

Interim Financial Statements

H1 2021



A F A R A K

FINANCIAL INTERIM RELEASE H1 2021

Afarak Group has restated its figures for H1 2020 due to the loss of control and the end of the consolidation of Afarak Mogale (Pty) Ltd. Afarak Group reclassified Afarak Mogale (Pty) Ltd's previously reported income statement figures as discontinued operations. There is no change to the previously reported balance sheet figures.

		H1/21	H1/20 Restated	2020
Revenue	EUR million	37.3	35.5	59.8
EBITDA	EUR million	-0.9	-0.3	-4.1
EBIT	EUR million	0.9	-1.7	-28.2
Earnings before taxes	EUR million	-0.5	-4.1	-32.4
Profit from continuing operations	EUR million	-0.9	-4.6	-27.6
Profit from discontinuing operations	EUR million	0.0	-11.5	6.1
Profit	EUR million	-0.9	-16.1	-21.6
Earnings per share	EUR	0.00	-0.07	-0.07
EBITDA margin	%	-2.4	-1.0	-6.8
EBIT margin	%	2.4	-4.8	-47.1
Earnings margin	%	-1.3	-11.4	-54.3
Personnel (end of period)		608	770	621

FIRST HALF 2021 HIGHLIGHTS

- Revenue increased by 5.2% to EUR 37.3 (H1/2020: 35.5) million;
- Processed material sold decreased by 45.8% to 12,667 (H1/2020: 23,356) tonnes;
- Tonnage mined decreased by 47.8% to 53,542 (H1/2020: 102,659) tonnes due to low mining activity at the South African mines;
- The Group's EBITDA decreased to EUR -0.9 (H1/2020: -0.3) million and the EBITDA margin was -2.4% (H1/2020: -1.0%);
- Profitability was positively affected by a reversal gain on previously recognised impairment loss on Ilitha's mining assets, amounting to EUR 2.9 (0.0) million;
- EBIT was EUR 0.9 (H1/2020: -1.7) million, with the EBIT margin at 2.4% (H1/2020: -4.8%);
- Profit for the period from continuing operation totalled EUR -0.9 (H1/2020: -21.6) million;
- Cash flow from operations stood at EUR -1.9 (H1/2020: -2.2) million;
- Net interest-bearing debt after deducting liquid funds amounted to EUR 50.3 (54.7) (31 December 2020: 48.2) million;
- Cash and cash equivalents at 30 June totalled EUR 2.9 (30 June 2020: 6.1) (31 December 2020: 1.1) million.

OUTLOOK FOR THE SECOND HALF OF 2021

The Ferrochrome market is closely bound to the stainless-steel market. The main producing Countries are, where possible, putting in place measures to calm down the rallying prices of Stainless steel.

Starting August 1st, Russia has imposed a temporary export tax of 15% on ferrous and non-ferrous metals ,including ferroalloys. This measure is taken in order to compensate high cost steel products meant for state projects.

This export tax will be imposed until December 31st, 2021 for export to countries outside the Eurasian Customs Union.

In China, also as of 1st of August, due to an increased electricity shortage and price, most Ferrochrome Chinese Ferrochrome producers have left the spot market. The Chinese Ministry of Finance have announced that steel will become more expensive to export to other countries and that they will be imposing, most probably during Q3, export duties on steel products.

Export Tariffs on ferrochrome are up to 40 percent from 20 percent.

CEO GUY KONSBRUCK

“During the first half of 2021, the company continued to go through difficult times. It is only towards the end of the period that we saw first signs of improvements.

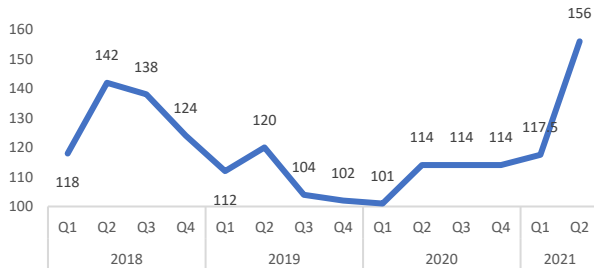
Nevertheless, we succeeded to reduce our debt despite a very constrained cashflow situation. Our specialty segment remained profitable despite very difficult markets. A starting price increase was unfortunately accompanied by rises in logistic cost, higher raw material cost and unfavorable USD exchange rates. We foresee further improvements in H2. The FerroAlloys segment continued to be weak, as the mining activity in South Africa was further reduced.

The company is expecting proceeds from the Mogale Business Rescue, (which was completed in the meantime via an asset sale), and the disposal of one of its South African Mining Assets. These inflows should improve the company’s cashflow situation and we will be in a position to focus on further debt reduction.

