

Componenta Corporation's business review 1 January–31 March 2025: Net sales and EBITDA improved clearly

Componenta Corporation, stock exchange release, 9 May 2025 at 8 a.m. EEST

January–March 2025

- Net sales totalled EUR 28.8 million (EUR 23.6 million)
- EBITDA was EUR 2.4 million (EUR -0.2 million)
- Adjusted EBITDA was EUR 2.4 million (EUR -0.2 million)
- The operating result was EUR 1.1 million (EUR -1.5 million)
- Cash flow from operating activities was EUR -1.1 million (EUR -0.8 million).

The information presented in this business review concerns the Componenta Group's performance in January–March 2025 and in the corresponding period in 2024, unless otherwise stated.

This is not an interim report in accordance with the IAS 34 standard. The company complies with half-year reporting in accordance with the Securities Markets Act. For the first three and nine months of the year, the company publishes business reviews containing key information concerning its financial performance.

The financial information presented in this review is unaudited.

Sami Sivuranta, President and CEO:

"Year 2025 started well for Componenta, considering the general market conditions. Our net sales increased, and our profitability improved clearly in the first quarter of the year, making it the third consecutive quarter in which we improved our performance compared to the comparison period. The development also continued to be positive in terms of sales and the production load factor, although the level of production volumes as a whole remained modest, especially in our foundry operations. The most important factor for this is the general economic uncertainty, and particularly the low level of demand in the agricultural machinery industry throughout Europe. Sales was also affected by the low level of the main raw material and energy indices included in sales prices. The outlook for the industry has remained cautiously optimistic, expectations for the second half of the year are on the rise and our order book development has continued to grow slightly.

In addition to low demand, our profitability was burdened by labour market disturbances and strikes that affected our customers' operations and our own production in the first quarter of the year. In the second half of 2024, we significantly adjusted our operations to correspond to lower utilization rates and maintained a temporary pricing model for customers that corresponds to low order backlogs and our utilization rates. The Group's service capability and production quality capability were at a good level in the first quarter. During the review period, we steered our capital expenditure to production capacity and efficiency development, which will further improve our capabilities and profitability in the future.

After the review period, we also announced our new financing arrangements to increase our credit limits and a capex loan to prepare for future capex in accordance with our plans.

Our liquidity remained good throughout the review period. Inflation has stabilised at a moderate level and the availability of raw materials, materials and components is currently at a good level. We actively monitor the development of the market, prepare for the positive development of our order book and ensure the functionality of our own supply chains also in the future. There are currently no significant near-term risks to the availability of electricity, but the general price level of electricity includes uncertainties, and short-term significant price fluctuations and responses to them have become daily business in energy-intensive industries.

The uncertainty created by the geopolitical situation and customs decisions in the market has increased our customers' average decision time from the submission of the offer to the acceptance of the offer and postponed the end customers' capex decisions. However, from Componenta's point of view, the situation is currently stable, and we are actively monitoring the development of the situation. There are customer- and industry-specific differences in order intake, the decline in interest rates supports the launch of capex projects, and there is currently a strong momentum, especially in the energy and defence equipment industries. The indices of the agricultural machinery industry also show signs of picking up already towards the end of 2025.

As a contract manufacturer, we will continue to pursue measures to strengthen our market position, and we are working to be the preferred sustainable total supplier to our customers, with a wide offering.”

Order Book

At the end of March 2025, Componenta's order book totalled EUR 17.4 million (EUR 15.8 million). The order book increased by EUR 0.8 million from the year-end 2024. The order book includes confirmed orders from customers for the next two months. The increase in the order book compared to the previous year was influenced by newly acquired businesses and new sales.

Net sales

Componenta Group's net sales increased by 22.4% during the review period, amounting to EUR 28.8 million (EUR 23.6 million). The growth of net sales was largely due to new businesses acquired in October 2024. Additionally, net sales was increased by a pricing adjustment introduced in the second half of 2024 based on lower order books and operating rates.

