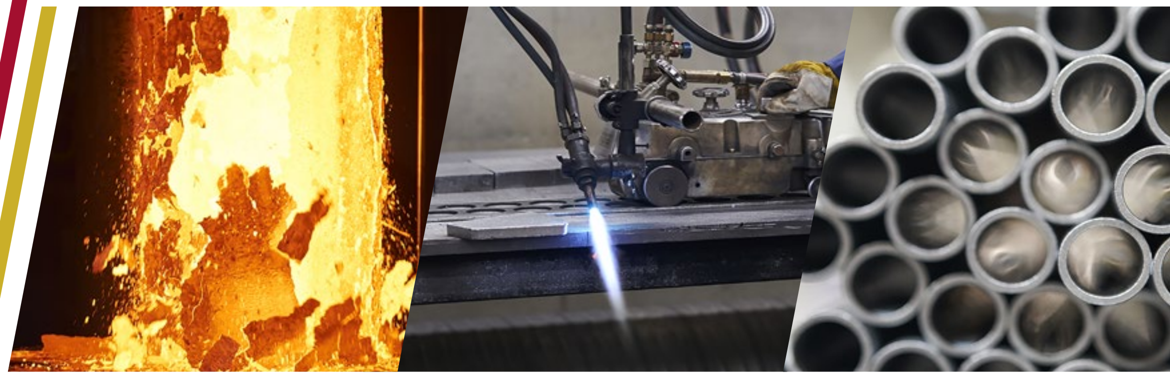
2023
Annual Review





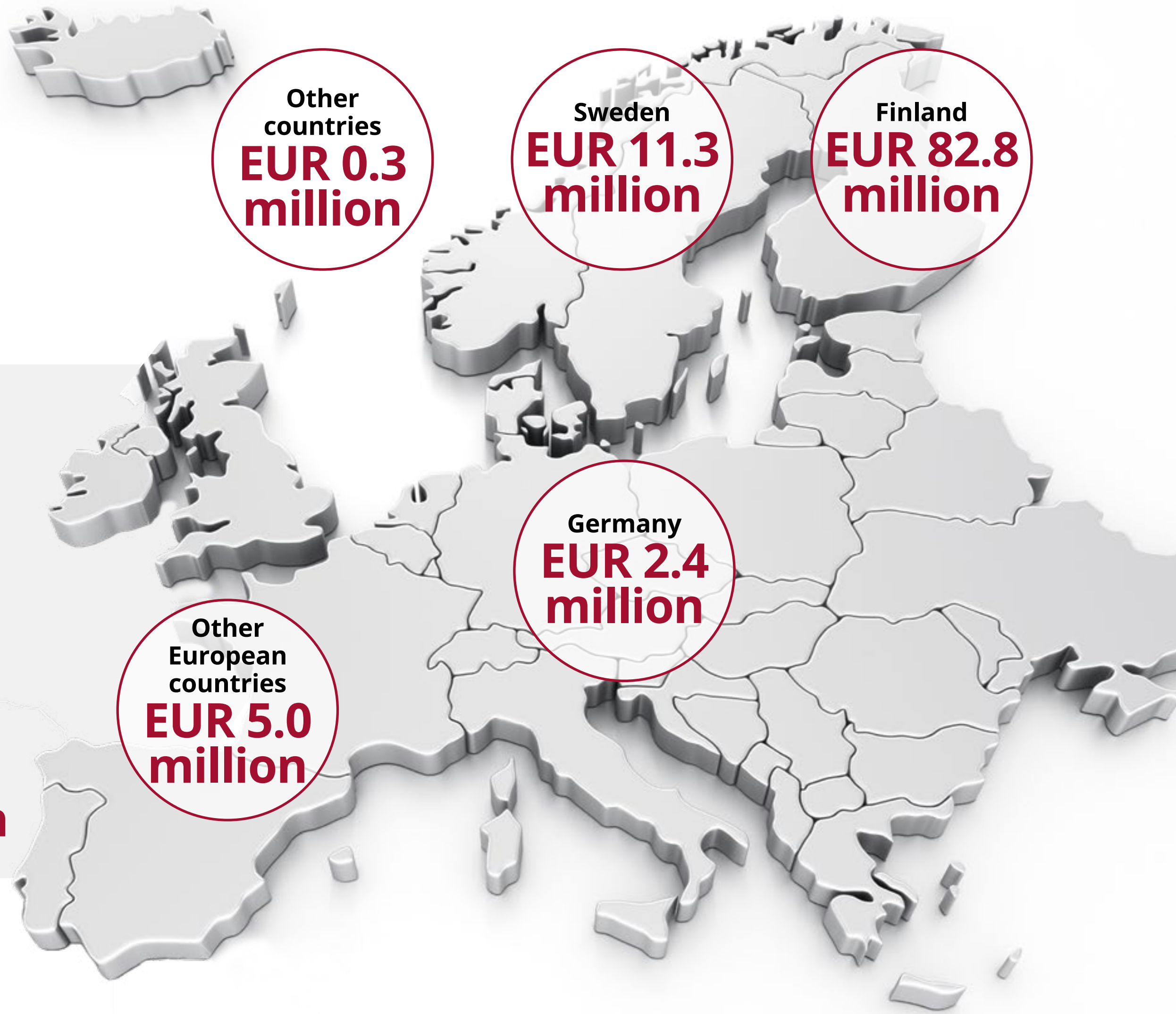
COMPONENTA

Contents

Componenta in brief

Componenta Corporation is an international technology company and Finland's leading contract manufacturer in the machine building industry. Sustainability and customers' needs are at the core of the company's extensive technology portfolio. Componenta produces components for its global customers, which are manufacturers of machinery and equipment. The company's shares are listed on Nasdaq Helsinki (CTH1V).

Breakdown of net sales by market area in 2023



Net sales
EUR 101.8 million

Breakdown of net sales

Machine building	45%
Agricultural machinery	30%
Forestry machinery	7%
Energy industry	9%
Defence equipment industry	4%
Other industries	5%

EBITDA
EUR 5.3 million

Operating result
EUR 3.8 million

Average number of personnel
~631

Order book at the end of the year
EUR 14.5 million

2023 in brief

Our net sales and EBITDA continued to grow in the first half of the year in a very challenging operating environment, thanks to higher delivery volumes and the implementation of our own development measures as planned. However, in the second half of the year, production volumes were lower than expected because our main customers' own order books developed modestly as a result of market uncertainties, and because stock levels were optimised as part of working capital management. This caused our factories' utilisation rates to decrease, which had a negative impact on production process efficiency, capability and profitability.

Componenta signed an agreement on a EUR 4 million net working capital loan in the fourth quarter of 2022 and drew down the first instalment (EUR 2 million) in December 2022. Componenta drew down the second and final instalment (EUR 2 million) in March 2023.

Componenta terminated its factoring and credit facility agreement on 31 August 2023 and entered into an agreement with a new partner. In most Group companies, the services were transferred to the new partner largely during 2023. On the balance sheet date, a new EUR 4 million credit facility remained unused.

Under the authorisation granted by the Annual General Meeting, Componenta Corporation's Board of Directors decided on 13 April 2023 to launch an option programme for the company's key personnel. Option programmes are used to encourage key employees to commit to long-term employment at the company in order to increase shareholder value. Option rights are also intended to commit key personnel to the company. The maximum number of option rights to be issued is 400,000. The option rights entitle their holders to subscribe for a maximum of 400,000 new shares in the company or shares held by the company. The option rights are issued without consideration. Of the option rights, 133,348 were marked as option 2023A, 133,326 will be marked as option 2023B, and 133,326 will be marked as option 2023C. The shares to be subscribed for based on the option rights to be issued correspond to a total maximum of 3.9% of all the shares and votes in the company after any share subscriptions if new shares are issued to be subscribed for. The target group of the option programme consists of around 15 key people, including the members of the Group's Corporate Executive Team.

In an IFRS assessment of Componenta on 30 September 2023, it was noted that long-term profit expectations for the foundry business had improved. Consequently, an impairment loss of around EUR 4.2 million, related to the machinery and equipment of the production operations of the foundry business, was reversed. On the balance sheet date, future profit expectations and the outlook were unchanged.

Key figures

	2023	2022	Change.,%
Net sales, EUR thousand	**101,809**	109,087	-6.7
EBITDA, EUR thousand	**5,278**	7,086	-25.5
Operating result, EUR thousand	**3,762****	1,565*	140.4
Operating result, %	**3.7****	1.4*	159.1
Result after financial items, EUR thousand	**1,568**	-97	-1,714.9
Net result, EUR thousand	**1,547**	61	2,420.9
Basic earnings per share, EUR	**0.16**	0.01	2,847.7
Diluted earnings per share, EUR	**0.16**	0.01	2,852.9
Cash flow from operating activities, EUR thousand	**1,126**	6,171	-81.8
Interest-bearing net debt, EUR thousand	**9,097**	4,818	88.8
Net gearing, %	**35.6**	20.0	78.0
Return on equity, %	**6.2**	0.2	2,763.0
Return on investment, %	**9.8**	4.3	129.8
Equity ratio, %	**45.0**	41.1	9.7
Capital expenditure incl. lease liabilities, EUR thousand	**4,066**	3,617	12.4
Number of personnel at the end of the period, incl. leased workers	**615**	643	-4.4
Average number of personnel during the period, incl. leased workers	**631**	643	-1.8
Order book at the end of the period, EUR thousand	**14,532**	18,481	-21.4

* The year 2022 has been adjusted due to a change in the principle of preparing real estate valuations. More information about the change in the accounting principle and its effects on previous years' figures can be found in the section "Valuation of properties and land areas" in the accounting principles for the consolidated financial statements.

** The operating result for 2023 includes a non-recurring income of EUR 4.2 million from the reversal of the impairment loss related to the foundry business's production machinery and equipment. More information on the reversal of the impairment loss can be found in the note "Tangible assets" in the consolidated financial statements.

CEO's review

"Dear stakeholders,

2023 was a year of contrasts. The first half of the year was a good continuation of the strategic development in previous years. However, in the second half of the year and especially in the last quarter, our production volumes were markedly lower than expected, which had a negative impact on our key figures. On the whole, our net sales and EBITDA fell slightly from 2022, so we are not satisfied with our financial performance in 2023. Nevertheless, our liquidity remained good throughout 2023.

In recent years, our operating environment has been in exceptional turmoil. The pandemic, the war in Ukraine and the subsequent market uncertainties, combined with rising interest rates, have had a negative impact on the overall economic situation. Challenges in the availability of materials, strong fluctuations in electricity prices and high inflation levels have also affected our operations. Despite this, we have been able to increase our market share and systematically develop our own operations and improve our service capacity.

The general availability of raw materials and other materials improved markedly during 2023. As a result, the cost level of procurement has begun to normalise. Inflation, which had risen to a high level, also began to fall towards the end of the year. New wind power capacity was created in Finland throughout 2023, and no significant near-term risks are currently seen in the availability of electricity. However, because of the limited regulating power so far, the strong fluctuation in the price level of electricity at the daily level has become a significant part of the market mechanism. In our own operations, we successfully managed our supply chain and secured our production and deliveries to customers despite the challenging circumstances and cost development.

Componenta's new strategy period began this year. Naturally, the measures and development work aimed at growth and improving profitability in the previous strategy period will continue during this strategy period. Five focus areas have been identified for the 2024–2026 strategy period: in-depth customer knowledge; sustainability; personnel; operational renewal; and inorganic growth.

We seek to deepen our knowledge of customers' business needs and increase customer knowledge throughout the organisation. This means closer cooperation with our customers, from long-term strategic planning to the production design of actual components, and throughout the contract manufacturing value chain, all the way to delivery logistics solutions.

In sustainability, we are implementing our long-term goals, which include increasing the use of renewable and fossil-free energy, reducing our carbon footprint in terms of raw materials, implementing various energy saving measures in our production, and optimising waste and sidestreams in a controlled manner. Safety at work and development needs related to the wellbeing of our personnel will continue to be emphasised in our sustainability work. We work to be a zero-accident workplace, where diversity, non-discrimination and equality are an important part of the everyday corporate culture.

Our employees' competence, expertise, motivation and continuous development are essential and critical factors for us as a contract manufacturer. Componenta is a popular and well-known employer, and we have a consistent corporate culture with an emphasis on cooperation and continuous renewal. We develop effective processes and create consistent operating models for the different stages of the career path. We invest in working capacity management and continuous competence development through good supervisory work and engaging day-to-day management.

As a result of operational renewal, the quality level of products and services for which we are aiming, as well as highly reliable deliveries, are reflected throughout the supply chain. We also improve our productivity and focus on higher added value in our offering. We increase the availability and utilisation rates of our machines and ensure the availability of competitively priced materials. We also actively explore the opportunities that inorganic growth brings to our business operations.

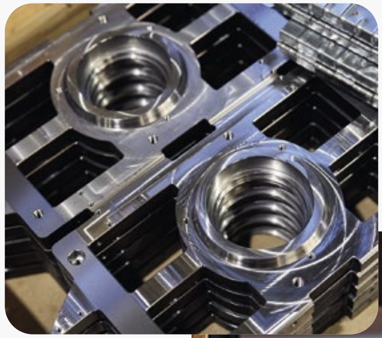
In terms of new sales, we have systematically increased our market shares, and we believe this will have a positive impact on our sales volumes over the longer term. While there are differences between customers and industries in order backlogs, the full-year outlook for 2024 has remained generally positive despite slightly lower volumes at the beginning of the year. With the increase in Componenta's market shares, we estimate that production volumes will grow markedly in 2024 from 2023. As a contract manufacturer, we will actively continue our efforts to strengthen our market position and are aiming to be the preferred overall sustainable supplier of a wide range of products to our customers.

I would like to take this opportunity to thank our employees for their commitment and strong input during the year, and our customers, suppliers and other stakeholders for their valued cooperation and trust. We are off to a good start in 2024."

Sami Sivuranta
President and CEO

Sustainability highlights in 2023

- All the company's units have ISO 45001 certification for their occupational health and safety management system



- The company bike benefit was introduced for all personnel

- In sustainability, opportunities were sought to reduce emissions. For example:
  - To reduce the use of pig iron, new recycled scrap varieties were developed with scrap suppliers
  - Raw material supply chains from local markets were ramped up to shorten logistics in the supply chain, for example

- Safety training was provided to all personnel (550 people, participation rate 94%), and electronic safety training was further developed

- The use of waste heat in the district heating network was explored, and heat recovery was increased in Karkkila

- Occupational healthcare services were concentrated into a single service provider, and their quality was further improved

- Energy efficiency was improved through investments. For example, the forge improved production efficiency and reduced heat loss through furnace modernisation, and an energy-efficient pipe cutting line was acquired as an investment for the tube service unit

- The sickness absence rate decreased significantly in 2023 and was 4.8%

- Componenta prepared its climate road map and long-term sustainability targets

- Componenta prepared for sustainability reporting in accordance with the CSRD by conducting a double materiality assessment, among other measures

Componenta's value creation

Capital

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

Financial capital
- Total assets EUR 57.3 million
- Financial net debt EUR 9.1 million
- Versatile ownership base
- Long-term customer relationships

Supply chain
- Purchases of raw materials, supplies and services EUR 65.4 million
- Comprehensive subcontracting network

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

Sources of energy
- Share of electricity 77%
- Share of district heating 14%
- Share of liquefied petroleum gas 6%
- Share of oil 3%

Componenta

Strategy
Strategy's focus areas:
- Deep customer knowledge
- Sustainability
- Operational renewal
- Personnel is the key to success
- Inorganic growth

Our objective is to be the primary supplier with an extensive offering for our customers.

Output

Products
- 22,225 tons foundry products/castings
- 702,344 pieces of machining
- 524,000 pieces of tube products
- 119,000 pieces of plate service products
- 1,889 pieces of forging products

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

Our carbon footprint
- In 2023, the Componenta Group's direct emissions and indirect emissions from purchased energy (Scope 1 and Scope 2) in relation to net sales were 0.091 tCO_2e per EUR 1,000 in net sales.

Impact

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

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

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

Changes shaping our business
- Increasing sustainability requirements
- Changes in domestic competitiveness
- Availability of skilled labor
- Digitization and technological development
- Changes in the global market situation
- Consolidation of businesses

Board of Directors' report 2023

Business model

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

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

Summary of key events in 2023

Our net sales and EBITDA continued to grow in the first half of the year in a very challenging operating environment, thanks to higher delivery volumes and the implementation of our own development measures as planned. However, in the second half of the year, production volumes were lower than expected because our main customers' own order books developed modestly as a result of market uncertainties, and because stock levels were optimised as part of working capital management. This caused our factories' utilisation rates to decrease, which had a negative impact on production process efficiency, capability and profitability.

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Net sales

Net sales by market area

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Finland	82,813	87,093
Sweden	11,286	12,377
Germany	2,374	3,462
Other European countries	5,010	5,234
Other countries	312	657
Rental income*	0	279
Internal items/eliminations	13	-16
Total	101,809	109,087

* Rental income is presented in 2023 under other operating income.

Net sales decreased by 6.7% from the previous year to EUR 101.8 million (EUR 109.1 million). Net sales decreased because delivery volumes were lower in the second half of the year, and because the level of the main raw material and energy indices included in sales prices were lower than in the comparison period. Componenta's net sales were divided between customer industries as follows: machine building 45% (46%); agricultural machinery 30% (31%); forestry machinery 7% (7%); the energy industry 9% (8%); the defence equipment industry 4% (2%); and other industries 5% (6%).

Order book

EUR thousand	Dec 31, 2023	Dec 31, 2022
Order book	14,532	18,481

Componenta's order book at the end of 2023 was EUR 14.5 million (EUR 18.5 million). The order book increased by EUR 1.0 million from the end of the previous quarter. The order book contains the orders confirmed to customers for the next two months. The decrease in the order book from the previous year was significantly affected by a decline in Componenta's main customers' own order books and stock level optimisation as part of working capital management.

Result

	Jan 1–Dec 31, 2023	Adjusted* Jan 1–Dec 31, 2022
Operating result, EUR thousand	3,762	1,565
Operaing result, %	3.7	1.4
Result after financial items, EUR thousand	1,568	-97
Net result, EUR thousand	1,547	61
Basic earnings per share, EUR	0.16	0.01
Diluted earnings per share, EUR	0.16	0.01

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The Group's EBITDA decreased from the previous year, amounting to EUR 5.3 million (EUR 7.1 million). The following factors had a somewhat negative impact on profitability: the industry-specific wage agreements made in the first half of the year, the prolonged scheduled maintenance of the Karkkila foundry in the third quarter, and lower factory utilisation rates in the second half of the year, which were reflected in production process efficiency and ability to create high quality. In addition, in the last quarter of the year, profitability was burdened by the ramp-up of the manufacture of new high-volume products, which temporarily weakened profitability.