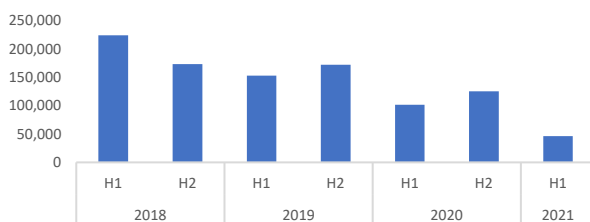
The raw materials and stainless steel markets are seeing a general positive trend finally, and we expect to be able to see a more stable business environment throughout the rest of the year.”

OVERVIEW OF RESULTS

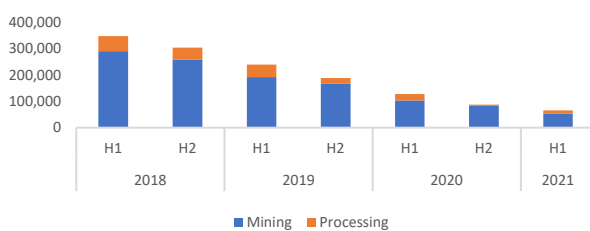
FeCr benchmark Price (USD c/lb)



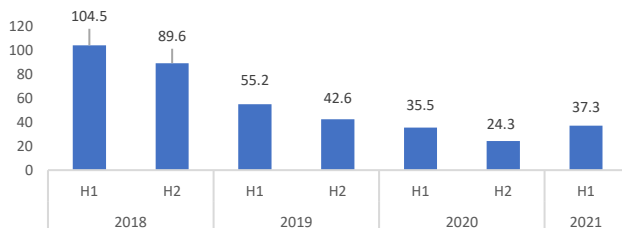
Sales (tonnes)



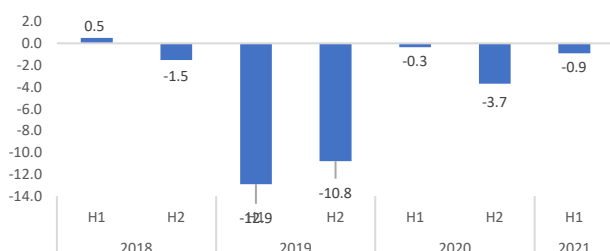
Total production (tonnes)



Revenue (EUR million)



EBITDA (EUR million)



MARKET OVERVIEW

Ferrochrome prices are expected to be further firming up in all the grades whilst, the price of ore is not following the same trend yet.

The Ferrochrome market can be expected to remain bullish through the year and the price gap with the ore, mainly depending on the sanitary issues, the logistical issues, the freights spikes, and the need to replace UG2 with higher grades ores will start also to shrink.

FIRST HALF 2021 COMPARED TO FIRST HALF 2020

At the start of 2021, market was still suffering from the negative effect of the COVID-19. This development started turning around during the end of the second quarter of the year, where markets started to recover.

The Group revenue increased by 5.2% during the first half of 2021, driven by higher sales volumes and higher average selling prices of LC Ferro Chrome material. The mining production decreased within the FerroAlloys segment, while a marginal increase in production was recorded in both mining and processing of the Speciality Alloys material. The Speciality Alloys segment remained profitable, however the higher cost of raw material kept margins low and the poor activity in the FerroAlloys segment resulted in negative Group EBITDA of EUR -0.9 (-0.3) million. Profitability was positively affected by a reversal gain on previously recognised impairment loss on Ilitha's mining assets, amounting to EUR 2.9 (0.0) million. Financial income and expenditure during the first half of the year were EUR -1.4 (-2.4) million.

SEGMENT PERFORMANCE

SPECIALITY ALLOYS BUSINESS

The Speciality Alloys business consists of Türk Maden Şirketi A.S (“TMS”), the mining and beneficiation operation in Turkey, and Elektrowerk Weisweiler GmbH (“EWW”), the chromite concentrate processing plant in Germany. TMS supplies EWW with high quality chromite concentrate which produces speciality products including specialised low carbon and ultra-low carbon ferrochrome. Chrome ore from TMS that is not utilised for the production of specialised low carbon ferrochrome is sold to the market.

Speciality Alloys key figures

		H1/21	H1/20	2020
Revenue	EUR million	35.7	31.6	53.2
EBITDA	EUR million	1.1	1.7	0.3
EBIT	EUR million	0.4	0.7	-1.3
EBITDA margin	%	3.0	5.3	0.6
EBIT margin	%	1.2	2.1	-2.5
Sales	Tonnes	12,244	10,540	16,999
Total production	Tonnes	51,286	48,678	89,715
Mining	Tonnes	39,715	37,443	73,306
Processing	Tonnes	11,571	11,235	16,409
Personnel		521	522	516

PERFORMANCE COMPARED TO FIRST HALF 2020/2021

- Revenue during the first half of 2021 increased by 13.0% to EUR 35.7 (31.6) million. Higher revenue due to higher sales volumes and improved average selling prices when compared to same period last year;
- Processing levels at the EWW plant in Germany was at the same level of last year with a marginal increase of 3.0% when compared to first half of 2020;
- The mining activity at TMS resumed its positive mining activity following a reduced mining activity during the second half of 2020, resulting in an increase of 6.1% when compared to prior periods;
- The increase in revenue and production levels were offset by the significant increase in raw material cost and transportation costs, which caused EBITDA to decrease to EUR 0.4 (0.7) million when compared to the same period last year.