Result

The EBITDA for the review period was EUR 2.4 million (EUR -0.2 million). The adjusted EBITDA was also EUR 2.4 million (EUR -0.2 million), as there were no items to adjust during the review period or the comparison period. The depreciation, amortization and write-downs for the review period were EUR -1.3 million (EUR -1.4 million), of which EUR -0.6 million (EUR -0.5 million) was related to lease agreements. The operating profit was EUR 1.1 million (EUR -1.5 million). The improvement in EBITDA during the review period was due to better productivity, production quality factors, new businesses, and pricing adjustments implemented last year. The profitability of the comparison period was impacted by lower sales volumes, temporarily weaker efficiency and quality caused by ramped-up volume products in new serial production, and the index development of electricity and main raw materials. Both the review period and comparison period EBITDA were further impacted by labor actions occurring at the beginning of the year.

The result after financial items was EUR 0.5 million (EUR -2.1 million). The net financial items for the review period were at the same level as the comparison period, as interest rates on loans were lower than the previous year, but factoring financing volumes were higher.

Balance sheet, financing and cash flow

At the end of the review period, the group's cash and cash equivalents totalled EUR 6.3 million (EUR 4.3 million). The Group's liquidity remained at a good level throughout the period. At the end of the review period, Componenta had unused and committed credit facilities totaling EUR 4.0 million (EUR 3.0 million). After the review period, Componenta agreed to extend and increase its credit limit by EUR 1 million and secured a new EUR 2 million capex loan. In addition Componenta has available at the sole discretion of the company and fully unused convertible bond arrangement of up to USD 3.0 million agreed with MPL, an US investor, for 1 July 2025 to 31 December 2027.

The operating cash flow during the review period was EUR -1.1 million (EUR -0.8 million). The weakening of cash flow was due to changes in working capital items, which mainly resulted from preparations for increased volumes at the beginning of the year. At the end of the review period, working capital (including inventories and accounts receivable less accounts payable) amounted to EUR 8.3 million (EUR 7.5 million).

Componenta's equity ratio at the end of the review period was 40.6% (42.8%). The decrease in the equity ratio was mainly due to higher non-interest-bearing liabilities to prepare for increasing volumes, compared to the comparison period. At the end of the review period, net interest-bearing liabilities were EUR 7.6 million (EUR 10.5 million), and the net gearing ratio was 28.7% (41.9%). The changes in net interest-bearing liabilities and net gearing ratio were affected by a better cash position and lower interest-bearing liabilities compared to the comparison period.

Long-term liabilities totalled EUR 11.6 million (EUR 12.3 million), and short-term liabilities amounted to EUR 28.2 million (EUR 21.6 million) at the end of the review period. The Group's liabilities at the end of the review period included external loans from financial institutions of EUR 3.8 million (EUR 4.2 million). Other Group liabilities included working capital items of EUR 11.8 million (EUR 8.7 million), lease liabilities for premises and machinery totaling EUR 10.1 million (EUR 10.6 million), and other liabilities of EUR 14.1 million (EUR 10.4 million).

Componenta's guidance for 2025

Componenta expects the Group's net sales and adjusted EBITDA to improve from the previous year. The Group's net sales in 2024 were EUR 97.1 million, and its adjusted EBITDA was EUR 4.9 million.

Development of customers' sales volumes, poor availability of raw materials, increases in the prices of raw materials and electricity, and the general economic situation, labour market situation and competitive climate may affect business outlooks. The development of sales and profitability involves uncertainties because of increased geopolitical tensions. Increasing customs duties may have a negative impact on Componenta's operations directly through raw material and procurement activities and indirectly through customers. An unfavourable development of the geopolitical situation may also have a negative impact on the financial market, sales volumes, the availability and price development of raw materials and electricity, and the availability of foreign labour, all of which increase forecasting uncertainty.