The Group's operating result increased from the previous year, amounting to EUR 3.8 million (EUR 1.6 million). The reversal of an impairment loss of EUR 4.2 million related to production machinery and equipment had a positive impact on the operating result. In its IFRS assessment in the third quarter of 2023, Componenta noticed that long-term profit expectations for the foundry business had improved. Consequently, a one-off profit was recognised in the depreciation, amortization and write-downs line item in the income statement. The Group's net financial items totalled EUR -2.2 million (EUR -1.7 million). The change in net financial items was related to higher market interest rates and the net working capital loan, EUR 4 million in total, which was drawn down in December 2022 and March 2023. The Group's result after financial items was EUR 1.6 million (EUR -0.1 million). Taxes totalled EUR 0.0 million (EUR +0.2 million) for the financial year. The Group's profit for the financial year was EUR 1.5 million (EUR 0.1 million).

Basic earnings per share were EUR 0.16 (EUR 0.01) for the financial year. Diluted earnings per share were EUR 0.16 (EUR 0.01) for the financial year.

Balance sheet, financing and cash flow

Cash flow and balance sheet	2023	2022
Cash flow from operating activities, EUR thousand	**1,126**	6,171
Net interest bearing debt, EUR thousand	**9,097**	4,818
Net gearing, %	**35.6**	20.0
Equity ratio, %	**45.0**	41.1
Return on equity, %	**6.2**	0.2
Return on investment, %	**9.8**	4.3

At the end of the financial year, the company's invested capital stood at EUR 39.9 million (EUR 37.5 million), and the return on capital employed was 9.8 % (4.3 %). The return on equity was 6.2 % (0.2 %). The Group's equity ratio stood at 45.0 % (41.1 %) at the end of the financial year. The equity ratio improved because of the positive result for the financial year and the lower level of non-interest-bearing liabilities. The Group's equity was EUR 25.5 million (EUR 24.1 million). Its net gearing stood at 35.6 % (20.0 %) at the end of the financial year. The unfavourable development in gearing was mainly caused by the weaker cash position as a result of the second and final instalment (EUR 2 million) of the net working capital loan, which was drawn down during the financial year, and new lease liabilities for machinery and equipment.

Componenta Group's total liabilities on 31 December 2023 stood at EUR 31.7 million (EUR 34.7 million). Long-term liabilities amounted to EUR 11.9 million (EUR 10.6 million), and short-term liabilities totalled EUR 19.8 million (EUR 24.1 million). The Group's liabilities included EUR 3.6 million (EUR 3.5 million) in loans from financial institutions. The Group's other debt items included EUR 7.9 million (EUR 10.4 million) in working capital, EUR 10.9 million (EUR 10.0 million) in lease liabilities for facilities, machinery and equipment, and EUR 9.3 million (EUR 10.8 million) in other liabilities.

At the end of the financial year, the Group's cash and cash equivalents totalled EUR 5.3 million (EUR 8.6 million). The Group's liquidity has remained at a fairly good level since the end of the financial year. At the end of the financial year, Componenta also had EUR 4.0 million in unused committed credit facilities valid until September 2025 and a USD 7.5 million unused portion of its USD 8.0 million share subscription facility from GCF, an investor based in the United States. The share subscription facility is valid until June 2024.

The Group's net cash flow from operating activities in the financial year was EUR 1.1 million (EUR 6.2 million). The change was due to smaller sales volumes and weaker profitability than in the previous year. Cash flow was also weakened by the timing of certain significant material purchases before the end of the financial year, as a result of which trade payables decreased from the previous year. At the end of the financial year, the Group's working capital (including inventories and accounts receivable, less accounts payable) was EUR 6.5 million (EUR 5.3 million). This was because less capital than before was employed in accounts payable.

Personnel

	2023	2022
Personnel expenses, EUR thousand	**-31,189**	-29,880
Average number of personnel during the period	**589**	588
Average number of personnel during the period, incl. leased personnel	**631**	643
Number of personnel at period end	**584**	592
Number of personnel at period end, incl. leased personnel	**615**	643

At the end of reporting period, the number of Group employees was 584 (592).

Capital expenditure

EUR thousand	2023	2022
Non-current assets	**2,794**	2,441
Leases	**1,272**	1,176
Total	**4,066**	3,617

Capital expenditure made by the Group totalled EUR 4.1 million (EUR 3.6 million). The capital expenditure mainly consisted of various production machinery and equipment purchases. The Group's net cash from investing activities was EUR -2.7 million (EUR -2.4 million), which includes the Group's cash flow from capital expenditure in tangible and intangible assets.

Research and development activities

There were no research and development costs, because Componenta engages in contract manufacturing operations and does not develop products of its own.

Report on non-financial information

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

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

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

Componenta's business model is described on page 9 of the Board of Directors' report.

Operating principles

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

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

Environmental responsibility

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

In Componenta's foundries, the melting of raw materials, the hot melt and the forge operations consume a great deal of energy, making Componenta a major energy consumer. Any local increase in electricity 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. Key operational risk factors also include the possible tightening of environmental permit regulations or emission limits.

Componenta is committed to compliance with all applicable local laws and regulations. The company aims to ensure that its operations continue without disruption, that the quality of operations remains at a good level and that the impact of the operations on the environment or nearby residences is kept to a minimum. Stricter environmental regulations such BAT (best available techniques) can significantly increase Componenta's investment needs.

In addition to preventing emissions, Componenta's main goals for environmental responsibility include energy efficiency, reduced energy consumption, reduced waste generation and improved waste recovery. Componenta actively monitors its energy consumption levels and works continuously to save energy in all its production units. Efforts are made to improve energy efficiency by developing and improving quality and committing to responsible energy use, as well as through methodological planning and by conducting energy audits as necessary. In iron foundries, production volumes, load stability and the optimisation of quality have a major impact on relative energy consumption and energy efficiency, as the amount of energy needed to maintain production readiness, such as keeping hot metal melted, is not directly reduced by a possible reduction in production. In 2023, heat recovery was increased in Karkkila, along with the efficiency of the heating of production facilities. Indoor air circulation was enhanced by means of two HEPA filtration systems. In addition, opportunities to reduce emissions were sought by developing new recycled scrap varieties to reduce the use of pig iron and by ramping up raw material supply chains from local markets to shorten logistics in the supply chain, for example. The forge improved production efficiency and reduced heat loss through furnace modernisation, and an energy-efficient pipe cutting line was acquired as an investment for the tube service unit.

In 2023, Componenta's total energy consumption decreased by 4.1% (increased by 4.7%) and was 77.5 GWh (80.8 GWh). Electricity accounted for 77% (79%) of the energy used. Other energy sources included district heating, LPG and oil, which represented 23% (21%) of the total energy use. In 2023, the relative energy consumption of the Karkkila and Pori iron foundries increased by 10 %. Our goal for 2023 was to reduce energy consumption in relation to production by 2% in our iron foundries, which was not achieved. In 2023, the Karkkila foundry faced challenges with quality, which led to greater energy use, as more melting had to be done. In addition, low demand led to lower utilisation rates in the second half of the year, which increased relative energy consumption. In the first half of 2023, Componenta contributed to national energy efforts by increasing night-time production in its most energy-intensive operations, which contributed to the management of the electricity system in Finland.

Product design and the related engineering, production design, material choices and quality optimisation are important factors for the environmental impact of a product's life cycle. The higher the quality produced by Componenta's production process, the fewer waste pieces are produced, and less energy and fewer raw materials and resources are consumed. Componenta's foundry operations are strongly based on the circular economy, and the main raw material for cast components is recycled metal. In 2023, recycled steel represented 65% (63%) of the main raw materials in Componenta's iron foundries.

Despite the efficient internal recycling of materials, Componenta's production units generate significant amounts of waste. In 2023, Componenta generated a total of 22,227 (18,236) tonnes of waste, of which around 92.2% (92.7%) was delivered for recovery. Nearly all waste generated at Componenta is sorted, and unsorted waste accounted for only 0.37% (0.36%) of the total volume in 2023.

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

Dust from iron foundries is the most significant type of emission into the air 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. According to a third-party measurement, the total dust emissions of the foundries were 0.1 (0.1) kg per tonne cast in 2023. Dust emissions are measured by a third party in accordance with the environmental permit regulations at least once every three years. The dust emission levels of the filtering equipment at the foundries are monitored by continuous meters, and the measurement has been automated systematically. This self-monitoring aims to ensure a rapid response in the event of a possible malfunction of the filtration system, and to help develop a pre-maintenance programme for the system.

Componenta also monitors and measures its consumption of raw materials and production emissions, its VOC (volatile organic compound) emissions and the environmental noise levels resulting from operations in its production units.

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

In addition, Componenta was involved in Business Finland's GREEF project, which developed best practices and models for energy-efficient production control and supply chains and assesses the suitability and environmental impact of metal additive manufacturing methods.

The Componenta Group's carbon footprint

In 2022, the Componenta Group calculated its carbon footprint for the first time, based on data from 2021. The emissions calculation was carried out in accordance with the GHG Protocol Corporate Accounting and Reporting standard and the Corporate Value Chain Accounting and Reporting standard. In accordance with the GHG Protocol, greenhouse gas emissions are divided into categories as follows: the company's direct emissions (Scope 1), indirect emissions from purchased energy (Scope 2) and other indirect emissions (Scope 3).

The Componenta Group's greenhouse gas emissions (Scope 1 and Scope 2) in 2023 and 2022:

	2023	2022
Direct emissions (Scope 1)	**1,738.84 t CO_2e**	1,780.23 t CO_2e
• Fuel for vehicles • Heating oil • LPG		
Indirect emissions from purchased energy (Scope 2)	**7,494.07 t CO_2e**	7,617.74 t CO_2e
• Consumption of electricity and district heating in facilities		
Total (Scope 1 and Scope 2)	**9,232.91 t CO_2e**	9,397.97 t CO_2e
Emissions in relation to net sales	**0.091 t CO_2e / Te**	0.086 t CO_2e/Te

In 2023, the Componenta Group's direct emissions and indirect emissions from purchased energy (Scope 1 and Scope 2) in relation to net sales were 0.091 tCO2e per EUR 1,000 in net sales. Emissions in relation to net sales increased in 2023 (0.086 tCO2e per EUR 1,000 in net sales in 2022). The lower price of electricity in 2023 compared with 2022 contributed to the increase in emissions in relation to net sales, because lower electricity prices lead to lower net sales. Changes in the electricity price are transferred to sales prices in the Group through an index. The majority of the Componenta Group's greenhouse gas emissions arise from its foundry operations, because the melting of raw materials and the hot melt consume a great deal of energy. The majority of Componenta's greenhouse gas emissions arise from other indirect emissions (Scope 3) such as raw materials and transport.

Componenta can reduce its emissions by transferring to renewable or fossil-free energy, for example. In terms of raw materials, Componenta has limited opportunities to affect its emissions. The emissions arising from the production of raw materials depend on the production processes chosen by suppliers and the type of energy used, and generally on the development of more environmentally friendly metal raw material manufacturing. Componenta prepared its climate road map in 2023.

Social responsibility and aspects related to employees

Componenta's social responsibility management is based on its personnel policy, management principles and company values. In accordance with its personnel policy, Componenta emphasises competence, experience and motivation in recruitment and the different stages of career development. Its remuneration systems are fair, clear and competitive. In accordance with Componenta's personnel policy, everyone is treated equally and in line with the principles of gender equality. Componenta's equality and nondiscrimination plan is updated annually in connection with the workplace development plan. Componenta also has separate guidelines for addressing harassment and inappropriate behaviour. Employees also have an internal channel for reporting misconduct and suspected cases of discrimination, for example.

Componenta provides equal job opportunities for Finns and immigrants, in addition to offering a safe working environment and equal opportunities for development at work. The Componenta Group is a diverse workplace, with 14 nationalities in 2023. Women accounted for 17% (14%) of Componenta's employees. Componenta provides all employees with induction and other training in their work and the related safety requirements. The company encourages its personnel to develop their professional competence by learning multiple skills, for example. Componenta invests in wellbeing at work, working capacity management and their development.

A personnel survey is carried out within the Group annually. In 2023, the response rate was 83% (72%), increasing from the previous year. The score for meaningful work was at an excellent level: 4.2 (4.3). Based on the results of the personnel survey, development needs are identified to improve coping and comfort at work. Componenta provides electronic personnel benefits to support employees' sports activities and coping at work. The benefits can be used for exercise, culture and well-being. In recent years, Componenta has provided training to supervisors through day-to-day management coaching in particular. In 2023, day-to-day management skills were improved by providing training to around 60 supervisors.

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

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

To minimise and prevent the risks of accidents and injuries, Componenta's production units regularly assess the risks associated with each piece of machinery and equipment and the working environment. In addition, occupational safety training and safety walks are organised on a regular basis, in addition to ensuring that employees have access to up-to-date, suitable and adequate tools. All units have a common OHS action plan, and the heads of units monitor the achievement of goals in their units. In 2023, Componenta received certification for its occupational health and safety system in accordance with the SFS-ISO 45001 standard for all its previously uncertified production units. Regular safety walks continued in all production units in 2023, as well as safety briefings at the foundries. Evacuation and chemical control exercises are held on a regular basis in the units. Occupational safety processes were further developed during 2023. Each Componenta unit operates in line with a common occupational safety operating model.

The deterioration of employees' working capacity is prevented through the necessary occupational wellbeing and health services. Preventive measures are also aimed at a significant reduction in sickness absences. Componenta invests in working capacity management by training supervisors and by raising awareness of efforts that promote the ability to work, such as the early intervention model. In 2023, long-term and short-term absences caused by illness or accidents decreased significantly from the previous year, and the proportion of sickness absences of the total planned working time was 4.8% (6.6%). In 2023, our targeted sickness absence rate was no more than 5.5%, which was achieved by a clear margin. Componenta cooperates closely with employment pension and insurance companies and other parties to prevent working capacity risks and accidents. Componenta has an early intervention model for responding to sickness absences. The operating model emphasises cooperation between the employee, occupational healthcare provider, supervisors and HR function. The purpose is to prevent health-related issues from leading to incapacity to work.

Componenta continuously monitors and records accidents and near misses. Componenta operates in line with the zero accidents principle. In 2023, the accident frequency rate was 61 (72) (number of lost-time accidents per million hours worked). Our goal for 2023 was fewer than 30 accidents per million hours worked, which was not achieved. In 2023, the Componenta Group invested in developing occupational safety processes and providing training to reduce the accident frequency rate. Of all personnel, 94% participated in safety training organised by Componenta in 2023. Safety training will be further developed in 2024. The company is aiming to reduce accidents by systematically developing its safety culture and processes, enhancing monitoring, paying special attention to induction training for new employees, providing employees with appropriate instructions, and encouraging employees to raise and report any safety observations proactively in their working environment. In 2023, Componenta continued to run campaigns to increase safety observations. In total, 1183 (905) safety observations were reported in 2023. In 2023, three of Componenta's production units achieved an accident-free year, and the accident-free period in one of the units has lasted for 1,860 days (at the end of the year).

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. Incidents leading to accidents or dangerous situations are investigated thoroughly in accordance with the company's operating model, and the necessary measures are taken to eliminate the cause of the accident by adopting safer ways of working, for example, and through enhanced induction, guidance and supervision. The purpose of investigations is to examine the root causes of accidents and prevent similar accidents from occurring again.

Respect for human rights

Componenta's raw material and supply chains are global, and the company recognises its responsibility in observing and contributing to human rights in the value chain. Componenta's customers also expect globally recognised ethical principles to be observed in the value chain. The selection of business partners is affected by factors such as commitment to Componenta's Supplier Code of Conduct.

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

In accordance with its 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. Componenta has a Supplier and Subcontractor Code of Conduct in place. In 2023, 68% (73%) of the total amount of purchases in euros was delivered by suppliers that had accepted Componenta's Supplier and Subcontractor Code of Conduct. Suppliers and subcontractors must also support and respect internationally recognised human rights, as defined in the UN Universal Declaration of Human Rights, and the fundamental rights of workers, as defined by the International Labour Organization (ILO). In addition, suppliers and subcontractors must comply with Componenta's requirements concerning quality and environmental standards in their operations.

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

Componenta's purchasing and sales organisations, as well as its unit and company management, play the most significant role in terms of preventing and avoiding the human rights risks identified in the value chain. Of Componenta's white-collar employees, 88.8% (97.4%) attended training concerning the Code of Conduct in 2023, and the Code of Conduct was reviewed with 81.0% (84.8%) of blue-collar employees or they reviewed it independently. White-collar employees must be provided with training on the Code of Conduct once a year. Supervisors review the Code of Conduct with blue-collar employees once a year. The Code of Conduct is also included in the company's induction material in 2023, white-collar employees were provided with training on the Code of Conduct electronically for the first time. It was also possible for blue-collar employees to review the Code of Conduct electronically for the first time.

Fight against corruption and bribery

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

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

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

Componenta is committed to responsible business operations and integrity. Componenta's Code of Conduct helps employees choose the correct course of action when they encounter an ethical problem. Componenta's employees are encouraged to raise any issues related to the company's Code of Conduct and to report any detected or suspected violations of the Code of Conduct. The company's business partners and representatives of other stakeholders may also report such violations or suspicions. Componenta's whistleblowing channel plays a key role in reporting any suspected cases of corruption or bribery. Training on the Code of Conduct at Componenta also aims to raise awareness of reporting channels for potential violations. No reports were submitted through the whistleblowing channel in 2023.

Information in accordance with the EU Taxonomy Regulation

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

The EU taxonomy specifies six environmental goals:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to the circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

In accordance with the Taxonomy Regulation and Commission Delegated Regulation (EU) 2023/2486, during the 2023 reporting year, companies are required to report the taxonomy-eligible and non-taxonomy-eligible proportions of the group's turnover, capital expenditure and operating expenses, specified in accordance with economic activities, concerning the six environmental objectives and as well the taxonomy-aligned and non-taxonomy-aligned proportions, concerning the two first environmental objectives (climate change mitigation and climate change adaptation).

Alignment with the taxonomy requires that taxonomy-eligible economic activities meet the technical screening criteria, cause no significant harm to other environmental objectives and meet the minimum social safeguards.

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

In terms of its own operating activities, Componenta has identified economic activity 3.9 Manufacture of iron and steel. In its calculation, Componenta has taken turnover, capital expenditure and operating expenses into account only once.