FERROALLOYS BUSINESS

The FerroAlloys business consists of the Vlakpoort mine, Stellite mine, Mecklenburg mine and Zeerust mine in South Africa. The business produces chrome ore for sale to global markets.

FerroAlloys key figures

		H1/21	H1/20	2020
Revenue	EUR million	1.4	3.7	6.1
EBITDA	EUR million	-1.0	-0.5	-1.3
EBIT	EUR million	1.6	-0.9	-23.8
EBITDA margin	%	-72.3	-13.3	-20.5
EBIT margin	%	114.5	-23.6	-388.1
Sales	Tonnes	423	12,816	17,257
Total production	Tonnes	13,827	78,804	125,060
Mining	Tonnes	13,827	65,216	111,472
Processing	Tonnes	0	13,588	13,588
Personnel		67	209	307

PERFORMANCE COMPARED TO FIRST HALF 2020/2021

- Revenue decreased significantly by 63.3% during the first half of 2021 due to lower availability of saleable material;
- Production within the FerroAlloys segment decreased significantly due to minimal mining activity at the South African mines;
- Results were negatively affected by higher unabsorbed fixed overheads resulting in an EBITDA of EUR -1.0 (-0.5) million;
- Profitability was positively affected by a reversal gain on previously recognised impairment loss on Ilitha's mining assets, amounting to EUR 2.9 (0.0) million.

UNALLOCATED ITEMS

For the first half of 2021, the EBITDA from unallocated items was EUR -1.0 (-1.5) million when compared to same period of last year.

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's total assets on 30 June 2021 stood at EUR 155.7 (195.9) (31 December 2020: 142.6) million and net assets totalled EUR 31.2 (50.3) (31 December 2020: 29.8) million. During the first half of 2021, currency movements had an effect on Afarak's balance sheet, with the translation reserve moving by EUR 2.1 (-6.8) million. The Group's cash and cash equivalents, as at 30 June 2021, totalled EUR 2.9 (6.1) million (31 December 2020: 1.1). Operating cash flow in the first half of the year was EUR -1.9 (-2.2) million.

The equity ratio was 20.0% (25.7%) (31 December 2020: 20.9%). Afarak's gearing at the end of June 2021 remained at same level at 161.3% (108.7%) (31 December 2020: 161.8%).

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the first half of 2021 was limited to EUR 0.6 (0.5) million to sustain Group operations.

During the first half of 2021, Afarak acquired a further 20% of the shares in Chromex Mining Company (Pty) Ltd, in exchange for total consideration of 7,088,608 shares in Afarak Group Plc. Afarak now holds 94% interest in the company.

During May 2021, the Group concluded the sale of its Ilitha's plant, assets and mining right. On the Group's income statement an adjustment was made to the impairment recognised in 2020 and a reversal gain was recognised on the value of these assets. The assets related to Ilitha have been presented on the Group's statement of financial position as other receivables.

LITIGATION

During 2020 ABSA has called on a corporate guarantee amounting to ZAR 75.0 million, that was given as collateral for an overdraft facility at Mogale. Afarak's position is that all the obligations of Afarak Mogale in terms of the Facility Agreement were suspended by the business rescue practitioners for the duration of the business rescue. This is still pending but is expected to be solved within a short period of time.

IMPACT OF COVID-19

None of the Afarak Group operations have been materially impacted by the pandemic. Afarak Group has introduced several precautionary measures in all the Group's operations and offices in response to COVID-19 pandemic. These measures include hygiene and cleaning measures, social distancing and identification of risk groups.

The goal of Afarak group is to continue to operate while keeping the employees safe and healthy.

IMPAIRMENT TESTING

Afarak Group has carried out impairment testing on goodwill and other assets as of 30 June 2021 for the Speciality Alloys business and the South African mining business.

During H1 2021, there were no indication of impairment at both the Speciality Alloys business and the South African mining business.

GOING CONCERN

Price and market recovery is finally happening with both stainless steel and special steel producers filling up their order books LC FeCr prices have substantially increased in respect with H2 2020 whilst the ore is not really following the same sharp tendency to increase. However, the chrome market had traditionally been highly volatile and there is no certainty that the chrome price level will keep the same levels.

The Specialty Alloys segment performance should gain from this improved situation and return to profits. The unprofitable operations in South Africa have been discontinued, and our mining activity is still at a reduced level.

The Company will receive, during H2 2021 the consideration of the sales of Ilitha mines and the relevant distribution to creditors from the Business Rescue procedure. This should lead to more balanced cash flows in the foreseeable future.

The Company is still actively pursuing new funding via additional asset divestment which will increase the Group working capital.