Key figures	Jan 1–Mar 31, 2025	Jan 1–Mar 31, 2024	Change, %	Jan 1–Dec 31, 2024
Net sales, EUR thousand	28,847	23,566	22.4	97,145
EBITDA, EUR thousand	2,377	-152	1 667.1	7,854*
Adjusted EBITDA, EUR thousand	2,377	-152	1 667.1	4,930
Operating result, EUR thousand	1,057	-1,529	169.1	2,562*
Operating result, %	3.7	-6.5	156.5	2.6*
Result after financial items, EUR thousand	520	-2,077	125.0	204
Net result, EUR thousand	492	-2,087	123.6	204
Basic earnings per share, EUR	0.05	-0.21	123.6	0.02
Diluted earnings per share, EUR	0.05	-0.21	122.8	0.02
Cash flow from operating activities, EUR thousand	-1,053	-769	-37.0	8,232
Interest-bearing net debt, EUR thousand	7,556	10,478	-27.9	5,472
Net gearing, %	28.7	41.9	-31.6	21.2
Return on equity, %	7.5	-8.3	190.9	0.8
Return on investment, %	10.5	-3.8	377.3	6.6
Equity ratio, %	40.6	42.8	-5.2	41.3
Capex incl. lease liabilities, EUR thousand	978	485	101.8	6,732
Number of personnel at the end of the period**	675	623	8.3	689
Average number of personnel***	680	621	9.5	639
Order book, EUR thousand****	17,438	15,768	10.6	16,682

* The EBITDA and operating result for the financial year include a non-recurring income of EUR 2.9 million recognised in non-operating activities from the purchase of the business operations of the Kalajoki plant and the Sepänkylä machining and service centre.

** Number of personnel at the end of the period includes leased workers.

*** Average number of personnel during the period includes leased workers.

**** Order book at the end of the period.

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 and processes, labour market disruptions, contracts, product liability, personnel and information security) and financing risks (availability, liquidity, counterparty, 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. Market prices for electricity remained at a reasonable level on average during the review period, although the price variation is very high on a daily and hourly basis.

Because of increased geopolitical tensions, the availability of raw materials and other materials may 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. However, from Componenta's point of view, the situation is stable at the moment.

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.

Componenta has no significant and immediate risk concentrations related to Russia, Ukraine or the Middle East among its customers or suppliers of goods. Componenta has no operations of its own in Russia, Ukraine or the Middle East. The Russian war of aggression 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. The continuation of the wars and an unfavourable development of the geopolitical situation can 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 uncertainty in terms of forecasts. Any increases in import duties may directly affect Componenta's business operations through raw material and procurement activities and have indirect effects through customers. Componenta delivers hardly any components directly to the United States.

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 tie up more cash than expected into working capital. 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 channels and the related processes and systems. Componenta is also closely monitoring developments in the labour market. 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 and counterparty risk. The financing of the company's business operations is based on income financing, factoring arrangements, committed loans from financial institutions, credit facilities in force until September 2027 and the convertible bond arrangement established in May 2024. Any termination or non-renewal of factoring arrangements or credit facilities can create uncertainties for Componenta's liquidity. The company estimates that the Group will be able to obtain debt financing from the market also in the future, if necessary. In addition, if materialised, the counterparty risk may cause uncertainties in terms of Componenta's liquidity. The Group's liquidity was at a good level at the end of the financial year. At the end of the review period, Componenta had EUR 4.0 million in unused committed credit facilities. After the review period Componenta agreed to extend and increase its credit limit by EUR 1 million, as well as to secure a new EUR 2 million capex loan. In addition Componenta has

available at the sole discretion of the company and fully unused convertible bond arrangement of up to USD 3.0 million agreed with MPL, an US investor, for 1 July 2025 to 31 December 2027.

Componenta's credit facilities and working capital loans include the following financial covenants: net interest-bearing debt / rolling 12-month EBITDA no higher than 3.0, and an equity ratio of at least 25%. In accordance with the agreed terms, the covenants are reviewed semi-annually on 30 June and 31 December, and are valid for as long as the liability or amount related to the loan agreements is outstanding or undrawn. On the balance sheet date on 31 December 2024, Componenta's financial situation met all the covenants included in the loan agreements. Unfavourable EBITDA development over a rolling 12-month period can cause a covenant breach.

Resolutions of the Annual General Meeting

The Annual General Meeting (AGM) of Componenta Corporation was held on April 23, 2025, in Vantaa. The AGM approved the financial statements and consolidated financial statements and granted discharge from liability to the Board of Directors and the CEO for the financial year January 1, 2024–December 31, 2024. It was decided, in accordance with the Board's proposal, that no dividend will be paid for the financial year ended December 31, 2024.