Taxonomy-eligible and taxonomy-aligned turnover

Componenta is a contract manufacturer that produces cast and machined components, as well as forged blanks, pipe products and metal sheet cuttings for its customers. Componenta does not develop products of its own. Componenta's turnover is presented in accordance with the figures reported by Componenta Group. Componenta's accounting principles for turnover are presented in Note 1 to the consolidated financial statements.

According to Componenta's analysis, its turnover from foundry operations fall within economic activity 3.9 'Manufacture of iron and steel' and are taxonomy-eligible regarding climate change mitigation. In other respects, Componenta estimates that its turnover is not taxonomy-eligible regarding beforementioned environmental objectives. According to Componenta's analysis four other environmental objectives do not include economic activities applicable for Componenta. Componenta's taxonomy-eligible activity is 3.9 'Manufacture of iron and steel'. In terms of the activity 3.9 'Manufacture of iron and steel', the technical screening criteria required by the EU taxonomy do not include the manufacturing methods used by Componenta. For this reason, the company has no taxonomy-aligned turnover. If the technical screening criteria were met, taxonomy alignment would also require, in this order, compliance with the DNSH (Do No Significant Harm) criteria and the minimum social safeguards. For the reason stated above, these criteria and requirements are not relevant in terms of Componenta's taxonomy-alignment analysis.

Proportion of turnover from products and services related to economic activities under the taxonomy system

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		M€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activites (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling activities																			
Of which transitional activity																			

Proportion of turnover from products and services related to economic activities under the taxonomy system

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		M€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
3.9. Manufacture of iron and steel	C24.5.1	50	49%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								53%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		50	49%	100%	0%	0%	0%	0%	0%								53%		
Total (A.1+A.2)		50	49%	100%	0%	0%	0%	0%	0%								53%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)		52	51%
Total (A+B)		102	100%

Taxonomy-eligible and taxonomy-aligned capital expenditure and operating expenses

Componenta has identified that its taxonomy-eligible capital expenditure in 2023 includes capital expenditure directly related to generating taxonomy-eligible turnover. The taxonomy-eligible proportion of capital expenditure has been calculated by dividing the taxonomy-eligible proportion of capital expenditure by the Group's total capital expenditure during the 2023 financial year. Capital expenditure is presented in accordance with the figures reported by Componenta Group. Componenta's accounting principles for capital expenditure are presented in Notes 10 and 12 to the consolidated financial statements. Componenta has no taxonomy-aligned capital expenditure.

In terms of operating expenses, Componenta has identified maintenance and environmental monitoring costs directly related to the maintenance of production factors necessary for generating taxonomy-eligible turnover. In accordance with the taxonomy requirements, Componenta has excluded direct production costs from taxonomy-eligible operating expenses. The numerator in the calculation formula for operating expenses includes the proportion related to maintenance and upkeep of the following costs: purchased maintenance work, tools, spare parts, external services, other variable costs, and variable and fixed salaries. The denominator includes the total of the costs mentioned above. Componenta has no taxonomy-aligned operating expenses.

Proportion of products and services related to economic activities under the taxonomy system of capital expenditure

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code(s) (2)	Absolute capital expenditure 2023 (3)	Proportion of capital expenditure (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of capital expenditure, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		M€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activites (Taxonomy-aligned)																			
Capital expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling activities																			
Of which transitional activities																			

Proportion of products and services related to economic activities under the taxonomy system of capital expenditure

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code(s) (2)	Absolute capital expenditure (3)	Proportion of capital expenditure 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of capital expenditure, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		M€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
3.9. Manufacture of iron and steel	C24.5.1	1.4	33%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								29%		
Capital expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.4	33%	100%	0%	0%	0%	0%	0%								29%		
Total (A.1+A.2)		1.4	33%	100%	0%	0%	0%	0%	0%								29%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capital expenditure of Taxonomy-non-eligible activities (B)		2.7	67%																
Total (A+B)		4.1	100%																

Proportion of products and services related to economic activities under the taxonomy system of operating expenses

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code(s) (2)	Absolute operating expenses (3)	Proportion of operating expenses 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of operating expenses, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		M€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activites (Taxonomy-aligned)																			
Operating expenses of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling activities																			
Of which transitional activities																			

Proportion of products and services related to economic activities under the taxonomy system of operating expenses

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code(s) (2)	Absolute operating expenses (3)	Proportion of operating expenses 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of operating expenses, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		M€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
3.9. Manufacture of iron and steel	C24.5.1	3.2	9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								13%		
Operating expenses of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3.2	9%	100%	0%	0%	0%	0%	0%								13%		
Total (A.1+A.2)		3.2	9%	100%	0%	0%	0%	0%	0%								13%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Operating expenses of Taxonomy-non-eligible activities (B)		31.0	91%																
Total (A+B)		34.2	100%																

Based on Componenta's analysis, the company's taxonomy-alignment percentages may change in the future if the company's contract manufacturing operations are taken into account in the further specified regulation.

Share capital and shares

The shares of Componenta Corporation are listed on the Nasdaq Helsinki. The average share price during the financial year was EUR 2.67 (EUR 2.77). The lowest price was EUR 2.20 (EUR 2.02), and the highest was EUR 3.25 (EUR 3.65). The quoted price at the end of the year was at EUR 2.35 (EUR 2.34). The market value of all shares in the company at the end of the year was EUR 22.8 million (EUR 22.7 million), and the volume of shares traded during the financial year was 20.3% (23.9%) of all shares in the company.

Componenta Corporation's share capital was EUR 1.0 million (EUR 1.0 million) at the end of the financial year. The total number of shares in the company was 9,712,757 (9,712,757) at the end of the financial year. The company had 6,975 (7,257) shareholders at the end of the financial year.

Shareholders on 31 Dec 2023

	Shareholder	Shares	%
1	Joensuun kauppa ja Kone Oy	1,220,940	12.57
2	Etra Capital Oy	940,000	9.68
3	Citibank Europe Plc*	491,073	5.06
4	Varma Mutual Pension Insurance Company	416,252	4.29
5	Elo Mutual Pension Insurance Company	325,000	3.35
6	Nordea Life Assurance Finland Ltd	205,600	2.12
7	Harri Suutari Oy	145,546	1.50
8	Noveco Oy	138,100	1.42
9	Nikula Jukka-Pekka	113,775	1.17
10	Celltronix Oy	68,000	0.70
Nominee-registered shares		515,103	5.30
Other shareholders		5,133,368	52.85
Total		**9,712,757**	**100.00**

*Nominee-registered shares

Breakdown of share ownership on 31 Dec 2023

Number of shares	Shareholders	%	Shares	%
1-100	3,730	53.48	113,774	1.17
101-500	1,787	25.62	461,813	4.76
501-1,000	579	8.30	449,173	4.63
1,001-5,000	667	9.56	1,468,397	15.12
5,001-10,000	107	1.53	745,944	7.68
10,001-50,000	83	1.19	1,713,795	17.65
50,001-100,000	13	0.19	763,575	7.86
100,001-500,000	7	0.10	1,835,346	18.90
500,001-999,999,999	2	0.03	2,160,940	22.25
Total=total issued	**6,975**	**100.00**	**9,712,757**	**100.00**

Shareholders by sector on 31 Dec 2023

	%
Finnish companies	33.85
Financial institutions and insurance companies	3.72
General government bodies	7.63
Households	48.61
Non-profit institutions	0.76
Nominee-registeres shares and other foreign shareholders	5.43
Total	**100.00**

Resolutions of the Annual General Meeting

Componenta Corporation's Annual General Meeting (AGM) was held in Vantaa on 13 April 2023. The AGM was in favour of all the proposals made and approved the remuneration report. The AGM adopted the financial statements and consolidated financial statements for 2022 and discharged the members of the Board of Directors and the CEO from liability for the 2022 financial year (1 January to 31 December 2022).

In accordance with the Board of Directors' proposal, the AGM decided that no dividend be paid based on the balance sheet confirmed for the financial year that ended on 31 December 2022.

The AGM decided that the annual remuneration payable to the Chair of the Board of Directors would be EUR 50,000, and that the annual remuneration payable to other members of the Board would be EUR 25,000, in accordance with the proposal of the Shareholders' Nomination Board. In addition, the members of any committees of the Board of Directors will be paid an annual remuneration of EUR 5,000. The Board members will be reimbursed for their travel expenses in accordance with the company's travel policy.

In accordance with the proposal of the Shareholders' Nomination Board, the AGM confirmed that the Board of Directors consisted of four (4) members. The AGM re-elected Tomas Hedenborg, Anne Leskelä, Harri Suutari and Petteri Walldén as the members of the Board. The Board members' term of office ends at the close of the next AGM.

The AGM elected Authorised Public Accountants PricewaterhouseCoopers Oy as the company's auditor for the next term of office, with Authorised Public Accountant Ylva Eriksson as the principal auditor.

In accordance with the Board of Directors' proposal, the AGM authorised the Board of Directors to decide on share issues in one or more instalments as follows: the share issue may be carried out either by issuing new shares or by transferring treasury shares held by the company. The total number of shares to be issued or transferred under the authorisation may not exceed 571,275 shares, which correspond to around 5.88% of all the shares in the company. The new shares may be issued and the treasury shares held by the company may be transferred for consideration or without consideration.

The Board of Directors will decide on all the terms and conditions of the issue of new shares and the transfer of the company's own shares. Based on the authorisation, the Board of Directors may also decide on a share issue in deviation of the pre-emptive subscription right of the shareholders (directed issue) subject to conditions mentioned in the Finnish Limited Liability Companies Act. The authorisation also includes the right to decide on the issuance of new shares to the company itself without consideration. For example, the Board of Directors may use the authorisation as compensation in acquisitions, to develop capital structure, to broaden the ownership base, to acquire assets related to the company's business or to finance or carry out other business transactions, or for other purposes decided by the Board of Directors. However, the authorisation may not be used for the implementation of incentive programmes of the company's management or key personnel. The authorisation is valid until the end of the next Annual General Meeting, but no longer than until 30 June 2024 at the latest. For the sake of clarity, the authorisation revokes previous non-utilised authorisations to decide on share issuance.

In accordance with the Board of Directors' proposal, the AGM authorised the Board of Directors to decide on the issue of shares, option rights and other special rights entitling their holders to shares, as referred to in chapter 10, section 1 of the Limited Liability Companies Act, in one or several instalments as follows: the total number of shares to be issued or transferred under the authorisation may not exceed 400,000 shares (including shares issued based on special rights), which corresponds to around 4.12% of all the shares in the company.

The Board of Directors will decide on all the conditions of the issue of shares, stock options and other special rights entitling to shares. Pursuant to the authorisation, new shares may be issued and treasury shares held by the company may be transferred. The new shares may be issued and the treasury shares held by the company may be transferred either for consideration or without consideration. The authorisation also includes the right to decide on the issuance of new shares to the company itself without consideration. Based on the authorisation, the Board of Directors may decide on the issue of shares, stock options and other special rights entitling to shares in deviation of the pre-emptive subscription right of the shareholders (directed issue) subject to conditions mentioned in the Limited Liability Companies Act. Shares, stock options or other special rights entitling to shares may be issued in a directed issue as part of the implementation of the company's share-based incentive schemes, such as the implementation of stock options and restricted share plan planned by the Board of Directors. The authorisation is valid until 13 April 2028. For the sake of clarity, the authorisation revokes previous non-utilised authorisations to decide on the issue of shares, stock options and other special rights entitling to shares.

Share-based incentive scheme

Componenta has one long-term share-based incentive plan: an option programme. Option programmes are used to encourage key employees to commit to long-term employment at the company in order to increase shareholder value. The goal of the option rights is to ensure that key employees stay with the company.

Under the authorisation granted by the Annual General Meeting on 13 April 2023, Componenta Corporation's Board of Directors decided to launch an option programme for the company's key personnel. Option programmes are used to encourage key employees to commit to long-term employment at the company in order to increase shareholder value. Option rights are also intended to commit key personnel to the company. The maximum number of option rights to be issued is 400,000. The option rights entitle their holders to subscribe for a maximum of 400,000 new shares in the company or shares held by the company. The option rights are issued without consideration. Of the option rights, 133,348 will be marked as option 2023A, 133,326 will be marked as option 2023B, and 133,326 will be marked as option 2023C. The shares to be subscribed for based on the option rights to be issued correspond to a total maximum of 3.9% of all the shares and votes in the company after any share subscriptions if new shares are issued to be subscribed for. The target group of the option programme consists of around 15 key people, including the members of the Group's Corporate Executive Team. During the 2023 financial year, Componenta Corporation's Board of Directors decided on a new option programme for key personnel in line with the authorisation granted by the 2023 Annual General Meeting. A total of 133,348 option rights 2023A was allocated to personnel.

On the balance sheet date, the company had three option programmes: 2018B, 2018C and 2023A. Their valuation was carried out using the Black-Scholes model. On the balance sheet date, there were a total of 246,108 option rights, entitling their holders to subscribe for a maximum of 358,868 new shares in the company or shares held by the company. The subscription prices are as follows: EUR 3.85 for a 2018B option right; EUR 2.91 for a 2018C option right; and EUR 3.00 for a 2023A option right.

In the 2023 financial year, 3,700 option rights 2018C and 8,334 option rights 2023A returned to the company. The option rights returned to company had not been transferred forward by the balance sheet date. The subscription period for the 2018A option programme ended in November 2023. The subscription period for the 2018B option programme began in December 2022, and the subscription period for the 2018C option programme began in December 2023. During the financial year, no option rights from the current option programmes were exercised for the subscription of shares.

Board of Directors and management

On 13 April 2023, Componenta's Annual General Meeting (AGM) confirmed, in accordance with the proposal of the Shareholders' Nomination Board, that the Board of Directors consisted of four (4) members. The AGM re-elected Harri Suutari, Anne Leskelä, Tomas Hedenborg and Petteri Walldén as the members of the Board. The Board members' term of office ends at the close of the next AGM.

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

On 31 December 2023, the Group's Corporate Executive Team consisted of the following members: Sami Sivuranta, President and CEO; Marko Karppinen, CFO; Pasi Mäkinen, COO; and Hanna Seppänen, General Counsel.

Risks and business-related uncertainties

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

The availability of certain raw materials such as recycled steel, pig iron, structural steel, aluminium and energy at competitive prices, as well as the uninterrupted supply of energy, is essential for the Group's business operations. The average market prices of electricity remained at a fairly high level during the review period, and daily and hourly price fluctuations were very high. Because of the geopolitical situation, the availability of raw materials and other materials continues to involve uncertainties in Componenta's operational activities. In addition, global challenges with the availability of certain components for customers may lead to production disruptions in our end customers' plants and thereby affect Componenta's sales volumes in the short term.

To ensure the availability of raw materials and other materials, Componenta actively engages in discussions with its suppliers, continuously updates its needs forecast and optimises its inventory levels to meet longer-term demand, closely monitors the situation of its suppliers and market changes, and responds to these changes as necessary.

According to Componenta's estimate, the Group has no significant and immediate risk concentrations related to Russia or Ukraine among its customers or suppliers of goods. Componenta has no operations of its own in Russia or Ukraine. The Russian attack has had an impact on the general price development and availability of raw materials such as structural steel and pig iron, and on the development of energy prices. The war has had an indirect impact on the supply chains of Componenta's manufacturers of steel materials and wholesalers through the price development and availability of iron ore and coal, for example.

A prolonged war and unfavourable developments in the geopolitical situation may continue to have a negative impact on the financial market, sales volumes, the availability and price development of raw materials and energy, and the availability of foreign labour, which increases forecasting uncertainty.

The cost risk associated with raw materials is mainly managed through index-based price agreements, based on which the sales prices of products are updated in response to changes in the prices of raw materials for the next quarter. An increase in raw material prices may employ more working capital than expected. In terms of commercial risks, future volumes may be weakened by customers switching to cheaper alternatives due to price competition.

Componenta's business operations depend on the reliability of production plants, supply and delivery chains and the related processes and systems. Componenta also closely monitors the labour market situation. The quality, accuracy and availability of information are extremely important, as information technology plays a significant role in the operations of Componenta and its suppliers and customers. If materialised, IT and cybersecurity risks may expose Componenta to disruptions and interruptions in operations and the loss or distortion of data, which may lead to interruptions in product availability. Componenta pays close attention to cybersecurity risks and monitors its customers' situations and notifications.

Componenta continuously monitors the liquidity risk. The Group also finances its operations through factoring arrangements for receivables. The financing company responsible for Componenta's factoring services had repeated delays in payments during 2023. Componenta therefore terminated its factoring and credit facility agreements with the financing company on 31 August 2023 and entered into new agreements on factoring and credit facility services with Avida Finans AB. Avida Finans AB's credit rating is AAA, and its principal owner is KKR, a private equity firm based in the United States. In most Group companies, the services were transferred to Avida during 2023. Componenta's current committed credit facilities will need to be renewed in September 2025. Any termination or non-renewal of factoring arrangements or credit facilities could create uncertainties for Componenta's liquidity. The Group's liquidity was at a reasonable level at the end of the financial year. At the end of the financial year, Componenta also had EUR 4.0 million in unused committed credit facilities and a USD 7.5 million unused portion of its USD 8.0 million share subscription facility from GCF, an investor based in the United States. The share subscription facility is valid until June 2024. In addition, the second and final instalment (EUR 2 million) of the EUR 4 million net working capital loan was drawn down in March 2023.

Dividend proposal

The Group's profit for the financial year was EUR 1.5 million (EUR 0.1 million). On 31 December 2023, the parent company's distributable funds totalled EUR 17.1 million (EUR 16.4 million). Based on the balance sheet to be confirmed for the financial year that ended on 31 December 2023, the Board of Directors proposes that no dividend be paid for 2023.

Annual General Meeting

Componenta Corporation's Annual General Meeting will be held on 10 April 2024 at 9 am in Vantaa, Finland. The notice of meeting will be published as a separate stock exchange release.

Corporate Governance Statement

Componenta Corporation will publish its 2023 Corporate Governance Statement as a report separate from the Board of Directors' report. Once published, the statement will become available on the company's website at www.componenta.com.