On the other hand, the company is still under negotiation to restructure a short-term commercial debt into a longer-term arrangement. This would provide the Company the funding needed to be able to continue its operations in the long term. If the company is not successful in restructuring the debt as planned, there may be significant uncertainty concerning the long-term continuity of the Group's operations.

Whereas the management is still positive about successfully executing the debt restructuring and continue with the asset divestments, there is no certainty that the Company will be successful in these matters. It must be noted that a failure to achieve these goals may cast significant doubt on the company's ability to continue as a going concern.

PERSONNEL

At the end of the first half 2021, Afarak had 608 (770) employees. The average number of employees during the first half of 2021 was 615 (806). The decrease in workforce is due to the demerge of Afarak Mogale (Pty) Ltd from Afarak Group.

SUSTAINABILITY

Our goal is to keep very highest standards across all the business unit concerning health and safety of our employees, which continue to be our key central focus. No fatalities were recorded during the period under review.

Afarak continues to implement all the precautional measures to prevent and limit the possible impacts of COVID 19 on the People's Group. The very limited amount of COVID cases, which has been reported, did not materially impact the production.

The management of SA Mines ,EWW and TMS has continued to focus on improving health and well being of the employees and the community near the operations.

SHARES & SHAREHOLDERS

On 30 June 2021, the registered number of Afarak Group Plc shares was 252,041,814 (252,041,814) and the share capital was EUR 23,642,049.60 (23,642,049.60).

On 30 June 2021, the Company had 6,073,991 (13,562,599) own shares in treasury, which was equivalent to 2.41% (0.05%) of the issued shares. The total number of shares outstanding, excluding the treasury shares held by the Company on 30 June 2021, was 245,967,823(238,479,215).

At the beginning of the period under review, the Company's share price was EUR 0.23 on NASDAQ Helsinki and GBP 0.20 on the London Stock Exchange. At the end of the review period, the share price was EUR 0.20 and GBP 0.20 respectively. During the first half of 2021, the Company's share price on NASDAQ Helsinki ranged from EUR 0.20 to 0.32 per share and the market capitalisation, as at 30 June 2021, was EUR 51.4 (1 January 2021: 57.0) million. For the same period on the London Stock Exchange, the share ranged from GBP 0.05 to 0.20 per share and the market capitalisation was GBP 50.4 (1 January 2021: 50.4) million, as at 30 June 2021.

RISKS & UNCERTAINTIES

Afarak's financial performance is dependent on the general market conditions of the mining, smelting and minerals processing business. Global stainless-steel demand also carries direct influence on the company and it depends on the general pace of recovery of the global economy and the stimulus policies applied by the governments around the world. In particular, the chrome ore prices as well as the benchmark settlements have been extremely volatile in the past. This situation is likely to continue going forward.

Changes in foreign exchange rates, if adverse, could have a negative impact on the Group's profitability, in particular changes in US Dollar/South African Rand. To better manage its foreign exchange US Dollar/South African Rand exposure, the Group constantly evaluates its current and potential exposures and the need to enter into forward contract arrangements. The Group continuously assesses its working capital to minimise the time during which the Group is exposed to exchange movements and to ensure that it has sufficient funds to meet its liabilities.

The Group is looking into restructuring a short-term commercial debt into a longer-term arrangement and is also actively pursuing new funding opportunities via some additional divestments. In case of failure to achieve these goals cast significant risk on the company's ability to continue as a going concern.

Afarak's processing operations in Germany and South African mines are intensive users of energy, primarily electricity. Fuel and energy prices globally have been characterised by volatility and cost inflation. In South Africa the majority of the electricity supply, price and availability are controlled by one entity, Eskom. Increased electricity prices and/or reduced, or uncertain electricity supply, or allocation may negatively impact Afarak's current operations, which could have an impact on the Group's financial performance.

CORPORATE GOVERNANCE

ANNUAL GENERAL MEETING

Afarak Group Plc's Annual General Meeting was held at the Company's headquarter in Helsinki on June 29, 2021 under special arrangements due to the COVID-19 pandemic.

The AGM adopted the financial statements and the consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial period 2020. The AGM resolved that no dividend would be paid for 2020. The AGM also adopted the Remuneration Report for the Company's governing bodies.

The AGM resolved that the Board of Directors would comprise of three (3) members: Dr Jelena Manojlovic (UK citizen), Mr Thorstein Abrahamsen (Norwegian citizen) and Mr Guy Konsbruck (Luxembourg citizen) were re-elected as Board members.

The AGM resolved that the Non-executive Board Members shall be paid EUR 3,000 per month and the Chairman of the board shall be paid an additional EUR 1,500 per month. Non-Executive Board Members who serve on the Board's Committees shall be paid additional EUR 1,500 per month for committee work. Those members of the Board of Directors that are executives of the Company are not entitled to receive any remuneration for Board membership. Board Members shall be compensated for travel and accommodation expenses as well as other costs directly related to Board and Committee work in accordance with the company's travel rules.