The AGM resolved that the number of Board members would be four. The AGM re-elected Tomas Hedenborg, Anne Koutonen, Harri Suutari, and Lars Wrebo as members of the Board. It was decided, based on the shareholders' nomination committee's proposal, that the annual fee for the Chairman of the Board will be EUR 50,000 and for the Board members EUR 30,000. Members of possible committees under the Board will be paid an annual fee of EUR 5,000. Additionally, a meeting fee of EUR 1,000 will be paid to Board members residing outside Finland and traveling to Finland for meetings. In its organizational meeting held after the AGM, the Board elected Harri Suutari as Chairman and Anne Koutonen as Vice-Chairman of the Board.

Audit firm PricewaterhouseCoopers Oy was elected as the company's auditor, with Ylva Eriksson, Authorised Public Accountant, as the principal auditor. Sustainability audit firm BDO Oy was elected as the sustainability auditor, with sustainability auditor Laura Castrén, APA, as the principal sustainability auditor.

The AGM authorized the Board to decide on share issues in one or more tranches as follows: The share issue may be carried out by issuing new shares or transferring the company's own shares held by the company. The total number of shares to be issued or transferred under the authorization may not exceed 961,563 shares, corresponding to approximately 9.9% of the company's total shares. New shares may be issued, and the company's own shares held by the company may be transferred either for consideration or free of charge.

The Board will decide on all terms and conditions of the issuance of new shares and the transfer of the company's own shares held by the company. Based on the authorization, the Board may also decide on a directed share issue, i.e., deviating from the shareholders' pre-emptive rights (directed issue), under the conditions mentioned in the Companies Act. The authorization also includes the right to decide on issuing new shares without consideration to the company itself. The Board may use the authorization, for example, as consideration in business acquisitions, to develop the capital structure, broaden the ownership base, acquire assets related to the company's business, or finance or implement other business-related arrangements or for other purposes decided by the

Board. However, the authorization may not be used to implement incentive schemes for the company's management or key personnel.

The authorization is valid until the conclusion of the next AGM, but no later than June 30, 2026. For clarity, it is noted that the authorization does not override the authorization given by the AGM on April 13, 2023, to decide on share issues and the issuance of special rights entitling to shares for incentive schemes, under which up to 400,000 shares may be issued. However, this authorization overrides other previous unused share issue authorizations.

In accordance with the Board's proposal, the AGM decided to make technical amendments to articles 8 and 11 of the Articles of Association. The changes are made to prepare for the planned simplification of sustainability reporting regulations so that the verifier of the company's sustainability reporting can be appointed if needed in the future.

Events after the review period

Componenta signed on 16 April 2025 an agreement with Avida Finans Ab, filial i Finland ("Avida") to increase the current revolving credit facility of EUR 4 million by EUR 1 million to a total of EUR 5 million. At the same time, the validity period of the revolving credit facility in question has been extended by two years, i.e. until September 2027.

At the same time, Componenta has agreed on a new capex loan totaling EUR 2 million with Avida. The maturity of the capex loan is four years. From the moment of signing, the loan withdrawal period is the first 12 months, and the repayment period is the following 36 months after that. Other loan terms are usual. The capex loan is intended to be used mainly for ordinary machinery and equipment capex needed by the business.

Alternative key financial ratios

Componenta reports adjusted EBITDA as an alternative key figure. Adjusted EBITDA reflects genuine operational profitability, excluding non-recurring items, as a basis for performance management and improves the comparability of reporting periods. Adjusted EBITDA does not include income or expenses generated as a result of corporate or structural arrangements. Componenta has reported adjusted EBITDA since the last quarter of 2024 due to one-off transaction from a business transaction actualised during that period. The adjusted EBITDA for the review period and the comparison period has been equal to unadjusted EBITDA.

Componenta publishes certain commonly used key financial ratios that can be derived from the IFRS financial statements. The calculation formulas for these key figures are presented in Componenta's financial statement release of 7 March 2025.

Webcast

President and CEO Sami Sivuranta will present the business review to investors, analysts and the media in a webcast on 9 May 2025 at 10.00 am. The event will be conducted in Finnish. The webcast can be followed on the company's website at www.componenta.com, or through <https://live.esf.fi/componenta-q1-2025>.

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COMPONENTA CORPORATION

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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 the Nasdaq Helsinki. www.componenta.com