Key figures

Dec 31	2023	2022	2021	2020	2019
Total statement of financial position, EUR thousand	**57,290**	58,565	55,479	64,005	54,098
Net interest bearing debt, EUR thousand	**9,097**	4,818	6,714	-2,584	8,721
Invested capital, EUR thousand	**39,924**	37,544	35,402	38,038	29,097
Return on investment, %	**9.8**	4.3	3.2	0.7	3.2
Return on equity, %	**6.2**	0.2	-1.7	-5.8	83.0
Equity ratio, %	**45.0**	41.1	42.3	37.3	29.4
Net gearing, %	**35.6**	20.0	28.6	-10.8	54.9
Investments in non-current assets, EUR thousand	**4,066**	3,617	1,249	3,415	1,312
Number of personnel at period end	**584**	592	570	564	617
Average number of personnel	**589**	588	562	580	480

Per share data	2023	2022
Basic earnings per share (EPS), EUR	**0.16**	0.01
Diluted earnings per share (EPS), EUR	**0.16**	0.01
Cash flow per share (EPS), EUR	**0.12**	0.63
Equity per share (EPS), EUR	**2.63**	2.48
P/E ratio	**14.75**	432.87
Share price at year end, EUR	**2.35**	2.34
Average trading price, EUR	**2.67**	2.77
Lowest trading price, EUR	**2.20**	2.02
Highest trading price, EUR	**3.25**	3.65
Market capitalization at year-end, EUR thousand	**22,825**	22,728
Trading volume, 1,000 shares	**1,973**	2,292
Trading volume, %	**20.3**	23.9
Weighted average of number of shares, 1,000 shares	**9,713**	9,579
Number of shares at year-end, 1,000 shares	**9,713**	9,713

Calculation of key figures

Key figure		Numerator / formula	Denominator
Return on equity, % (ROE)	=	Profit (Group) after financial items – income taxes x 100	Shareholders' equity without preferred capital notes + non-controlling interest (starting & closing balance average)
Return on investment, % (ROI)	=	Profit (Group) 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)	=	Profit after financial items – income taxes +/- non-controlling interest	Average number of shares during the financial period
Earnings per share with dilution, EUR	=	As above, the number of shares has been increased with the possible warrants outstanding. When calculating the dilution effect of warrants, the number of shares has been adjusted with the number of own shares which the company could have acquired, if it would have used the funds generated from the warrants to buy back of own shares at market price (= average trading price). After tax interest expense of the possible convertible loan has been added to the profit of the period. Number of shares that can be subscribed by the loan has been added to the number of total shares.	
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 Basic earnings per share)
Effective dividend yield, %	=	Dividend per share x 100	Market share price at period endi
Market capitalization, EUR	=	Number of shares x market share price at period end	
P/E-ratio	=	Market share price at period end	Basic 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 profit + Depreciation, amortization and write-downs +/- Share of the associated companies' result	

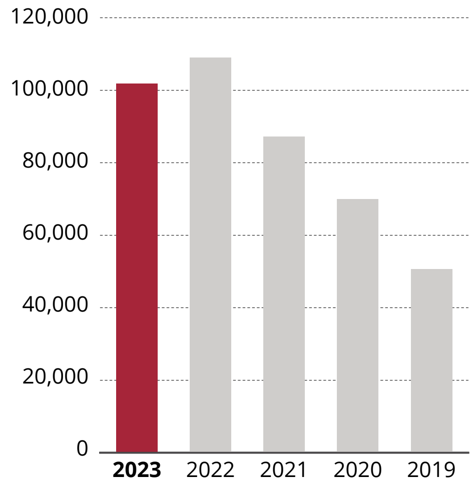
Group financial development

Group development is not part of the official financial statements.

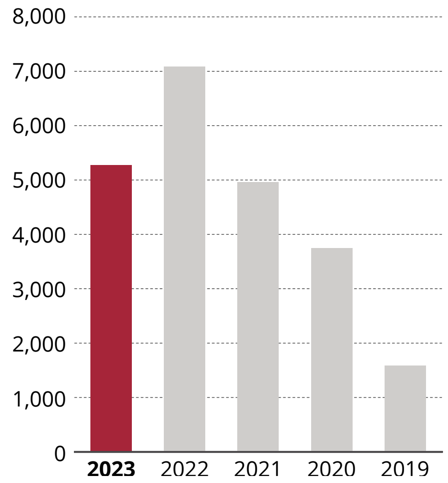
Group development, Jan1–Dec 31

	2023	2022	2021	2020	2019
Net Sales, EUR thousand	**101,809**	109,087	87,254	70,040	50,737
EBITDA, EUR thousand	**5,278**	7,086	4,959	3,750	1,590
Operating result, EUR thousand	**3,762**	1,565	13	-2,034	-1,663
Operating result margin, %	**3.7**	1.4	0	-2.9	-3.3
Financial income and expenses, EUR thousand	**-2,193**	-1,662	-418	-1,456	-388
Result after financial items, EUR thousand	**1,568**	-97	-405	-3,489	-2,051
Result for the period, continued operations, EUR thousand	**1,547**	61	-405	-3,175	-2,063
Result for the period, discontinued operations, EUR thousand	**0**	0	0	2,226	16,633
Order book at period end, EUR thousand	**14,532**	18,481	13,954	9,536	9,001
Change in net sales, %	**-6.7**	25.0	24.6	38.0	29.0
Share of export and foreign activities in net sales, %	**18.6**	19.9	20.1	17.0	23.2

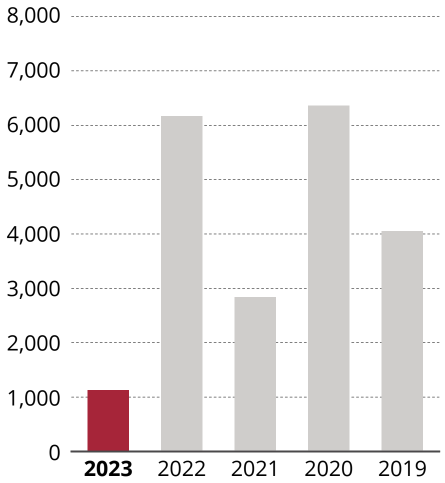
Net Sales, EUR thousand



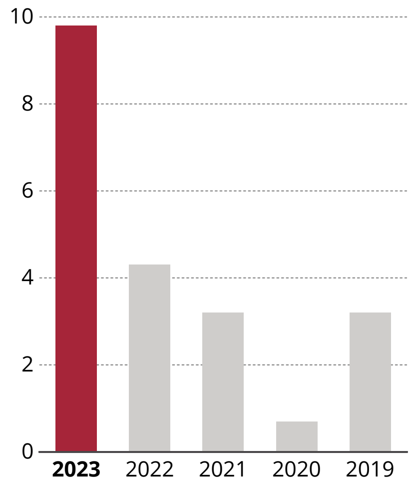
EBITDA, EUR thousand



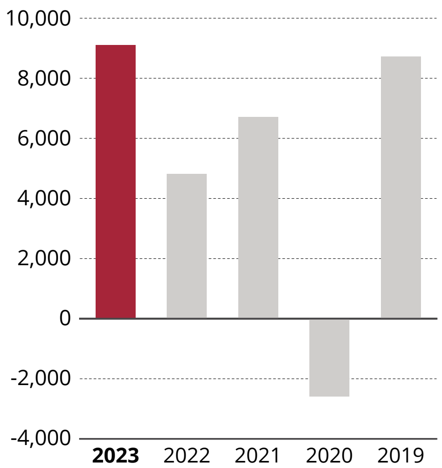
Cash flow from operating activities, EUR thousand



Return on investment, %

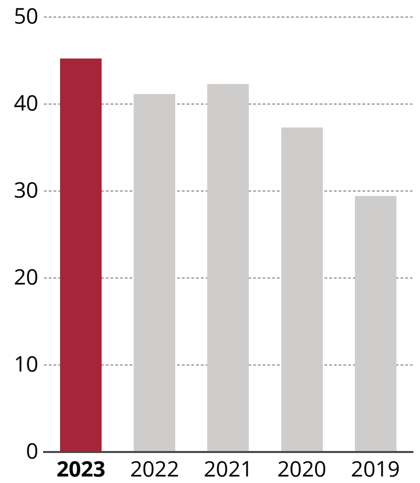


Net interest bearing debt, EUR thousand



Net interest bearing debts for 2020 and 2019 include only interest bearing portion of restructuring debts

Equity ratio, %



Consolidated financial statements

Consolidated income statement

EUR thousand	Note	Jan 1–Dec 31, 2023	Adjusted* Jan 1–Dec 31, 2022
Net sales	1	**101,809**	109,087
Other operating income	2	**751**	328
Operating expenses	3,4,5	**-97,283**	-102,329
Depreciation, amortization and write-downs**	6	**-1,516**	-5,521
OPERATING RESULT**		**3,762**	1,565
Financial income	7	**43**	4
Financial expense	7	**-2,237**	-1,666
Total financial income and expenses		**-2,193**	-1,662
RESULT AFTER FINANCIAL ITEMS		**1,568**	-97
Income taxes	8	**-21**	158
RESULT FOR THE FINANCIAL PERIOD		**1,547**	61
Allocation of result for the period:			
To equity holders of the parent		**1,547**	61
Earnings per share calculated on result attributable to the shareholders of the parent company			
Basic earnings per share, EUR	9	**0.16**	0.01
Diluted earnings per share, EUR	9	**0.16**	0.01

* The year 2022 has been adjusted due to a change in the principle of preparing real estate valuations. More information about the change in the accounting principle and its effects on previous years' figures can be found in the section "Valuation of properties and land areas" in the accounting principles for the consolidated financial statements.

** The operating result for 2023 includes a non-recurring income of EUR 4.2 million from the reversal of the impairment loss related to the foundry business's production machinery and equipment. More information on the reversal of the impairment loss can be found in the note "Tangible assets" in the consolidated financial statements.

Consolidated statement of comprehensive income

EUR thousand	Note	Jan 1–Dec 31, 2023	Adjusted Jan 1–Dec 31, 2022
Net result		**1,547**	61
Comprehensive income total		**1,547**	61
Allocation of the comprehensive income			
To equity holders of the parent		**1,547**	61

Consolidated statement of financial position

EUR thousand	Note	Dec 31, 2023	Adjusted* Dec 31, 2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**1,995**	1,985
Goodwill	11	**3,225**	3,225
Tangible assets	12	**30,974**	26,993
Investment properties	17	**0**	17
Receivables	23	**413**	521
Deferred tax assets	16	**0**	21
Total non-current assets		**36,607**	32,762
CURRENT ASSETS			
Inventories	13	**12,628**	13,258
Trade and other receivables	14,15	**2,778**	3,945
Cash and cash equivalents	23	**5,277**	8,600
Total non-current assets		**20,683**	25,804
TOTAL ASSETS		**57,290**	58,565

EUR thousand	Note	Dec 31, 2023	Adjusted* Dec 31, 2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		**1,000**	1,000
Unrestricted equity reserve		**17,010**	17,010
Other reserves		**2,507**	2,507
Retained earnings		**3,485**	3,321
Result for the period		**1,547**	61
Equity attributable to equity holders of the parent company	18	**25,550**	23,900
Shareholders' equity		**25,550**	23,900
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	23	**11,294**	9,850
Interest free liabilities and capital loans	24, 25	**625**	688
Provisions	22	**14**	14
Total non-current liabilities		**11,933**	10,552
Current liabilities			
Interest-bearing liabilities	23	**3,080**	3,568
Interest free liabilities and capital loans	24, 25	**16,392**	20,183
Provisions	22	**334**	363
Total curent liabilities		**19,806**	24,114
Total liabilities		**31,740**	34,666
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**57,290**	58,565

* The year 2022 has been adjusted due to a change in the principle of preparing real estate valuations. More information about the change in the accounting principle and its effects on previous years' figures can be found in the section "Valuation of properties and land areas" in the accounting principles for the consolidated financial statements.

Condensed consolidated cash flow statement

EUR thousand	Jan 1–Dec 31, 2023	Adjusted* Jan 1–Dec 31, 2022
Cash flow from operating activities		
Result after financial items	**1,568**	-97
Depreciation, amortization and write-downs	**1,516**	5,521
Net financial income and expenses	**2,193**	1,662
Other income and expenses, adjustments to cash flow**	**-791**	-1,026
Change in net working capital		
Inventories	**1,167**	214
Current non-interest bearing receivables	**-3,086**	2,628
Current non-interest bearing liabilities	**631**	-1,071
Interest paid and other financial expenses	**-2,072**	-1,658
Net cash flow from operating activities	**1,126**	6,171
Cash flow from investing activities		
Capital expenditure in tangible and intangible assets	**-2,794**	-2,441
Sale of tangible and intangible assets	**45**	40
Net cash flow from investing activities	**-2,749**	-2,401

EUR thousand	Jan 1–Dec 31, 2023	Adjusted* Jan 1–Dec 31, 2022
Cash flow from financing activities		
Repayment of lease liabilities	**-1,748**	-1,542
Share issue	**0**	497
Cost of share issue	**0**	-9
Repayment of current loans	**-1,952**	-1,347
Draw-down of non-current loans	**2,000**	2,000
Net cash flow from financing activities	**-1,700**	-401
Change in liquid assets	**-3,323**	3,368
Cash and cash equivalents in the beginning of the period	**8,600**	5,231
Cash and cash equivalents at the period end	**5,277**	8,600

* The year 2022 has been adjusted due to a change in the principle of preparing real estate valuations. More information about the change in the accounting principle and its effects on previous years' figures can be found in the section "Valuation of properties and land areas" in the accounting principles for the consolidated financial statements.

** Other income and expenses, adjustments to cash flow mainly consist of payments in accordance with the payment schedules of payment reliefs granted by the tax office in 2020–2022 due to the COVID-19 pandemic.

Statement of changes in consolidated shareholders' equity

EUR thousand	Share capital	Unrestricted equity reserve	Revaluation of buildings and land areas	Other reserves	Retained earnings	Shareholders' equity total
Shareholders' equity Jan 1, 2023	**1,000**	**17,010**	**0**	**2,507**	**3,383**	**23,900**
Net result					1,547	1,547
Total comprehensive income	0	0	0	0	1,547	1,547
Transaction with owners:						
Option and share-based compensation					103	103
Directed share issue						
Transactions with owners, total	0	0	0	0	103	103
Shareholders' equity Dec 31, 2023	**1,000**	**17,010**	**0**	**2,507**	**5,033**	**25,550**

EUR thousand	Share capital	Unrestricted equity reserve	Revaluation of buildings and land areas	Other reserves	Retained earnings	Shareholders' equity total
Shareholders' equity Jan 1, 2022	**1,000**	**16,522**	**382**	**2,507**	**3,047**	**23,458**
Changes in accounting principles*			-382		146	-236
Adjusted shareholders' equity Jan 1, 2022	1,000	16,522	0	2,507	3,192	23,221
Net result*					61	61
Total comprehensive income	0	0	0	0	61	61
Transaction with owners:						
Option and share-based compensation					129	129
Directed share issue		488				488
Transactions with owners, total	0	488	0	0	129	617
Shareholders' equity Dec 31, 2022	**1,000**	**17,010**	**0**	**2,507**	**3,383**	**23,900**

* More information about the change in the accounting principle and its effects on previous years' figures can be found in the section "Valuation of properties and land areas" in the accounting principles for the consolidated financial statements.

Notes to the consolidated financial statement

Accounting principles for the consolidated financial statements

Basic information about the Group

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

The Group's parent company is Componenta Corporation (business ID 1635451-6), whose shares are quoted on the NASDAQ Helsinki stock exchange (Nasdaq Helsinki Ltd). The parent company is domiciled in Helsinki. The registered street address is Teknobulevardi 3-5, 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 3-5, 01530 Vantaa, Finland.

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

In its meeting on 14 March 2024, the Board of Directors of Componenta Corporation approved these financial statements for publication.

Basis of preparation of the consolidated financial statements

Componenta Corporation is a Finnish public limited company domiciled in Helsinki. Componenta Group ("Componenta" or "the Group") is composed of Componenta Corporation and its subsidiaries. Componenta's
consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, applying the IAS and IFRS standards and SIC and IFRIC interpretations in force on 31 December 2023. IFRS standards refers to standards and interpretations as adopted by the EU in accordance with the procedure established in EU regulation (EC) 1606/2002 as required by the Finnish Accounting Act and related provisions. The notes to the consolidated financial statements also conform to Finnish accounting and corporate legislation.

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

Business acquisitions and divestments

Componenta had no business acquisitions or divestments in 2023 and 2022.

Segment information

Componenta provides as a contract manufacturer its customers with services throughout the supply chain, including procedure design, casting, machining, metal sheet cutting, pipe products, forged blanks, surface treatments and logistics services, thus creating value-added total solutions for customers. Componenta's main products for sale are cast and machined metal components, as well as forged blanks, pipe products and metal sheet cutting. The company's subcontracting network further expands its offering. Componenta's high-quality metal components are used in mechanical engineering, agricultural and forestry machinery and the energy industry. Componenta's customers are global machine and equipment manufacturers, with whom Componenta has long-term customer relationships.

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

Componenta has identified several operating segments and analzed the operating segments' financial characteristics, long-term sales margins and sales growth trends. The operating segments form from the group's two foundries, four machining and three material service units. According to the analysis beforementioned aspects are similar and as a result Componenta has only one reportable segment. Therefore, Componenta's business is presented as a single entity. When comparing the financial characteristics of the operating segments, the company has analyzed the nature of products and services, the nature of production processes, customer types and groups of products and services, distribution channels and the regulatory environment. Componenta also reports on the distribution of its net sales between geographical areas and net sales on customers whose share of the group's net sales is more than 10 percent.

Accounting principles requiring the management's judgement

When preparing the financial statements in accordance with the International Financial Reporting Standards, the management needs to make estimates and assumptions concerning the future. The estimates and assumptions that involve a significant risk of material changes in the carrying amounts of assets and liabilities during the next 12 months are presented below.

Componenta's financial statements for the financial year 2023 have been prepared based on the principle of going concern. When evaluating the going concern, Componenta has analyzed the liquidity risk and the adequacy of funding. When evaluating the adequacy of the financing, Componenta's management has taken into account, among other things, the points described in the next paragraph.

Componenta's sales volumes are at a good level despite the risks caused by the Russian war of aggression and the intensified geopolitical situation. Short-term, temporarily weakened order books have been successfully responded to with timely and sufficient adjustment measures. There have been no disruptions or restrictions in the availability of electricity and, based on the indices, changes in the price of electricity are transferred to customer prices in an average of three months. At the end of the review period, the group's cash at bank totalled EUR 5.3 million (EUR 8.6 million). The group's liquidity was at a reasonable level. In addition, at the end of the review period, Componenta also had unused binding revolving credit facilities of EUR 4.0 million and from GCF, an investor based in the United States, a share subscription facility which is valid until June 2024, with the unused portion of USD 7.5 million from the total USD 8.0 million. In addition, the withdrawal of the second and consequently the last instalment of the EUR 4.0 million working capital loan agreed in December in the amount of EUR 2.0 million was made in March 2023. Componenta's net liabilities were EUR 9.1 million (EUR 4.8 million). According to the company's understanding, the group can also obtain debt financing from the market if necessary. The management has analyzed the companies' cash flow forecasts for the next 12 months.