The AGM resolved that the Company will pay the fee to the auditor against an invoice that is inspected by the Company and that election of the Auditor shall be decided on separate Extraordinary General Meeting held during 2021.

The AGM resolved to authorize the Board of Directors to issue shares and stock options and other special rights that entitle to shares in one or more tranches up to a maximum of 50,000,000 new shares or shares owned by the Company. This equates to approximately 19.8 % of the Company's currently registered shares. The authorization may be used among other things to raise additional finance and enabling corporate and business acquisitions or other arrangements and investments of business activity or for employee incentive and commitment schemes. By virtue of the authorization, the Board of Directors can decide both on share issues against payment and on share issues without payment. The payment of the subscription price can also be made with consideration other than money. The authorization contains the right to decide on derogating from shareholders' pre-emptive right to share subscriptions provided that the conditions set in the Finnish Companies' Act are fulfilled. The authorization replaces all previous authorizations and is valid two (2) years from the decision of the Annual General Meeting.

BOARD OF DIRECTORS

The AGM resolved that the Board of Directors would comprise of three (3) members: Dr Jelena Manojlovic (UK citizen), Mr Thorstein Abrahamsen (Norwegian citizen) and Mr Guy Konsbruck (Luxembourg citizen) were re-elected as Board members.

Audit and Risk Management Committee

Thorstein Abrahamsen (Chair) and Jelena Manojlovic

Nomination and Remuneration Committee

Jelena Manojlovic (Chair) and Thorstein Abrahamsen

Health, Safety and Sustainable Development Committee

Thorstein Abrahamsen (Chair), Jelena Manojlovic and Guy Konsbruck

Following the AGM, the Board of Directors held a meeting in which Thorstein Abrahamsen was unanimously re-elected as the Chairperson.

FLAGGING NOTIFICATION

On 24 March 2021, the company made a flagging notification to FIN-FSA pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act. According to the flagging notification Afarak's portion of the Company's shares has fallen below the threshold of 5 per cent.

REPORTING

EVENTS DURING THE REVIEW PERIOD

On 07 January 2021, the Company published the financial calendar for 2021

On 26 January 2021, the Company announced that Helsinki Administrative Court did not amend the FIN-FSA decision to impose payment on the company.

On 25 February 2021, the Company published that it has filed the application for permission to appeal and an appeal to the Supreme Administrative Court on the decision of the Helsinki Administrative Court.

On 26 February 2021, Afarak Group Plc published the Financial Statements of 2020.

On 12 March 2021, Afarak Group Plc has resolved on a directed share issue.

On 23 March 2021, the Company announced changes regarding Afarak Group Plc' treasury shares.

On 31 March 2021, Afarak Group Plc published the Audited Financial Statements of 2020 and the Auditor's report.

On 31 March 2021, the Company announced that it had made an agreement to re-structure its financing.

On 1 April 2021, the Company issued a result warning due to the reassessment of its Impairment test review.

On 1 April 2021, Afarak Group published the Annual report for 2020.

On 29 April 2021, Afarak Group published the Production report for the first quarter of 2021.

On 27 May 2021, Afarak Group Plc invited the shareholders of Afarak Group Plc ("Afarak") to the Annual General Meeting which was held on 29 June 2021.

On 31 May 2021, Afarak Group Plc announced that The Board of Directors of Afarak has approved the arrangement for the sale of Ilitha's plant, assets and mining right. Ilitha is a South African company which holds the Stellite mine.

On 7 June 2021, the Company published the agenda of the Annual General Meeting.

On 29 June 2021, the company released the resolutions regarding the Annual General Meeting.

EVENTS SINCE THE END OF THE REVIEW PERIOD

On 9 August 2021, Afarak Group Plc invited the shareholders of Afarak Group Plc to the Extraordinary General Meeting to be held on 30 August 2021.

FINANCIAL INFORMATION

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

H1/2021 6 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	35,673	1,357	1,418	-1,110	37,338
EBITDA	1,078	-981	-982	0	-885
EBIT	419	1,554	-1,066	0	907
Segment's assets	135,748	63,004	8,039	-51,103	155,688
Segment's liabilities	87,511	57,515	39,732	-60,228	124,530

H1/2020 6 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	31,573	3,696	843	-616	35,495
EBITDA	1,668	-491	-1,523	0	-346
EBIT	652	-871	-1,479	0	-1,699
Segment's assets	169,541	89,256	18,398	-81,294	195,901
Segment's liabilities	90,757	99,375	35,966	-80,543	145,555

FY 2020 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	53,234	6,126	1,924	-1,479	59,805
EBITDA	306	-1,257	-3,099	0	-4,050
EBIT	-1,335	-23,776	-3,080	0	-28,191
Segment's assets	126,262	57,474	15,811	-56,954	142,593
Segment's liabilities	78,548	53,447	38,374	-57,584	112,786

RESULTS DEVELOPMENT

	H1/18	H2/18	H1/19 Restated	H2/19 Restated	H1/20 Restated	H2/20	H1/21
Sales (tonnes)							
Mining	164,935	116,415	105,012	128,651	78,084	118,797	33,656
Processing	49,213	51,354	43,334	38,468	23,356	10,900	12,667
Trading	9,942	5,642	4,500	4,821	28	0	31
Total	224,090	173,411	152,846	171,940	101,468	129,697	46,354
Average rates*							
EUR/USD	1.210	1.152	1.129	1.109	1.102	1.181	1.2053
EUR/ZAR	14.891	16.328	16.043	16.302	18.311	19.206	17.5244
Euro (million)							
Revenue	104.5	89.6	55.3	42.6	35.5	24.3	37.3
EBITDA	0.5	-1.5	-0.5	-4.9	-0.3	-3.7	-0.9
EBITDA margin	0.5%	-1.7%	-0.9%	-11.6%	-1.0%	-15.2%	-2.4%
EBIT	-2.8	-11.3	-2.2	-6.9	-1.7	-26.5	0.9
EBIT margin	-2.7%	-12.6%	-4.0%	-16.1%	-4.8%	-109.0%	2.4%

*Average rates in the respective half year

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	H1/21	H1/20	FY2020
Revenue	37,338	35,495	59,805
Other operating income	640	539	1,333
Operating expenses	-38,863	-36,380	-65,188
Depreciation and amortisation	-1,120	-1,353	-2,626
Impairment	2,912	0	-21,515
Operating profit	907	-1,699	-28,191
Financial income and expense	-1,382	-2,354	-4,256
Profit before tax	-475	-4,053	-32,447
Income tax	-446	-559	4,804
Profit for the period from continuing operations	-921	-4,612	-27,643
Discontinued operations			
Loss on discontinued operations, investments	0	-11,537	6,073
Profit for the period	-921	-16,149	-21,571
Profit attributable to:			
Owners of the parent	-833	-15,892	-17,675
Non-controlling interests	-88	-257	-3,896
Total	-921	-16,149	-21,571
Earnings per share for profit attributable to the shareholders of the parent company, EUR			
Basic earnings per share, EUR	0.00	-0.07	-0.07
Diluted earnings per share, EUR	0.00	-0.07	-0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	H1/21	H1/20	FY2020
Profit for the period	-921	-16,149	-21,571
Other comprehensive income			
Remeasurement of defined benefit pension plans	0	0	-1,308
Exchange differences on translating foreign operations – Group	2,222	-8,101	-8,264
Circulation of translation difference	0	0	-13,719
Other comprehensive income, net of tax	2,222	-8,101	-23,291
Total comprehensive income for the period	1,301	-24,250	-44,862
Total comprehensive income attributable to:			
Owners of the parent	1,256	-22,646	-39,902
Non-controlling interests	45	-1,604	-4,960

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	30.6.2021	30.6.2020	31.12.2020
ASSETS			
Non-current assets			
Goodwill	43,960	44,466	42,105
Other intangible assets	5,955	5,841	6,232
Property, plant and equipment	41,423	85,975	61,618
Deferred tax asset	2,883	3,052	2,916
Other non-current assets	244	813	260
Non-current assets total	94,465	140,147	113,130
Current assets			
Inventories	12,606	28,588	13,464
Trade receivables	13,909	12,240	7,656
Other receivables	31,797	8,814	7,245
Cash and cash equivalents	2,911	6,113	1,098
Current assets total	61,223	55,755	29,463
Total assets	155,688	195,901	142,593
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	23,642	23,642	23,642
Share premium reserve	25,223	25,223	25,223
Paid-up unrestricted equity reserve	209,742	207,922	208,005
Legal Reserve	58	77	65
Translation reserves	-38,450	-26,372	-40,540
Retained earnings	-188,384	-185,772	-188,860
Equity attributable to owners of the parent	31,831	44,720	27,536
Non-controlling interests	-673	5,626	2,269
Total equity	31,158	50,346	29,806
Liabilities			
Non-current liabilities			
Deferred tax liabilities	12,094	17,386	11,437
Provisions	12,445	16,547	11,390
Pension liabilities	23,123	22,249	23,359
Financial liabilities	17,908	18,986	34,622
Non-current liabilities total	65,570	75,168	80,808
Current liabilities			
Trade payables	10,698	12,850	8,705
Other current liabilities	48,262	57,537	23,273
Current liabilities total	58,960	70,387	31,978
Total liabilities	124,530	145,555	112,786
Total equity and liabilities	155,688	195,901	142,592

SUMMARY OF CASH, INTEREST-BEARING RECEIVABLES AND INTEREST-BEARING LIABILITIES

EUR '000	30.6.2021	30.6.2020	31.12.2020
Cash and cash equivalents	2,911	6,113	1,098
Interest-bearing receivables			
Current	0	0	0
Non-current	<u>190</u>	248	<u>232</u>
Interest-bearing receivables	190	248	232
Interest-bearing liabilities			
Current	35,289	43,962	14,725
Non-current	<u>17,879</u>	16,869	<u>34,589</u>
Interest-bearing liabilities	53,168	60,831	49,314
NET TOTAL	-50,067	-54,470	-47,985