In addition to assessing the going concern principle, the management has made other significant estimates and assumptions in determining the valuation of assets in the financial statements, such as investment properties, goodwill, tangible and intangible assets and inventories, as well as the realisability of deferred tax receivables and contingent liabilities. The management has also assessed the impact of high inflation and market interest rates on the preparation of the financial statements and on the valuations of the above-mentioned assets. The management has also assessed accounts receivables. The management has assessed the situation in terms of both the company's own industry and the overall economic situation. The assessment did not have a material impact on the credit loss provision in the financial statements. Componenta regularly updates its credit loss provision. Componenta continuously assesses the impact related to Russian war of aggression and the intensified geopolitical situation on its financial reporting. Componenta closely monitors market development and its customers' situation and adjusts its operations accordingly. The management has assessed any indications of impairment of assets and reversal of impairments. These estimates and assumptions involve risks and uncertainty, and it is therefore possible that these forecasts will change when the circumstances change, which may affect the recoverable amount of assets. More information about annual impairment testing is provided in the notes to the 2023 financial statements.

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

Valuation of properties and land areas

In 2023, Componenta has switched to using the acquisition cost model permitted by the IAS 16 standard for land, buildings and structures, where properties and land are recorded in the balance sheet at the initial acquisition cost, less depreciation and depreciation according to the plan. The previously used revaluation model has been changed to acquisition cost model at the end of the financial year, because the acquisition cost model is estimated to provide more reliable and relevant information about the effects of transactions, other events or circumstances on the entity's financial position, financial result and cash flows. The revaluation model has been in use at Componenta since December 31, 2012, and according to the accounting principle, land areas, buildings and structures have been recorded at fair values, which were based on assessments made by independent valuers and from which, in the case of buildings, depreciation after revaluation was deducted. In 2012, according to the company's strategy, real estate was developed as a separate business, which is why the revaluation model was a more suitable accounting principle. However, the company has since given up owning real estate as a business area and has sold a large part of the real estate it owns. In practice, the company only owns production plants that are in its own use. Therefore, switching to the acquisition cost model is a more conventional way of valuing fixed assets on the balance sheet in a group engaged in industrial manufacturing activities. In December 2023, an external independent assessment of the properties owned by the company was also carried out, according to which the recoverable amounts of the properties exceed the accounting values and there are no write-down needs at the time of closing the accounts. The change in the accounting principle has been made retroactively in accordance with IAS 8 and has had an impact on the opening balance sheet and the result of the comparison period. Componenta does not prepare a third balance sheet in accordance with IAS 1, because the change in the accounting principle has an immaterial effect on the information contained in the balance sheet. The effects of the retrospective change in the accounting principle on the result and balance sheet of previous years are shown in the attached table:

In connection with the change in the accounting principle for real estate valuation, the management has used judgment and decided to write down the investment properties that were worth EUR 17.0 Thousand in the company's balance sheet due to their low financial statement information value.

EUR Thousand		Jan 1, 2022	ADJUSTMENTS	ADJUSTMENTS Jan 1, 2022	Dec 31, 2022	ADJUSTMENTS	ADJUSTMENTS Dec 31, 2022
ASSETS							
Non-current assets							
Tangible assets	1	28,332	-313	28,019	27,296	10	26,993
Receivables	2	532		532	521	21	542
Non-current assets total		33,902	-313	33,589	33,044	30	32,762
ASSETS TOTAL		**55,479**	**-313**	**55,166**	**58,848**	**30**	**58,565**
EUR Thousand		**EUR Thousand**		**1.1.2022**	**31.12.2022**		**31.12.2022**
SHAREHOLDERS' EQUITY AND LIABILITIES							
SHAREHOLDERS' EQUITY							
Other reserves	3	2,889	-382	2,507	2,889		2,507
Retained earnings	4	3,451	146	3,597	3,175		3,321
Result for the period	4	-405		-405	52	10	61
Shareholders' equity total		23,458	-236	23,221	24,126	10	23,900
Liabilities							
Non-current liabilities							
Deferred tax liabilities	2	214	-76	138	56	21	0
Non-current liabilities total		10,482	-76	10,405	10,608	21	10,552
Liabilities total		32,022	-76	31,945	34,721	21	34,666
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL		**55,479**	**-313**	**55,166**	**58,848**	**30**	**58,565**

[1] For tangible assets, revaluation of properties made in previous years have been retroactively canceled and depreciation for the previous years has been adjusted.
[2] The balances of deferred tax assets and liabilities have changed because the balances recorded for temporary differences in properties included in the items have been written off.
[3] The revaluation of buildings and land areashas been liquidated retroactively as a counter entry to the cancellation of properties' revaluations of tangible assets.
[4] Retained earnings and the result of the financial year 2022 have been adjusted because the depreciation of the previous years related to revaluation of properties has been adjusted. In addition, profits have been adjusted to the extent of the change in deferred tax liabilities.

Impairment and reversal of impairments regarding 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 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.

At the end of each reporting period, Componenta assesses whether there is any indication that the impairment loss recorded for the asset - other than goodwill - in previous periods may no longer exist or that it may have decreased. If any indication exists, Componenta estimates the recoverable amount of that asset. When evaluating indications of a decrease in impairment losses, Componenta evaluates external and internal sources of information. If there has been a change in the estimates that have been used to determine the recoverable amount of the asset when recording the impairment loss, the reversal of the impairment loss is recorded with effect on profit. However, the increased book value due to the reversal of the impairment loss will never exceed the book value that the asset would have had without the impairment loss entry made at the time. Possible impairment losses on goodwill are never reversed.

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 key financial ratios used for financial reporting

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

Foreign currency -denominated items

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

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

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

The applied new standards

Componenta has applied standard changes and interpretations relevant to Componenta that came into force during the financial period. The IFRS accounting standards that entered into force in 2023 and their changes did not have a significant impact on the consolidated financial statements.

Upcoming new and amended standards and interpretations not yet effective in 2023

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 income statement

Figures are in thousands of euros unless otherwise stated.

1 Net sales

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

Group's net sales by market area

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Finland	**82,813**	87,093
Sweden	**11,286**	12,377
Germany	**2,374**	3,462
Other European countries	**5,010**	5,234
Other countries	**312**	657
Rental income*	**0**	279
Internal items/eliminations	**13**	-16
Total	**101,809**	109,087

Country-specific net sales reflect the destination where goods have been delivered.
* Rental income is presented in 2023 under other operating income.

Group's net sales by business area

%	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Machine building	**45**	46
Agricultural machinery	**30**	31
Forestry machinery	**7**	7
Energy industry	**9**	8
Defence equipment industry	**4**	2
Other industries	**5**	6
Total	**100**	100

Group's net sales by customer

Componenta has one significant customer, which share of the net sales is over 10%. The customer's share of the Group's net sales is 29.1% (26.7%).

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.

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.

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

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. All performance obligations for the accounting period and the comparison period were fulfilled at a point in 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 Other operating income

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Rental income*	347	38
Profit from sale of non-current assets	44	23
Other operating income	361	267
Total	751	328

* In 2022 Net Sales included EUR 279 Thousand of rental income.

Accounting principles

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

3 Operating expenses

EUR thousand	Jan 1– Dec 31, 2023	Jan 1– Dec 31, 2022
Change in inventory of finished goods and work in progress	-994	977
Production for own use	260	78
Materials, supplies and products	-40,306	-46,809
External services	-7,485	-7,166
Personnel expenses	-31,189	-29,880
Rents	-339	-219
Waste, property and maintenance costs	-3,726	-3,657
Energy	-4,826	-7,435
Sales and marketing	-42	-32
Computer software	-2,077	-2,066
Tools for production	-2,643	-2,308
Freights	-218	-198
Other operating expenses	-3,700	-3,615
Total operating expenses	-97,283	-102,329

Audit fees	-205	-163
Other fees*	-20	-117
Total fees paid to auditors	-225	-280

* PricewaterhouseCoopers Oy has provided non-audit services to the entities of Componenta Group in total of EUR 20 thousand (EUR 117 thousand) during the financial year 2023. These services included auditors's statements and other services.

4 Personnel expenses

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Personnel expenses		
Salaries and fees	**-25,599**	-24,370
Pension costs	**-4,083**	-3,887
Other personnel costs	**-1,507**	-1,622
	-31,189	-29,880

Average number of personnel, excluding leased personnel

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Group total	**589**	588

Personnel expenses include costs related to share-based payment EUR -0.1 million (EUR -0.1 million).

5 Research and development costs

EUR thousand	2023	2022
The following amounts have been recognized in the income statement under research and development costs	**–**	–

There were no research and development costs in 2023 and 2022 due to the fact that Componenta practises contract manufacturing and therefore does not develop products of its own.

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.

6 Depreciation, amortization and write-downs

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Depreciation and amortization		
Intangible assets		
Computer software	**-300**	-158
Other capitalized expenditure	**-288**	-384
	-587	-542
Tangible assets		
Buildings and structures***	**-1,911**	-1,830
Machinery and equipment*	**-3,247**	-3,140
Other tangible assets	**-6**	-9
	-5,164	-4,979
Revaluations on tangible**	**4,235**	0
Total depreciation, amortization and revaluations	**-1,516**	-5,521

* The units-of-production depreciation method is used for production machinery and equipment. Group's planned depreciation based on normal utilized capacity for production machinery and equipment was EUR -2.4 million (EUR -2.3 million) and capacity utilization correction was EUR -0.6 million (EUR -0.5 million).

** On September 30, 2023, a reversal of the impairment loss according to the IAS 36 standard has been made for the foundry business production machinery and equipment in the amount of EUR 4,235 Thousand. The reversal of the impairment loss has been based on an assessment of long-term future income expectations based on external and internal information sources. More information on impairments of fixed assets and reversal of impairments can be found in the accounting principles of the consolidated financial statements.

*** Depreciation of buildings and structures in 2022 has been adjusted due to the change in the principle of preparing real estate valuations. More information about the change in the accounting principle and its effects on previous years' figures can be found in the "Valuation of properties and land" section of the accounting principles in the consolidated financial statements.

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
computing equipment	3–5 years
other machinery and equipment	5–25 years
other tangible assets	3–10 years

7 Financial income and expenses

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Other interest income	**14**	3
Other financial income	**29**	1
Effective interest expenses for financial liabilities recognized at amortized cost	**-385**	-240
Interest expense from lease liabilities	**-519**	-482
Other charges on financial liabilities valued at amortized cost	**-217**	-244
Interest expenses and commissions for sold trade receivables	**-1,116**	-701
Financial income and expenses, total	**-2,193**	-1,662

8 Income taxes

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Income taxes		
Change in deferred taxes (see note 16)	**-21**	158
Income taxes, total	**-21**	158

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

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Profit before tax	**1,568**	-107
Income tax using Finnish tax rate	**-314**	21
Deferred tax assets from tax losses	**859**	0
Tax exempt income	**0**	49
Non-deductible expenses	**-238**	-100
Tax losses from which no deferred tax assets have been recorded	**-287**	1
Other	**-41**	186
Taxes total	**-21**	158

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.

9 Earnings per share

Group	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Profit for the period attributable to the shareholders of the parent company, 1,000 EUR	**1,547**	52
Weighted average number of outstanding shares during the financial year, 1,000 shares	**9,713**	9,579
Basic earnings per share, EUR	**0.16**	0.01
Dilution effect of share options and share-based incentive plans, 1,000 shares	**0**	0
Weighted average number of outstanding shares during the financial year, 1,000 shares	**9,713**	9,579
Diluted earnings per share, EUR	**0.16**	0.01

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

10 Intangible assets

EUR thousand	2023	2022
Intangible rights		
Acquisition cost at 1 Jan	**1,859**	1,859
Acquisition cost 31 Dec	**1,859**	1,859
Accumulated amortization at 1 Jan	**-1,591**	-1,591
Accumulated amortization at 31 Dec	**-1,591**	-1,591
Book value at 31 Dec	**268**	268

EUR thousand	2023	2022
Computer software		
Acquisition cost at 1 Jan	**5,755**	5,737
Additions	**123**	-
Re-classifications	**31**	19
Acquisition cost at 31 Dec	**5,909**	5,755
Accumulated amortization at 1 Jan	**-5,265**	-5,112
Amortization during the period	**-151**	-153
Accumulated amortization at 31 Dec	**-5,416**	-5,265
Book value at 31 Dec	**493**	490

EUR thousand	2023	2022
Other capitalized expenditure		
Acquisition cost at 1 Jan	**13,475**	12,763
Additions	**120**	425
Re-classifications	**317**	287
Acquisition cost at 31 Dec	**13,913**	13,475
Accumulated amortization at 1 Jan	**-12,249**	-11,860
Amortization during the period	**-436**	-389
Accumulated amortization at 31 Dec	**-12,685**	-12,249
Book value at 31 Dec	**1,227**	1,226

EUR thousand	2023	2022
Advance payments for intangible assets		
Acquisition cost at 1 Jan	0	0
Additions	6	0
Acquisition cost at 31 Dec	6	0
Book value at 31 Dec	6	0
Total intangible assets	**1,995**	1,985

Capital expenditure on intangible asets during the financial period totalled EUR 0.2 million (EUR 0.4 million).

Accounting principles

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

11 Goodwill

EUR thousand	Dec 31, 2023	Dec 31, 2022
Acquisition cost on Jan 1	3,225	3,225
Additions	-	-
Acquired business	-	-
Disposals and transfers between items	-	-
Write-downs during the period	-	-
Book value on Dec 31	3,225	3,225

Allocation of goodwill

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

Impairment testing

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

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

Based on the sensitivity analysis an increase of 8.0 percentage points in pre-tax discount rate will cause the carrying amount of the CGU to exceed its recoverable amount.

The impairment testing was performed on 30 September 2023 using value in use (VIU) method.

Key assumptions

2023	5-year average	Terminal value
Used pre-tax discount rate	14.3%	14.3%
Long-term growth forecast on net sales	0.0%	0.0%
Operating result	7.3%	8.2%
Capital expenditure, EUR thousand	2,620	3,500
Sales growth assumption	4.7%	0.0%

2022	5-year average	Terminal value
Used pre-tax discount rate	13.3%	13.3%
Long-term growth forecast on net sales	0.0%	0.0%
Operating result	6.0%	7.2%
Capital expenditure, TEUR	2,560	3,700
Sales growth assumption	5.3%	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 maintenance 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, if circumstances change management's estimates and projections change, which may affect the recoverable amount of the assets.

12 Tangible assets

Te	2023	2022
Land and water areas		
Acquisition cost at 1 Jan	**805**	805
Book value at 31 Dec	**805**	805

EUR thousand	2023	2022
Buildings and structures*		
Acquisition cost at 1 Jan	**25,960**	25,885
Additions	**12**	118
Disposals and re-classifications	**14**	-44
Acquisition cost at 31 Dec	**25,986**	25,960
Accumulated depreciation at 1 Jan	**-21,146**	-20,718
Depreciation and write-downs during the period	**-432**	-428
Accumulated depreciation at 31 Dec.	**-21,578**	-21,146
Book value at 31 Dec	**4,408**	4,814

EUR thousand	2023	2022
Buildings and structures, leases		
Acquisition cost at 1 Jan	**13,346**	12,149
Additions	**202**	0
Disposals and re-classifications	**1,488**	1,197
Acquisition cost at 31 Dec	**15,035**	13,346
Accumulated depreciation at 1 Jan	**-5,670**	-4,262
Depreciation during the period	**-1,462**	-1,408
Accumulated depreciation at 31 Dec	**-7,132**	-5,670
Book value at 31 Dec	**7,904**	7,676

EUR thousand	2023	2022
Machinery and equipment		
Acquisition cost at 1 Jan	88,432	86,913
Additions	812	651
Disposals and re-classifications	1,140	868
Acquisition cost at 31 Dec	90,384	88,432
Accumulated depreciation at 1 Jan	-77,352	-74,737
Depreciation and write-downs during the period**	1,585	-2,615
Accumulated depreciation at 31 Dec	-75,766	-77,352
Book value at 31 Dec	14,618	11,080

EUR thousand	2023	2022
Machinery and equipment, leases		
Acquisition cost at 1 Jan	7,473	6,267
Additions	1,070	1,176
Disposals and re-classifications	-15	29
Acquisition cost at 31 Dec	8,528	7,473
Accumulated depreciation at 1 Jan	-5,664	-5,140
Depreciation during the period	-704	-525
Accumulated depreciation at 31 Dec	-6,368	-5,664
Book value at 31 Dec	2,160	1,809

EUR thousand	2023	2022
Other tangible assets		
Acquisition cost at 1 Jan	569	569
Additions	17	-
Disposals and re-classifications	-	-
Acquisition cost at 31 Dec	587	569
Accumulated depreciation at 1 Jan	-90	-88
Depreciation during the period	-6	-2
Accumulated depreciation at 31 Dec	-96	-90
Book value at 31 Dec	490	479

EUR thousand	2023	2022
Advance payments and fixed assets under construction		
Acquisition cost at 1 Jan	331	374
Additions	1,703	1,247
Disposals and re-classifications	-1,444	-1,290
Book value at 31 Dec	590	331
TOTAL TANGIBLE ASSETS	30,974	27,296

* As Componenta switched to using the acquisition cost model according to the IAS 16 standard, the acquisition cost of the buildings and structures group has been retroactively adjusted by EUR -382 thousand, and the accumulated depreciation for the fiscal year 2022 and previous years totals EUR +78.9 thousand.

Reversal of impairment**

On September 30, 2023, a reversal of the impairment loss according to the IAS 36 standard has been made for the foundry business production machinery and equipment in the amount of EUR 4,235 thousand, which has been recorded in the income statement's line item depreciation, amortization and write-downs. The deferred tax liability resulting from the reversal of the impairment loss was recorded in the amount of EUR 847 thousand (see additional information in note 16). The reversal of the impairment loss has been based on an assessment of long-term future income expectations of one of the Componenta's production plants based on external and internal information sources. In an analysis based on the value-in-use method the recoverable amount of the cash-generating unit has been compared to the book value.

Re-classifications within machinery and equipment includes a net effect of EUR -408 thousand (EUR -457 thousand) regarding a financing arrangement of a particular machine of Componenta Manufacturing Oy. In addition the net effect is included in long-term liabilities EUR -408 thousand (EUR -457 thousand). The acquisition cost of the machine has been adjusted by the discounted effect regarding the payments of the loan. Interest used is 6.3% and loan term is 10 years.

Capital expenditure of tangible assets during the financial period totaled EUR 3.8 million (EUR 3.2 million).