SUMMARY OF GROUP'S PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR '000	Property, plant and equipment	Intangible Assets
Acquisition cost 1.1.2021	119,567	198,941
Additions	576	17
Disposals	-22,766	-653
Reclass between items	267	28,717
Effect of movements in exchange rates	-13,246	-47,103
Acquisition cost 30.06.2021	84,398	179,919
Accumulated depreciation and impairment 1.1.2021	-57,950	-150,604
Depreciation	-1,067	-54
Reclass between items	0	-28,687
Disposals	290	72
Effect of movements in exchange rates	15,752	49,269
Accumulated depreciation and impairment at 30.06.2021	-42,975	-130,004
Carrying amount at 1.1.2021	61,617	48,337
Carrying amount at 30.06.2021	41,423	49,915
Acquisition cost 1.1.2020	170,785	217,556
Additions	989	166
Disposals	-438	-2
Discontinued operation	-29,419	0
Right-of-use assets (IFRS 16)	0	0
Reclass between items	-237	0
Effect of movements in exchange rates	-22,113	-18,779
Acquisition cost 31.12.2020	119,567	198,941
Accumulated depreciation and impairment 1.1.2020	-59,987	-165,133
Depreciation	-3,492	-107
Impairment	-21,515	0
Discontinued operation	19,136	0
Disposals	327	1
Effect of movements in exchange rates	7,581	14,635
Accumulated depreciation and impairment at 31.12.2020	-57,950	-150,604
Carrying amount at 1.1.2020	110,798	52,423
Carrying amount at 31.12.2020	61,617	48,337

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000	H1/21	H1/20	FY2020
(Loss) / profit from continuing operation	-921	-4,612	-27,643
Adjustments to profit for the period	-2,791	13,769	23,477
Changes in working capital	1,800	142	10,941
Discontinued operations	0	-11,537	-11,189
Net cash from operating activities	-1,912	-2,238	-4,415
Capital expenditure on non-current assets, net	582	-265	-958
Other investments, net	16	81	47
Proceeds from repayments of loans and loans given	-207	0	48
Net cash used in investing activities	391	-184	-863
Proceeds from borrowings	3,245	1,895	3,215
Repayment of borrowings, and other financing activities	-2,624	-1,315	-3,942
Movement in short-term financing activities*	2,755	2,851	2,002
Net cash used in financing activities	3,376	3,431	1,275
Net increase in cash and cash equivalents	1,855	1,009	-4,002
Cash at the beginning of the period	1,098	5,389	5,389
Translation differences	-42	-285	-289
Cash at the end of the period	2,911	6,113	1,098
Change in the statement of financial position	1,855	1,009	-4,002

*This includes trade receivable facilities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
 B = Share premium reserve
 C = Paid-up unrestricted equity reserve
 D = Translation reserve
 E = Retained earnings
 F = Legal reserve
 G = Equity attributable to owners of the parent, total
 H = Non-controlling interests
 I = Total equity

EUR '000	A	B	C	D	E	F	G	H	I
Equity at 31.12.2019	23,642	25,223	207,850	-19,618	-169,880	89	67,306	7,230	74,536
Profit/(loss) for the period 1-6/2020 + comprehensive income				-6,754	-15,892		-22,646	-257	-22,903
Translation differences							0	-1,347	-1,347
Share-based payments			-23				-23		-23
Acquisition of non-controlling interest			95				95		95
Other changes in equity						-11	-11		-11
Equity at 30.06.2020	23,642	25,223	207,922	-26,372	-185,772	78	44,721	5,626	50,347
Profit for the period 7-12/2020 + comprehensive income				-449	-1,780		-2,229	-3,642	-5,871
Translation differences					0		0	286	286
Share-based payments			83				83		83
Remeasurements of defined benefit pension plans					-1,308		-1,308		-1,308
Acquisition of non-controlling interest			0				0		0
Circulation of translation difference				-13,719			-13,719		-13,719
Other changes in equity						-13	-13		-13
Equity at 31.12.2020	23,642	25,223	208,005	-40,540	-188,860	65	27,536	2,270	29,806
Profit for the period 1-6/2021 + comprehensive income				2,090	-835		1,255	-84	1,171
Translation differences							0	132	132
Share-based payments			57				57		57
Acquisitions and disposals of subsidiaries			1,680		1,311		2,991	-2,991	0
Other changes in equity						-8	-8		-8
Equity at 30.06.2021	23,642	25,223	209,742	-38,450	-188,384	58	31,831	-673	31,158

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	H1/21	H1/20	FY2020
Sales to other related parties	0	-16	-15
Financing expense to other related parties	-276	-229	-452
Trade and other receivables from other related parties	45	42	48
Loan payables to other related parties	15,821	14,878	15,100

FINANCIAL INDICATORS

	H1/21	H1/20	FY2020
Return on equity, % p.a.	-6.0%	-51.7%	-31.2%
Return on capital employed, % p.a.	7.5%	-13.6%	-5.5%
Equity ratio, %	20.0%	25.7%	25.3%
Gearing, %	161.3%	108.7%	121.0%
Personnel at the end of the period	608	770	621

EXCHANGE RATES

The balance sheet date rate is based on exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of daily rates from the European Central Bank during the year.