Changes in right-of-use assets

EUR thousand	2023	2022
Carrying amount, Jan 1	9,484	9,015
Additions	1,272	1,176
Disposals and re-classifications	1,473	1,226
Depreciation	-2,166	-1,933
Carrying amount, Dec 31	10,063	9,484

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

Group as lessor

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

Lease receivables scheduled for leases

EUR thousand	Dec 31, 2023	Dec 31, 2022
Not later than one year	**307**	309
Later than one year but not later than five years	**1,223**	1,234
Total	**1,530**	1,543

Accounting principles

Property, plant and equipment is recorded on the balance sheet at original acquisition cost less planned depreciation and write-downs. 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.

In 2023, Componenta has switched to using the acquisition cost model permitted by the IAS 16 standard for land, buildings and structures, where properties and land are recorded in the balance sheet at the initial acquisition cost, less depreciation and depreciation according to the plan. The previously used revaluation model has been abandoned at the end of the financial year, because the acquisition cost model is estimated to provide more reliable and relevant information about the effects of transactions, other events or circumstances on the entity's financial position, financial result and cash flows. The revaluation model has been in use at Componenta since December 31, 2012, and according to the accounting principle, land areas, buildings and structures have been recorded at fair values, which were based on assessments made by independent valuers and from which, in the case of buildings, depreciation after revaluation was deducted. In 2012, according to the company's strategy, real estate was developed as a separate business, which is why the revaluation model was a more suitable accounting principle. However, the company has since given up owning real estate as a business area and has sold a large part of the real estate it owns. In practice, the company only owns production plants that are in its own use. Therefore, switching to the acquisition cost model is a more conventional way of valuing fixed assets on the balance sheet in a group engaged in industrial manufacturing activities. In December 2023, an external independent assessment of the properties owned by the company was also carried out, according to which the recoverable amounts of the properties exceed the accounting values and there are no write-down needs at the time of closing the accounts. The change in the accounting principle has been made retroactively in accordance with IAS 8 and has had an impact on the opening balance sheet and the result of the comparison period. Componenta does not prepare a third balance sheet in accordance with IAS 1, because the change in the accounting principle has an immaterial effect on the information contained in the balance sheet.

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 and reversal of impairments

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 impacts regarding Russian war of aggression and the intensified geopolitical situation, 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. 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.

At the end of each reporting period, Componenta assesses whether there is any indication that the impairment loss recorded for the asset - other than goodwill - in previous periods may no longer exist or that it may have decreased. If any indication exists, Componenta estimates the recoverable amount of that asset. When evaluating indications of a decrease in impairment losses, Componenta evaluates external and internal sources of information. If there has been a change in the estimates that have been used to determine the recoverable amount of the asset when recording the impairment loss, the reversal of the impairment loss is recorded with effect on profit. However, the increased book value due to the reversal of the impairment loss will never exceed the book value that the asset would have had without the impairment loss entry made at the time. Possible impairment losses on goodwill are never reversed.

Right-of-use assets
Componenta applies the IFRS 16 standard, according to which an asset (right-of-use asset) and a financial liability for the payment of rent are recorded in the balance sheet (see note 23). 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.

13 Inventories

EUR thousand	Dec 31, 2023	Dec 31, 2022
Raw Materials and Consumables	4,913	4,677
Work in Progress	2,330	3,197
Finished products and goods	2,649	2,773
Other inventories	2,736	2,517
Advance Payments	0	95
Total Inventories	12,628	13,259

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 moving average price 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 estimates and assumptions in determining the valuation of inventories.

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.

14 Accounts receivables

EUR thousand	Dec 31, 2023	Dec 31, 2022
Accounts receivables	1,847	2,455
Total	**1,847**	2,455

Changes in contract assets are specified in note 1.

Accounts receivables by currency

%	Dec 31, 2023	Dec 31, 2022
EUR	100	100
Total	**100**	100

Myyntisaamisten ikäjakauma

Avoimet myyntisaamiset erääntyvät seuraavasti

	Dec 31, 2023		Dec 31, 2022	
EUR thousand	Accounts receivables	Loss allowance	Accounts receivables	Loss allowance
Not due	1,390		2,012	
Overdue				
less than 1 month	292		536	
1–3 months	48		47	
3–6 months	24		-38	
more than 6 months	160	67	22	124
Total	**1,913**	**67**	2,579	124

Credit risk

Componenta's credit risk is related to receivables that are trade receivables from delivered products. Group companies are primarily responsible for the risks related to customer receivables. The Group Treasury sets guidelines and monitors credit risk management and evaluates the creditworthiness and ability of customers to fulfill their payment obligations.

The Group reduces its credit risk exposure by selling its trade receivables to financing companies without recourse. Sold trade receivables at the end of the financial period was EUR 8.4 million (EUR 10.8 million). The collection of customer receivables is carried out in accordance with the Group's debt collection policy. Componenta applies the expected credit loss model of the IFRS 9 standard when evaluating uncertain receivables. 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 behaviour 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 losses during the reporting period totalled EUR -0.1 (-0.1) million. Componenta Castings Oy booked credit losses of EUR 0.1 (0.1) million related to doubtful receivable over one year old which consist of old customer reclamations. The Group's credit loss risk was EUR 2.1 (2.9) million.

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.

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

15 Other short-term receivables and accrued income

EUR thousand	Dec 31, 2023	Dec 31, 2022
Loan receivables	3	3
Prepayments and accrued income	738	1,194
VAT receivables	0	0
Other receivables	198	293
Total	939	1,491

Prepayments and accrued income include mainly prepaid accrued expenses.

Prepayments and other accrued income

EUR thousand	Dec 31, 2023	Dec 31, 2022
Energy tax	18	16
Personnel	154	91
Insurance	34	92
Other accrued income	533	994
Total	738	1,194

16 Deferred tax assets and liabilities

Changes in deferred taxes during the financial year 2023

EUR thousand	at Jan 1, 2023	Recognized in income statement	Recognized in equity	at Dec 31, 2023
Deferred tax assets				
Deferred tax assets from tax losses	0	847		847
Other differences*	1,614	-133		1,481
Total	1,614	714		2,328
Offset with deferred tax liabilities	-1,593			-2,328
Total	21			0

* Other differences mainly consist of temporary differences between taxation and accounting.

EUR thousand	at Jan 1, 2023	Recognized in income statement	Recognized in equity	at Dec 31, 2023
Deferred tax liabilities				
Valuing tangible assets at fair value when merging businesses	**252**	-24		**228**
Accelerated depreciation	**55**			**55**
Revaluation of buildings and land areas	**109**			**109**
Finance leases	**-88**	-66		**-154**
Reversal of impairment	**0**	847		**847**
Other differences*	**1,265**	-22		**1,243**
Total	**1,593**	735		**2,328**
Offset with deferred tax assets	**-1,593**			**-2,328**
Total	**0**			**0**

Changes in deferred taxes during the financial year 2022**

EUR thousand	at Jan 1, 2022	Recognized in income statement	Recognized in equity	at Dec 31, 2022
Deferred tax assets				
Other differences*	1,575	39		1,614
Total	1,575	39		1,614
Offset with deferred tax liabilities	-1,575			-1,593
Total	0			21

In 2022 deferred tax assets were recorded EUR 0.0 million.

EUR thousand	at Jan 1, 2022	Recognized in income statement	Recognized in equity	at Dec 31, 2022
Deferred tax liabilities				
Valuing tangible assets at fair value when merging businesses	281	-29		252
Accelerated depreciation	55			55
Revaluation of buildings and land areas	88	21		109
Finance leases	-18	-70		-88
Other differences*	1,308	-43		1,265
Total	1,714	-121		1,593
Offset with deferred tax assets	-1,575			-1,593
Total	139			0

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 2.4 million (EUR 1.6 million) before offset with deferred tax assets.

* Other differences mainly consist of temporary differences between taxation and accounting.

** The opening balances for 2022 have been adjusted due to the change in the principle of preparing real estate valuations. More information about the change in the accounting principle and its effects on previous years' figures can be found in the "Valuation of properties and land" section of the accounting principles in the consolidated financial statements.

Unrecognized deferred tax assets from confirmed losses

	Confirmed losses	Deferred tax asset	Year of expiration
	11,704,269.446	2,340,853.89	2023
	17,272,214.12	3,454,442.82	2024
	11,926,368.86	2,385,273.77	2025
	27,422,025.92	5,484,405.18	2026
	27,020.14	5,404.03	2028
	7,036,325.99	1,587,585.34	2028
	709,152.02	141,830.40	2029
	204,016,49	40,803,90	2030
	6,551.00	1,310.20	2032
Total	77,209,544.69	15,441,908.94	

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

Accounting principles

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

A deferred tax liability is recognised for the retained earnings of subsidiaries only if it can be considered that the tax payment will take place in the foreseeable future. Deferred tax liabilities have been calculated by using effective tax rates.

17 Investment properties

EUR thousand	2023	2022
Book value Jan 1	17	17
Write-downs	-17	0
Book value Dec 31	**0**	17

Accounting principles

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

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 depreciation, amortization and write-downs in the income statement.

In 2023, the management has used judgment and decided to write down the investment properties due to their limited value.

18 Share capital, share premium reserve and other reserves

	Number of shares, (1,000)	Share capital, EUR thousand	Unrestricted equity reserve, EUR thousand	Buildings and land revaluation reserve EUR thousand	Other reserves, EUR thousand
Jan 1, 2023	9,713	1,000	17,010	0	2,507
Directed share issue					
Dec 31, 2023	9,713	1,000	17,010	0	2,507

	Number of shares, (1,000)	Share capital, EUR thousand	Unrestricted equity reserve, EUR thousand	Buildings and land revaluation reserve EUR thousand	Other reserves, EUR thousand
Jan 1, 2022	9,518	1,000	16,522	382	2,507
Changes in accounting principles*				-382	
Adjusted Jan 1, 2022	9,518	1,000	16,522	0	2,507
Directed share issue	195		488		
Dec 31, 2022	9,713	1,000	17,010	0	2,507

* Componenta has retroactively changed its principle of preparing real estate valuations. More information about the change in the accounting principle and its effects on previous years' figures can be found in the "Valuation of properties and land" section of the accounting principles in the consolidated financial statements.

The Board of Directors of Componenta Corporation decided on 30 August 2022 on a directed share issue of approximately EUR 0.5 million to Global Corporate Finance as part of the previously agreed share subscription agreement of USD 8 million. Componenta Corporation carried out a directed share issue of EUR 497 thousand in which total of 194,944 shares were offered for subscription which corresponded to approximately 2.0 percent of all the Componenta's shares after the implementation of the arrangement. The subscription price per share was EUR 2.55 and it corresponded to 94 percent of the daily volume weighted average price (VWAP) of Componenta Corporation's shares on the Nasdaq Helsinki Ltd main list in the period between 18 August 2022−24 August 2022. The share issue was carried out based on the authorisation given to the Board by the Annual General Meeting of the Company on 8 April 2022. New amount of shares of 9,712,757 was registered to the Finnish Trade Register on 8 September 2022. The subscription price was booked in full to Componenta Corporation's unrestricted equity reserve.

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.

19 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 equity ratio improved from previous year and stood at 45.0% (41.1%). The strenghened equity ratio was due to positive result of the financial year and lower interest-free debts than the previous year. The net gearing increased from previous year and stood at 35.6% (20.0%). The weakening of the net gearing ratio was mainly due to the the weakened cash at the bank balance from the previous year, the last installment of EUR 2 million of working capital loan raised during the financial year, and the new lease liabilities for machinery and equipment.

The key indicators for capital structure

%	Dec 31, 2023	Dec 31, 2022
Net gearing	**35.6**	20.0
Equity ratio	**45.0**	41.1

20 Share-based payment

Share-based incentive scheme

Componenta Corporation has one long-term share-based incentive scheme: a Stock Option Plan.

Stock options encourage key personnel to work long-term in the company in order to increase shareholder value. The goal of stock options is to bind key personnel to the company. The option rights are based on the key persons' valid employment or business relationships, and if the key person's employment ends before the subscription period for the shares, the person loses his or hers option rights immediately. The target group of the option program includes a maximum of 20 key personnel, including members of the group's Corporate Executive Team.

In the fiscal year 2023, Componenta Oyj's board of directors decided on the new Stock Option Plan 2023 aimed at key employees based on the authorization given by the company's annual general meeting on April 13, 2023. A total of 133,348 option rights 2023A were allocated to personnel.

In the fiscal year 2023, 3,700 stock option rights 2018C and 8,334 stock option rights 2023A were returned to the possesion of the company. Restored option rights have not been distributed at the financial statement date. In the accounting period, no option rights from valid option programs have been used to subscribe for shares.

Stock Option Plans valid during the accounting period

	2018A	2018B	2018C	2023A
Initial subscription price, EUR	0.17*	0.13**	3.03***	3.00****
Current subscription price, EUR	5.25	3.85	3.03***	3.00****
Duration (years)	3.0	4.8	4.4	4.9
Expected volatility, %	66.9	59.9	43.1	48.9
Risk-free interest rate, %	0.00	0.00	0.00	2.77
Fair value of option at the date of issue, EUR	0.09	0.05	2.79	1.38
Number of plan participants	9	7	14	13
Option rights granted to personnel based on option programs	33,650	27,898	59,812	125,014
Option rights held by the company	8,334	8,400	16,650	8,334
The number of shares that one option right entitles to subscribe	2	2	2	1
Share subscription period	Dec 1, 2021–Nov 30, 2023	Dec 1, 2022–Nov 30, 2024	Dec 1, 2023–Nov 30, 2025	Jun 1, 2026–May 31, 2028

Possible dividends are taken into account in the calculations.

* Trade-weighted average share price on Nasdaq Helsinki Ltd 12 October–8 November 2018.
** Trade-weighted average share price on Nasdaq Helsinki Ltd 14 October–8 November 2019.
*** Trade-weighted average share price on Nasdaq Helsinki Ltd 14 October–8 November 2020.
**** Trade-weighted average share price on Nasdaq Helsinki Ltd 21 April–22 May 2023.

The initial subscription prices of the 2018A and 2018B option program in the table above are price data before Componenta's reverse split of shares in 2020.
Option rights 2018A have expired on 30 November 2023.

Share-based payments

Share-based payments recognized as an expense

EUR thousand	Jan 1-Dec 31, 2023	Jan 1-Dec 31, 2022
To be paid in shares	**103**	129
Total	**103**	129

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.

21 Pension obligations and other benefit plans

Pension obligations

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

Other benefit plans

The Group has one defined benefit plan, reward for years of service. This reward is applied in all of the companies within the Group. The net defined benefit obligation recognised in the balance sheet at year end 2023 was EUR 118.5 (106.1) thousand. There are no plan assets in the defined benefit plan. This benefit plan has no actuarial gains and losses in 2023 or 2022. Assumptions used in calculating benefit obligation were; discount rate 3.2% and average future salary increase 2.7%. The duration of the defined benefit obligation is assumed to be 5.6 years.

Sensitivity analysis

		Defined Benefit Obligation	
Effect of a change in assumption used	**Change in assumption**	**Increase**	**Decrease**
Discount rate	0.5,%	-2.8,%	2.9,%
Future salary increase	0.5,%	2.9,%	-2.8,%

22 Provisions

EUR thousands	Reorganisation provisions	Environmental provisions	Other provisions*	Total
Jan 1, 2023	0	0	363	363
Additions to provisions	-	-	-	-
Utilized during the period	-	-	-29	-29
Dec 31, 2023	0	0	334	334

EUR thousands	Reorganisation provisions	Environmental provisions	Other provisions*	Total
Jan 1, 2022	0	0	347	347
Additions to provisions	-	-	16	16
Utilized during the period	-	-	-	-
Dec 31, 2022	0	0	363	363

EUR thousands	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Change in provisions recognised as operating expenses in income statement, increase of expense (-), decrease of expense (+)	29	-16

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

*Other provisions mainly consist of the provision for the restoration of business premises

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.

23 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, 2023, EUR thousand	Financial assets and liabilities at fair value through profit and loss	Financial assets and liabilities measured at amortised cost	Investments measured at fair value through other comprehensive income	Lease liabilities	Total
Non-current assets					
Other receivables		90			90
Current assets					
Cash and cash equivalents		5,277			5,277
Accounts receivables		1,847			1,847
Total financial assets		7,214			7,214
Non-current liabilities					
Loans from financial institutions		2,372			2,372
Lease liabilities				8,922	8,922
Other loans		0			0
Trade payables and advances received		175			175
Current liabilities					
Loans from financial institutions		1,141			1,141
Lease liabilities				1,939	1,939
Other loans		0			0
Trade payables and advances received		8,044			8,044
Total financial liabilities		11,732		10,861	22,593

Dec 31, 2022, EUR thousand	Financial assets and liabilities at fair value through profit and loss	Financial assets and liabilities measured at amortised cost	Investments measured at fair value through other comprehensive income	Lease liabilities	Total
Non-current assets					
Non-current assets		90			90
Current assets					
Cash and cash equivalents		8,600			8,600
Accounts receivables		2,455			2,455
Total financial assets		11,145			11,145
Non-current liabilities					
Loans from financial institutions		1,527			1,527
Lease liabilities				8,323	8,323
Other loans		0			0
Trade payables and advances received		189			189
Current liabilities					
Loans from financial institutions		1,909			1,909
Lease liabilities				1,639	1,639
Other loans		20			20
Trade payables and advances received		10,511			10,511
Total financial liabilities		14,155		9,962	24,117

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 business income financing, commited and drawn loans from financial institutions, revolving credit facilities which are valid until September 2025 and factoring financing of trade receivables. Revolving credit facility agreements must be renewed before expiring. Factoring financing arrangements are inforce indefinitely for the other operating company and will be inforce indefinitely for the other operating company on 1 December 2024 at latest. Revolving credit facilities and factoring financing agreements contain terms on the basis of which they can also be terminated during the agreement period. In the Group's view, these terms are normal and are not likely to be breached. The termination of factoring arrangements or revolving credit facilities or non-renewal of revolving credit facilities could create uncertainties and risks to Componenta's liquidity, but the uncertainties and risks are mitigable. The Group's reasonable level of liquidity at the end of 2023 is an essential factor in managing liquidity risks. The company has analyzed cash flow forecasts for the 12-month period after the financial statement date. In addition to income financing, the most important assumptions in the forecasts relate to the working capital loan agreed with LocalTapiola and Elo, the continuity of factoring financing and the level of use of revolving credit facilities and the share subscription limit described below. Componenta estimates that the Group's liquidity will be sufficient for the next 12 months.