The key exchange rates applied in the accounts:

Average rates

	H1/21	H1/20	FY2020
TRY	9.5226	7.1492	8.0547
USD	1.2053	1.1020	1.1422
ZAR	17.5244	18.3112	18.7655

Balance sheet rates

	30.6.2021	30.6.2020	31.12.2020
TRY	10.3210	7.6761	9.1131
USD	1.1884	1.1198	1.2271
ZAR	17.0114	19.4425	18.0219

FORMULAS FOR FINANCIAL INDICATORS

Financial ratios and indicators have been calculated with the same principles as applied in the 2020 financial statements. These principles are presented below.

Return on equity, % = Profit for the period / Total equity (average for the period) * 100

Return on capital employed, % = (Profit before taxes + financing expenses) / (Total assets - interest-free liabilities) average * 100

Equity ratio, % = Total equity / (Total assets - prepayments received) * 100

Gearing, % = (Interest-bearing debt - liquid funds) / Total equity * 100

Net interest-bearing debt = Interest-bearing debt - liquid funds

Earnings per share, basic, EUR = Profit attributable to owners of the parent company / Average number of shares during the period

Earnings per share, diluted, EUR = Profit attributable to owners of the parent company / Average number of shares during the period, diluted

Operating profit (EBIT) = Operating profit is the net of revenue plus other operating income, plus gain/loss on finished goods inventory change, minus employee benefits expense, minus depreciation, amortisation and impairment and minus other operating expense. Foreign exchange gains or losses are included in operating profit when generated from ordinary activities. Exchange gains or losses related to financing activities are recognised as financial income or expense.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) = Operating profit + depreciation + amortisation + impairment losses

ACCOUNTING POLICIES

This Interim Report is prepared in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with Afarak's financial statements for 2020. Afarak has applied the same accounting principles in the preparation of this Interim Report as in its financial statements for 2020, except for the adoption of new standards and interpretations that become effective in 2021. The changes did not have material impact on the Interim Report.

The preparation of the Interim Report in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

The figures in the tables have been rounded off, which must be considered when calculating totals. Average exchange rates for the period have been used for income statement conversions, and period-end exchange rates for balance sheet.

The Interim Report data are unaudited.

SHARE-RELATED KEY FIGURES

		H1/21	H1/20	FY2020
Share price development in London Stock Exchange				
Average share price*	EUR	0.23	0.38	0.32
	GBP	0.20	0.33	0.28
Lowest share price*	EUR	0.06	0.29	0.06
	GBP	0.05	0.25	0.05
Highest share price*	EUR	0.23	0.86	0.84
	GBP	0.20	0.75	0.75
Share price at the end of the period**	EUR	0.23	0.33	0.22
	GBP	0.20	0.30	0.20
Market capitalisation at the end of the period**	EUR million	58.7	82.9	56.1
	GBP million	50.4	75.6	50.4
Share trading development				
Share turnover	thousand shares	676	24	334
Share turnover	EUR thousand	149	12	96
Share turnover	GBP thousand	129	11	85
Share turnover	%	0.3%	0.0 %	0.1 %
Share price development in NASDAQ Helsinki				
Average share price	EUR	0.23	0.41	0.33
Lowest share price	EUR	0.20	0.21	0.15
Highest share price	EUR	0.32	0.98	0.98
Share price at the end of the period	EUR	0.20	0.34	0.23
Market capitalisation at the end of the period	EUR million	51.4	85.7	57.0
Share trading development				
Share turnover	thousand shares	15,860	27,377	47,131
Share turnover	EUR thousand	3,692	11,154	15,687
Share turnover	%	6.3%	10.9%	18.7%

* Share prices have been calculated on the average EUR/GBP exchange rate published by Bank of Finland.

** Share price and market capitalisation at the end of the period have been calculated on the EUR/GBP exchange rate published by Bank of Finland at the end of the period.

Formulas for share-related key indicators

Average share price = Total value of shares traded in currency / Number of shares traded during the period

Market capitalisation, million = Number of shares * Share price at the end of the period

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. Save as required by law (including the Finnish Securities Markets Acts (746/2012), as amended, or by the Listing Rules or the Disclosure and Transparency Rules of the UK Financial Services Authority), the Company undertakes no obligation to update any forward-looking statements in this report that may occur due to any changes in the Directors' expectations or to reflect events or circumstances after the date of this report.