At the end of the financial period 31 December 2023, Componenta's cash and cash equivalents totalled EUR 5.3 (8.6) million. Additionally at the end of the financial period, Group had EUR 4.0 (4.0) million of undrawn committed credit facilities.

Componenta Corporation entered into a share subscription facility on 21 June 2021 with Global Corporate Finance LLC, New York, NY, USA, for providing funding of up to USD 8 million to the Company over a three-year period. This facility helps the Group at its request to support their financing for the next 3 years and gives the company a possibility to focus on achieving upcoming growth and profitability objectives for the next years. Componenta has an unused portion of USD 7.5 million from the total limit.

On 21 December 2022, Componenta agreed on a working capital loan totaling EUR four (4) million with LocalTapiola Group and Elo Mutual Pension Insurance Company. The first withdrawal, totalling EUR 2 million, was made on 23 December 2022. The second withdrawal, totalling EUR 2 million, was made during the first quarter of 2023. The loan period is five years.

Installments and interest payments on financial liabilities 2023

EUR thousand	2024	2025	2026	2027	2028	2029+	Total
Loans from financial institutions	-1,141	-772	-800	-800	-	-	-3,513
Lease liabilities*	-1,932	-1,974	-1,775	-1,446	-1,341	-2,393	-10,861
Trade payables	-8,044	-175	-	-	-	-	-8,219
Interest expenses on loans	-808	-618	-449	-287	-172	-144	-2,478
Other debts	-	-	-	-	-	-	0
Total	-11,925	-3,539	-3,024	-2,534	-1,513	-2,536	-25,071

Installments and interest payments on financial liabilities 2022

EUR thousand	2023	2024	2025	2026	2027	2028+	Total
Loans from financial institutions	-1,909	-1,127	-400	-	-	-	-3,436
Lease liabilities*	-1,665	-1,619	-1,497	-1,477	-1,310	-2,394	-9,962
Trade payables	-10,511	-189	-	-	-	-	-10,699
Interest expenses on loans	-698	-478	-322	-236	-163	-134	-2,031
Other debts**	-19	-	-	-	-	-	-19
Total	-14,802	-3,412	-2,220	-1,713	-1,474	-2,528	-26,148

* 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 2022 were hire purchase agreements.

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

Interest-bearing financial liabilities

EUR thousand	Dec 31, 2023	Dec 31, 2022
Non-current interest-bearing financial liabilities		
Loans from financial institutions	**2,372**	1,527
Lease liabilities	**8,922**	8,323
Other debts*	**0**	0
Total	**11,294**	9,850
Current interest-bearing financial liabilities		
Loans from financial institutions	**1,141**	1,909
Finance lease liabilities	**1,939**	1,639
Other debts*	**0**	20
Total	**3,080**	3,568
Total interest-bearing liabilities	**14,374**	13,418

* Other debts in 2022 were hire purchase agreements

Currency breakdown of interest-bearing financial liabilities

%		2023	2022
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

%	2023 Nominal interest rates	2023 Effective interest rates	2022 Nominal interest rates	2022 Effective interest rates
Loans from financial institutions	**8.9-9.9**	**9.4-10.4**	5.0–8.1	5.2–10.6
Lease liabilities	**2.5–11.6**	**2.5–11.6**	2.5–7.7	2.5–7.7
Other debts*	**0.0–0.0**	**0.0–0.0**	5.0–5.0	7.6–7.6

* Other debts in 2022 were 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, common derivative instruments can be used such as foreign currency forward contracts and options, for which pricing on the market is reliable. Foreign currency derivatives mature in less than one year.

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

EUR thousand	Dec 31, 2023 for 2024 Sensitivity interest rate curve +100bp	Dec 31, 2022 for 2023 Sensitivity interest rate curve +100bp
Interest-bearing financial liabilities	-18.8	-20.9

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 moderate 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 situation in Ukraine as well as the tightened geopolitical situation on the most significant financial risks. From Componenta's point of view, the greatest impact has been 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 shortterm bank deposits.

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

24 Other non-interest bearing liabilities and accruals

Non-current non-interest bearing liabilities

EUR thousand	Dec 31, 2023	Dec 31, 2022
Other liabilities	625	688
Total	625	688

Non-current other liabilities include mainly a liability regarding financing arrangement of a particular machine of Componenta Manufacturing Ltd.

Current non-interest bearing liabilities

EUR thousand	Dec 31, 2023	Dec 31, 2022
Trade payable	7,926	10,432
Accruals	6,229	6,194
VAT liabilities	580	1,299
Other liabilities	1,657	2,257
Total	16,392	20,183

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

Accrued expenses and deferred income

EUR thousand	Dec 31, 2023	Dec 31, 2022
Personnel expenses	5,787	4,567
Other accruals	443	1,627
Total	6,229	6,194

25 Reconciliation of financial liabilities to cash flow statement

EUR thousand	Long-term interest-bearing liabilities	Short-term interest-bearing liabilities	Total	Unrestricted equity reserve (SVOP)
Jan 1, 2023	9.849	3.569	13.418	17.010
Drawdowns*	2.000		2.000	
Repayments on interest bearing debt	-1.952		-1.952	
Repayments on leasing debt		-1.748	-1.748	
Directed share issue				-
Other changes:				-
Change in liabilities which does not include cash flow:	1.397	1.259	2.656	
Dec 31, 2023	11.294	3.080	14.374	17.010

* In December 2022, Componenta agreed on a working capital loan of four (4) million euros with LähiTapiola and the Mutual Pension Insurance Company Elo. EUR 2.0 million was withdrawn from the loan in December 2022, and EUR 2.0 million in March 2023. The term of the loan is five years. Other loan conditions are usual. The first repayment of the loan was in March 2023 and in total in 2023 repayments for the loan were EUR 0,8 million. In autumn 2023, Componenta signed new factoring and committed credit facility agreements with Avida Finans Ab, filial i Finland. The agreements replace similar agreements previously with Norra Finans Oy, which the company terminated in the fall of 2023. The EUR 4,0 million limit of the new credit facility agreement was fully available at the end of 2023 fiscal year. No withdrawals were made from the credit facility agreements during the 2023 financial year.

EUR thousand	Long-term interest-bearing liabilities	Short-term interest-bearing liabilities	Total	Unrestricted equity reserve (SVOP)
Jan 1, 2022	9,137	2,808	11,944	16,522
Drawdowns**	2,000	4,000	6,000	
Repayments on interest bearing debt	-1,347	-4,000	-5,347	
Repayments on leasing debt		-1,542	-1,542	
Directed share issue				491
Other changes				-3
Change in liabilities which does not include cash flow:	60	2,303	2,363	
Dec 31, 2022	9,849	3,569	13,418	17,010

* In August 2022, Componenta Oyj carried out a directed share issue of EUR 0.497 million as part of the USD 8 million share subscription agreement previously agreed with Global Corporate Finance LLC, which the company announced on June 21, 2021. In the share issue 194,944 new shares were issued, which were registered in the trade register maintained by the Finnish Patent and Registration Office on September 8, 2022. The subscription price per share was EUR 2.55, and it corresponded to 94 percent of the average price weighted by the volume of the company's shares traded on the Nasdaq Helsinki Oy stock exchange between August 18, 2022 and August 24, 2022.

** In December 2022, Componenta agreed on a working capital loan of four (4) million euros with LähiTapiola and the Mutual Pension Insurance Company Elo. EUR 2.0 million was withdrawn from the loan in December 2022, and the loan is to be withdrawn in full by March 31, 2023. The term of the loan is five years. Other loan conditions are usual. Componenta has a committed credit limit facility agreement of EUR 4.0 million, of which EUR 4.0 million was used in July-November 2022.

26 Lease liabilities

EUR thousand	2023	2022
Carrying amount Jan 1	9,962	9,135
Additions to lease liabilities	2,819	2,713
Disposals to lease liabilities	-173	-344
Lease payments	-1,746	-1,542
Carrying amount Dec 31	10,861	9,962

The representation of current and non-current lease liabilities is presented in note 24. The weighted average of the Group's incremental borrowing rate, which was applied on lease liabilities was 2.5%.

Items arising from leases in the consolidated income statement

EUR thousand	Jan 1- Dec 31, 2023	Jan 1- Dec 31, 2022
Depreciation from right-of use assets	-2,170	-1,951
Interest expense from lease liabilities	-519	-482
Expense from leases of low value assets and short-term leases	-339	-219
Lease income from third parties	347	306
Total	-2,681	-2,345

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 at inception and the measures of right-of-use assets and lease liabilities are recognized based on these estimates.

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.

27 Contingent liabilities

EUR thousand	Dec 31, 2023	Dec 31, 2022
Business mortgages		
For own debts	17,600	17,600
Pledges		
For own debts	0	7,800
Other leases	460	281
Other commitments	68	188
Total	18,128	25,869

Liabilities secured with real estate, pledges for other business guarantees

EUR thousand	Dec 31, 2023	Dec 31, 2022
Liabilities secured with real estate or business mortgages		
Loans from financial institutions	3,513	3,436
Total	3,513	3,436

Componenta Corporation owns 3.6% of the shares of Majakka Voima Oy. Majakka Voima Oy owns Voimaosakeyhtiö SF's shares. Voimaosakeyhtiö SF is the main owner of Fennovoima Oy. Componenta has not participated in further funding of Majakka Voima Oy after 2013 and has fulfilled its obligations towards Majakka Voima Oy. Finnish Patent and Registration Office has placed Majakka Voima Oy into liquidation on 16 September 2022. Componenta has written down Majakka Voima Oy's shares in its accounting completely in 2016. Voimaosakeyhtiö SF and some of its shareholders have approached Majakka Voima Oy with claims based on Voimaosakeyhtiö SF's shareholder agreement and related financial commitments. According to Componenta's assessment, it is unlikely that there are significant financial consequences to Componenta, as a result of which Componenta's figures for the review period do not include provisions or contingent liabilities related to this matter.

28 Related party disclosures

Group companies (control) December 31, 2023

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

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, 2023, EUR	Salaries, fees & fringe benefits	Short-term incentives	Long-term incentives (Share-based payments)	Total
Board of Directors	125,000	-	-	125,000
President and CEO Sami Sivuranta	281,175	-	-	281,175
Other members of CET	581,940	-	-	581,940
Total	988,115	-	-	988,115

Jan 1–Dec 31, 2022, EUR	Salaries, fees & fringe benefits	Short-term incentives	Long-term incentives (Share-based payments)	Total
Board of Directors	125,000	-	-	125,000
President and CEO Sami Sivuranta	261,469	122,406	-	383,875
Other members of CET	536,205	192,274	-	728,479
Total	922,674	314,680	-	1,237,354

Remuneration of the Board of Directors and executive management

Remuneration and fees, 1,000 EUR	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
President and CEO Sami Sivuranta	**281**	261
Members of Board of Directors		
Harri Suutari	**50**	50
Petteri Walldén	**25**	25
Anne Leskelä	**25**	25
Tomas Hedenborg	**25**	25
Total, Board of Directors	**125**	125

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

Other related party disclosures

During 2023 and 2022 Componenta has not had any related party events deviating from normal commercial conditions. Loan receivables from related parties at the end of the reporting period were totalling EUR 0.0 (0.0) million. More information regarding long-term incentives can be found in note 20.

Parent company financial statements

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

Parent company income statement

EUR Thousand	Note	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
NET SALES	1	**3,708.7**	3,490.4
Other operating income	2	**5.1**	3.7
Operating expenses	3, 5, 6	**-3,762.5**	-3,353.4
Depreciation, amortization and write-downs	4	**-66.1**	-66.9
OPERATING RESULT		**-114.9**	73.8
Financial income and expenses in total	7	**776.8**	613.4
RESULT AFTER FINANCIAL ITEMS		**661.9**	687.2
RESULT AFTER APPROPRIATIONS		**661.9**	687.2
RESULT FOR THE FINANCIAL PERIOD		**661.9**	687.2

Parent company balance sheet

EUR Thousand	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	**102.8**	142.5
Tangible assets	9	**35.1**	34.4
Investments	10	**24,140.2**	23,890.2
Non-current assets, total		**24,278.1**	24,067.1
CURRENT ASSETS			
Non-current receivables	11	**9,798.9**	4,946.0
Current receivables	11	**4,643.3**	5,011.3
Cash and cash equivalents		**2,106.7**	4,701.1
Current assets, total		**16,548.9**	14,658.5
TOTAL ASSETS		**40,827.0**	38,725.6

EUR Thousand	Note	Dec 31, 2023	Dec 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY	12		
Share capital		**1,000.0**	1,000.0
Unrestricted equity reserve		**18,153.9**	18,153.9
Retained earnings		**16,418.0**	15,730.8
Result for the financial period		**661.9**	687.2
Shareholders' equity		**36,233.8**	35,571.9
LIABILITIES	13, 14		
Non-current liabilities		**2,456.3**	1,282.5
Current liabilities		**2,136.9**	1,871.1
Liabilities		**4,593.2**	3,153.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**40,827.0**	38,725.6

Parent company cash flow statement

EUR Thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
CASH FLOW FROM OPERATIONS		
Result after financial items	**662**	687
Depreciations according to plan	**66**	67
Other income and expenses, non-cash items	**-18**	-1
Financial income and expenses	**-777**	-613
Cash flow before changes in working capital	**-67**	140
Changes in working capital		
Non-interest bearing receivables increase (-)/decrease (+)	**-757**	-1,027
Non-interest bearing liabilities increase (+)/decrease (-)	**266**	-216
Cash flow from operating activities before financial items and taxes	**-558**	-1,103
Interest and payments paid from other financial expenses of operations	**-293**	-40
Interest received from operations	**812**	474
CASH FLOW FROM OPERATING ACTIVITIES (A)	**-39**	-669

EUR Thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure in tangible and intangible assets	**-27**	-3
Loans granted	**-8,500**	-3,500
Decrease of loans receivables	**4,772**	4,137
CASH FLOW FROM INVESTING ACTIVITIES (B)	**-3,755**	633
CASH FLOW FROM FINANCING ACTIVITIES		
Share issue	**-**	497
Share issue costs	**-**	-9
Repayments of current loans	**-800**	-
Draw-downs of non-current loans	**2,000**	2,000
Repayments of non-current loans		
CASH FLOW FROM FINANCING ACTIVITIES (C)	**1,200**	2,488
CHANGE IN LIQUID ASSETS (A + B +C) increase (+)/decrease (-)	**-2,594**	2,452
Cash and bank accounts at the beginning of the period	**4,701**	2,249
Cash and bank accounts at period end	**2,107**	4,701
Change during the period	**-2,594**	2,452

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, 2023.

Accounting policies requiring management's judgement

In preparing Componenta Corporation's financial statements, management has exercised significant judgment in assessing company to be going concern. Uncertainties and risks are associated with going concern, but they are mitigated at the discretion of management and therefore do not involve significant uncertainty. The financial statements for the financial year 2023 have been prepared on a going concern basis. When assessing the principle of going concern, Componenta Corporation's management has taken into account the following factors.

Componenta Corporation's subsidiaries' sales volumes are at a good level despite the risks caused by the Russian war of aggression and the intensified geopolitical situation. Short-term, temporarily weakened order books have been successfully responded to with timely and sufficient adjustment measures. There have been no disruptions or restrictions in the availability of electricity and, based on the indices, changes in the price of electricity are transferred to customer prices in an average of three months. This is essential for the going concern of Componenta Corporation's operations, as Componenta Corporation's main sources of revenue are service fees and trademark license fees charged from the subsidiaries. At the end of the review period Componenta Corporation's liquidity was at a reasonable level. In addition, at the end of the review period, Componenta also had unused binding revolving credit facilities of EUR 4.0 million and from GCF, an investor based in the United States, a share subscription facility which is valid until June 2024, with the unused portion of USD 7.5 million from the total USD 8.0 million. In addition, the withdrawal of the second and consequently the last instalment of the EUR 4.0 million working capital loan agreed in December in the amount of EUR 2.0 million was made in March 2023. According to the company's understanding, the group can also obtain debt financing from the market if necessary. The management has analyzed the companies' cash flow forecasts for the next 12 months.

Componenta Corporation continuously assesses the impact related to Russian war of aggression and the intensified geopolitical situation on its financial reporting. These aspects have not had a significant impact on Componenta Corporation in the financial year 2023. Componenta Corporation closely monitors market developments and the situation of its subsidiaries' customers and adjusts its own operations accordingly.

Foreign currency transactions

Business transactions in foreign currencies are recognized at the exchange rate on the date of the transaction. Receivables and liabilities in foreign currency are translated into euros at the European Central Bank's average exchange rate on the balance sheet date. Exchange differences arising from translation are recognized in profit or loss under adjustments to sales or purchases or under financial items, depending on their nature.

Derivatives

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

Positive and negative fair values for exchange rate differences for foreign exchange derivatives are recognized on the closing date in the income statement.

The fair values of foreign exchange derivatives presented in the notes also include the fair values of interest rate differences. Due to the missing limits the company had no open derivative contracts at the end of the reporting period.

Revenue recognition

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

Pensions

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

Leases

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

Income taxes

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

Non-current assets and depreciation

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

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

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

Valuation principles for investments in subsidiaries and receivables from subsidiaries

The Finnish subsidiary Componenta Castings Oy filed for corporate restructuring in accordance with local restructuring proceedings in 2016. Significant uncertainty relates to the cash generating ability of the subsidiary of Componenta Corporation and to its ability to pay their debts and, in accordance with the prudence concept, a reduction in value as prescribed in article 13 of chapter 5 of the Finnish Accounting

Act has been applied to investments in this company and to receivables from it. The corporate restructuring of Componenta Castings Oy has been completed in the financial year 2021. Although the restructuring program has ended, according to the precautionary principle, no reversal of impairment has been made to the value of the shares.

Cash and cash equivalents

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

Share-based payments

In 2023 Componenta had one share-based incentive plans for the Corporate Executive Team and the Group key employees, a Stock Option Plan. Regarding the Stock Option Plan, the reward to the management will be settled as a combination of shares and cash when the criteria set in the terms and conditions for the plan are met. The key employee's valid employment or service and the continuation of work during the vesting period are key conditions.

On the balance sheet date, the company had three option programmes: 2018B, 2018C and 2023A. Their valuation was carried out using the Black-Scholes model. On the balance sheet date, there were a total of 246,108 option rights, entitling their holders to subscribe for a maximum of 358,868 new shares in the company or shares held by the company. The subscription prices are as follows: EUR 3.85 for a 2018B option right; EUR 2.91 for a 2018C option right; and EUR 3.00 for a 2023A option right. In the 2023 financial year, 3,700 option rights 2018C and 8,334 option rights 2023A returned to the company. The option rights returned to company had not been transferred forward by the balance sheet date. The subscription period for the 2018A option programme ended in November 2023. The subscription period for the 2018B option programme began in December 2022, and the subscription period for the 2018C option programme began in December 2023. In the accounting period, no option rights from valid option programs have been used to subscribe for shares.

Notes to the income statement

1 Net sales by market area

EUR Thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Finland	3,708.7	3,490.4
Net sales total	3,708.7	3,490.4

2 Other operating income

EUR Thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Other operating income	5.1	3.7
Other operating income total	5.1	3.7

3 Personnel expenses

EUR Thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Salaries and fees	-2,006.4	-1,663.6
Pension costs	-310.7	-336.8
Other personnel costs	-42.5	-37.7
Total	-2,359.6	-2,038.2
Salaries and other remuneration of the Corporate Executive Team	-863.1	-1,112.4
Fringe benefits of the Corporate Executive Team	-14.7	-11.9
Average number of personnel	16	15

The salaries, fees and fringe benefits of the President and CEO and the Board of Directors are presented in the note 28 of the consolidated financial statements.

4 Depreciation, amortization and write-downs

EUR Thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Intangible assets		
Other long-term expenditure	-59.8	-60.8
Tangible assets		
Machinery and equipment	-6.4	-6.1
Total depreciation, amortization and write-downs	-66.1	-66.9

5 Other operating expenses

EUR Thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Rents	-137.6	-119.2
Other operating expenses	-1,265.4	-1,196.0
Other operating expenses total	-1,403.0	-1,315.2

6 Audit fees

EUR Thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Audit fees	-94.0	-80.0
Other fees	-2.9	-116.7
Total fees paid to auditors	-96.9	-196.7

7 Financial income and expenses

EUR Thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Interest and other finance income		
Group companies	1,046.3	659.9
Others	40.8	1.2
Total	1,087.1	661.1
Interest and other finance expenses		
Others	-310.3	-47.7
Total	-310.3	-47.7
Financial income and expenses, total	776.8	613.4
Financial income and expenses include exchange gains/losses (net)		
Others	-4.9	-2.7
Total	-4.9	-2.7

Notes to the statement of financial position

Non-current assets

8 Intangible assets

EUR Thousand	Dec 31, 2023	Dec 31, 2022
Other long-term expenditure		
Acquisition cost at Jan 1	5,313.6	5,313.6
Additions	13.8	-
Acquisition cost at Dec 31	5,327.4	5,313.6
Accumulated planned amortization at Jan 1	-5,171.1	-5,110.3
Amortization during the period	-59.8	-60.8
Accumulated amortization at Dec 31	-5,230.9	-5,171.1
Book value at Dec 31	96.5	142.5
Advance payments and assets under construction		
Acquisition cost at Jan 1	-	-
Additions	6.3	-
Acquisition cost at Dec 31	6.3	-
Book value at Dec 31	6.3	-
Total intangible assets	102.8	142.5

9 Tangible assets

EUR Thousand	Dec 31, 2023	Dec 31, 2022
Machinery and equipment		
Acquisition cost at Jan 1	1,023.8	1,020.7
Additions	7.0	3.1
Acquisition cost at Dec 31	1,030.8	1,023.8
Accumulated planned depreciation at Jan 1	-1,005.4	-999.2
Depreciation during the period	-6.4	-6.1
Accumulated depreciation at Dec 31	-1,011.7	-1,005.4
Book value at Dec 31	19.1	18.4
Other tangible assets		
Acquisition cost at Jan 1	86.0	86.0
Acquisition cost at Dec 31	86.0	86.0
Accumulated planned depreciation at Jan 1	-70.0	-70.0
Accumulated depreciation at Dec 31	-70.0	-70.0
Book value at Dec 31	16.0	16.0
Total tangible assets	35.1	34.4

10 Investments

EUR Thousand	Dec 31, 2023	Dec 31, 2022
Shares in group companies		
Acquisition cost at Jan 1	345,879.6	345,879.6
Acquisition cost at Dec 31	345,879.6	345,879.6
Accumulated write-downs at Jan 1	-324,895.3	-324,895.3
Accumulated write-downs at Dec 31	-324,895.3	-324,895.3
Book value at Dec 31	20,984.3	20,984.3
Capital note investments in group companies		
Acquisition cost at Jan 1	2,905.9	2,033.9
Additions	250.0	872.0
Acquisition cost at Dec 31	3,155.9	2,905.9
Investments total	24,140.2	23,890.2

Componenta Corporation's subsidiaries, their domicile and their share of holding are listed in the note 28 of the consolidated financial statements.

CURRENT ASSETS

11 Receivables

EUR Thousand	Dec 31, 2023	Dec 31, 2022
Non-current receivables		
Loan receivables from group companies	9,798.9	4,946.0
Total non-current receivables	9,798.9	4,946.0

EUR Thousand	31.12.2023	31.12.2022
Current receivables		
Receivables from group companies		
Trade receivables	898.6	715.5
Loan receivables	2,486.7	3,611.6
Prepayments and accrued income	692.1	457.8
Total	4,077.3	4,784.9
Receivables from others		
Loan receivables	3.1	3.1
Other receivables	24.0	16.6
Prepayments and accrued income	538.9	206.7
Total	566.0	226.4
Total current receivables	4,643.3	5,011.3
Prepayments and accrued income		
Interest receivables	698.2	457.8
Insurance payments	7.1	19.2
Others	525.7	187.5
Total	1,231.0	664.5

12 Shareholders' equity

Dec 31, 2023, EUR Thousand	Share capital	Unrestricted equity reserve	Retained earnings	Result for the period	Total
Shareholders' equity Jan 1, 2023	1,000.0	18,153.9	15,730.8	687.2	35,571.9
Reclassifications			687.2	-687.2	0.0
Result for the financial period				661.9	661.9
Shareholders' equity Dec 31, 2022	1,000.0	18,153.9	16,418.0	661.9	36,233.8

Dec 31, 2022, EUR Thousand	Share capital	Unrestricted equity reserve	Retained earnings	Result for the period	Total
Shareholders' equity Jan 1, 2022	1,000.0	17,656.8	15,050.9	679.9	34,387.6
Share issue		497.1			497.1
Reclassifications			679.9	-679.9	0.0
Result for the financial period				687.2	687.2
Shareholders' equity Dec 31, 2022	1,000.0	18,153.9	15,730.8	687.2	35,571.9

Calculation of distributable equity

EUR Thousand	Dec 31, 2023	Dec 31, 2022
Retained earnings	**16,418.0**	15,730.8
Unrestricted equity reserve	**18,153.9**	18,153.9
Result for the financial period	**661.9**	687.2
Total	**35,233.8**	34,571.9

13 Liabilities

EUR Thousand	Dec 31, 2023	Dec 31, 2022
Interest bearing liabilities	3,200.0	2,000.0
Non-interest bearing liabilities	1,393.2	1,153.7
Total	4,593.2	3,153.7
Non-current liabilities		
Loans from financial institutes	2,400.0	1,200.0
Other non-current interest free liabilities	56.3	82.5
Non-current interest bearing liabilities total	2,456.3	1,282.5
Non-current liabilities fall due as follows		
Later than one year but not later than five years	2,456.3	1,282.5
Total	2,456.3	1,282.5
Current liabilities		
Liabilities to group companies		
Trade payables	5.2	4.9
Total	5.2	4.9

EUR Thousand	Dec 31, 2023	Dec 31, 2022
Liabilities to others		
Loans from financial institutes	800.0	800.0
Trade payables	658.5	417.9
Other current liabilities	199.4	237.8
Accrued expenses and deferred income	473.7	410.6
Total	2,131.7	1,866.3
Current non-interest bearing liabilities total	1,336.9	1,871.1
Current liabilities total	2,136.9	1,871.1
Accrued expenses and deferred income		
Annual salaries with social security	370.9	294.6
Pensions	41.1	67.1
Others	61.8	48.8
Total	473.7	410.6
Total liabilities	4,593.2	3,153.7

14 Secured liabilities, contingent liabilities and other commitments

EUR Thousand	Dec 31, 2023	Dec 31, 2022
Plegdes		
Real-estate mortgages	**5,200.0**	5,200.0
On behalf of group companies	**4,700.0**	7,800.0
Total	**9,900.0**	13,000.0
Other commitments		
Future payments of the lease liabilities		
Not later than one year	**18.7**	16.9
Later than one year	**16.0**	17.7
Total	**34.6**	34.6
Other commitments	**,-,,,**	120.3

Liabilities secured with mortgages, pledges or other guarantees

EUR Thousand	Dec 31, 2023	Dec 31, 2022
Liabilities secured with real estate or business mortgages		
Loans from financial institutions	**3,163.1**	1,960.6
Total	**3,163.1**	1,960.6

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 68,883,857.09 (EUR 84,606,105.11). The related deferred tax receivables of these losses are EUR 13,776,771.42 (EUR 16,921,221.02).

Unrecognized deferred tax assets from confirmed losses

Year of expiration	Confirmed losses, EUR	Deferred tax asset, EUR
2023	11,041,845.84	2,208,369.17
2024	14,593,630.26	2,918,726.05
2025	10,361,172.58	2,072,234.52
2026	17,434,427.55	3,486,885.51
2027	0.00	0.00
2028	7,036,325.99	1,407,265.20
2029	262,546.71	52,509.34
2030	0.00	0.00
2031	0.00	0.00
2032	0.00	0.00
Total	60,729,948.93	12,145,989.79

Additionally Componenta has EUR 8,153,908.16 in confirmed losses from investment shares, which deferred tax asset amount in EUR 1,630,781.63. These losses are from 2018 and will expire in 2023 and can be deducted only against profits from investment shares.

Signatures for the financial statement and board of directors' report

Helsinki, March 14, 2024

Harri Suutari
Chairman of the Board

Anne Koutonen
Vice Chairman of the Board

Petteri Walldén
Member of the Board

Tomas Hedenborg
Member of the Board

Sami Sivuranta
President and CEO

The auditor's note

Our auditor's report has been issued today.

Helsinki, March 14, 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Ylva Eriksson
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, financial performance and cash flows in accordance with IFRS Accounting Standards 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 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 2023. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information

- 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.

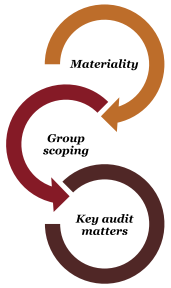
Independence

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 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 3 to the Financial Statements.

Our Audit Approach

Overview

	• Overall group materiality: EUR 950 thousand
	• Audit scope: The group audit scope has included the parent company Componenta Oyj and its subsidiaries Componenta Castings Oy and Componenta Manufacturing Oy.
	• Valuation of goodwill • Reversal of impairment of tangible asset • Valuation of subsidiary shares and intercompany receivables in the parent company's financial statements

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	EUR 950 thousand (previous year EUR 981 thousand)
How we determined it	Overall group materiality is determined as a percentage of the group's 2023 net sales
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because it provides steady annual basis for determination of the materiality. In our view, it is an 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

When determining the scope of our audit, we have taken into account the structure of the Componenta Group, the industry and the processes and controls related to financial reporting. All of Componenta Group's operations are in Finland. Audits were carried out in group companies that were considered significant either due to their importance or special nature, covering the majority of the group's turnover, assets and liabilities. For the remaining companies, we performed other audit procedures to ensure that there are no significant risks of a material error in the consolidated financial statements.

Key Audit Matters

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

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

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of goodwill **Refer to accounting principles and Note 11 of the consolidated financial statements** Goodwill related to business combinations amounted to EUR 3,2 million in consolidated balance sheet as of 31 December 2023. Goodwill is tested for impairment annually or whenever impairment indicators have been noted. Testing is performed by comparing the recoverable amount of the cash generating unit to its carrying value. The recoverable amount is defined through the value in use method. Value in use calculation involves considerable management judgment specifically with respect to assumptions relating to sales growth, profitability, capital expenditures and discount rates. Changes in these assumptions can have a significant impact to the estimated future cash flows. Valuation of goodwill is considered a key audit matter due to the significant management judgement involved in the valuation.	Our audit procedures included for example the following procedures: – We gained an understanding of the methods and assumptions used by management in goodwill impairment testing. – We tested the mathematical accuracy of the calculations used. – We assessed the reasonableness of the estimated future revenues and profitability levels and their consistency with the approved budgets and forecasts – We assessed the reasonableness of the discount rate used and compared selected assumptions used in determining the discount rate to observable market data. – We assessed estimation uncertainty by comparing actual net sales and profitability against forecasts from previous year. – We assessed reasonableness of the assumptions used by management in sensitive analysis. – We assessed the appropriateness of the notes to the consolidated financial statements.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Reversal of impairment of tangible asset **Refer to accounting principles and Note 12 of the consolidated financial statements** The consolidated income statement includes EUR 4,2 million from a reversal of impairment loss related to production machinery and equipment in foundry business. At the end of each reporting period, Componenta assesses whether there is any indication that the impairment loss recorded for the asset in previous periods may no longer exist or that it may have decreased. If any indication exists, Componenta estimates the recoverable amount of that asset through the value in use method. Based on the analysis prepared by the management a reversal of the impairment loss was recognized during the financial year. Value in use calculation involves considerable management judgment specifically with respect to assumptions relating to sales growth, profitability, capital expenditures and discount rates. Changes in these assumptions can have a significant impact to the estimated future cash flows. Reversal of impairment of tangible asset is considered a key audit matter due to the significant management judgement involved in the valuation.	Our audit procedures included for example the following procedures: – We gained an understanding of the methods and assumptions used by management in goodwill impairment testing. – We tested the mathematical accuracy of the calculations used. – We assessed the reasonableness of the estimated future revenues and profitability levels and their consistency with the approved budgets and forecasts – We assessed the reasonableness of the discount rate used and compared selected assumptions used in determining the discount rate to observable market data. – We assessed estimation uncertainty by comparing actual net sales and profitability against forecasts from previous year. – We assessed reasonableness of the assumptions used by management in sensitive analysis. – We assessed the appropriateness of the notes to the consolidated financial statements.

Key audit matter in the audit of the parent company	How our audit addressed the key audit matter
Valuation of subsidiary shares and intercompany receivables in the parent company's financial statements **Refer to the accounting principles and to Note 10 of the parent company's financial statements**	
The assets on Componenta Corporation's balance sheet consist to a large extent of subsidiary shares and loan receivables from subsidiaries. Management have used significant judgment in assessing the valuation of subsidiary shares and loan receivables. When making the assessment the Management have considered among other things the subsidiaries' ability to generate income and their ability to continue as a going concern. Management have used significant judgment and estimations of future development in assessing the effect of above mentioned matters in Componenta Corporations financial statements. For this reason, this matter is considered a key audit matters in the audit of the parent company.	Our audit procedures included for example the following procedures: – We assessed cash flow analysis prepared by management used as a basis of valuation of holdings in group undertakings and amounts owed by group undertakings – We assessed the reasonableness of management assumptions relating to the estimated future results by e.g., checking their consistency with the approved budgets and forecasts – We assessed the management´s estimates related to valuation of properties owned by subsidiaries.
There are 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 IFRS Accounting Standards 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. Our appointment represents a total period of uninterrupted engagement of 13 years. Authorised Public Accountant (KHT) Ylva Eriksson was first appointed as auditor in charge by PricewaterhouseCoopers Oy by the annual general meeting on 8 April 2022.

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 14 March 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Ylva Eriksson
Authorised Public Accountant (KHT)

Auditor's ESEF assurance report

Independent Auditor's Reasonable Assurance Report on Componenta Oyj's ESEF Financial Statements

To the Management of Componenta Oyj

We have been engaged by the Management of Componenta Oyj (business identity code 1635451-6) (hereinafter also "the Company") to perform a reasonable assurance engagement on the Company's consolidated IFRS financial statements for the financial year 1 January – 31 December 2023 in European Single Electronic Format ("ESEF financial statements") version 5493000SDCOXVGZDWK18-2023-12-31-fi.zip

Management's Responsibility for the ESEF Financial Statements

The Management of Componenta Oyj is responsible for preparing the ESEF financial statements so that they comply with the requirements as specified in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF requirements"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of ESEF financial statements that are free from material noncompliance with the ESEF requirements, whether due to fraud or error.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion on the ESEF financial statements based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the ESEF financial statements are free from material noncompliance with the ESEF requirements.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the ESEF financial statements compliance with the ESEF requirements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material noncompliance of the ESEF financial statements with the ESEF requirements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's preparation of the ESEF financial statements.

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

Opinion

In our opinion, Componenta Oyj's ESEF financial statements for the financial year ended 31 December 2023 comply, in all material respects, with the minimum requirements as set out in the ESEF requirements.
Our reasonable assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except for Componenta Oyj for our work, for this report, or for the opinion that we have formed.

Helsinki 14 March 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Ylva Eriksson
Authorised Public Accountant (KHT)

Information for shareholders

Annual General Meeting

Componenta Corporation's Annual General Meeting will be held on Wednesday 10 April 2024 at 10 am EEST. Notification of the meeting has been published as a separate stock exchange release.

Right of attendance

Each shareholder who is registered on 27 March 2024 (the record date of the Annual General Meeting) in the shareholders' register of the company maintained by Euroclear Finland Ltd has the right to attend the Annual General Meeting.

Registration

A shareholder who wishes to attend the Annual General Meeting must register no later than 2 April at 4 p.m. in the following ways:

a) on the website of the company's general meeting at https://www.componenta.com/en/investors/corporate-governance/annual-general-meeting-2024/ or

b) by phone at +358 504767917 during the general meeting's registration time on weekdays between 9 a.m. and 4 p.m.; or

c) via e-mail ir.componenta@componenta.com.

Dividend

The Board of Directors proposes that no dividend be paid for the financial year 1 January to 31 December 2023.

Financial information in 2024

In 2024, Componenta Corporation will publish its financial reports as follows:

- **Business review for January–March 2024** on Tuesday 7 May 2024
- **Half-year financial report for January–June 2024** on Tuesday 23 July 2024
- **Business review for January–September 2024** on Friday 1 November 2024.

Componenta's publications and releases will become available on Componenta's website immediately after their publication.

Componenta's 2023 Annual Review is available on Componenta's website at www.componenta.com. Previously published annual reviews, sustainability reports and interim reports are also available on the company's website. Printed publications can be ordered by email from ir.componenta@componenta.com.

By registering on Componenta's website, you can subscribe to the company's releases and receive them via email immediately after their publication.

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

Investor relations and contacts

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

Prior to the publication of the financial statements bulletin and interim reports, we observe a 30-day silent period, during which we do not hold investor meetings or comment on financial performance.

Componenta serves investors and shareholders by email at ir.componenta@componenta.com.

Componenta Corporation
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