

Financial Statements

| 2021



A F A R A K

FINANCIAL STATEMENTS RELEASE 2021

		H2/21	H2/20	FY2021	FY2020
Revenue	EUR million	42.9	24.3	80.3	59.8
EBITDA	EUR million	6.8	-3.7	5.9	-4.1
EBIT	EUR million	5.9	-26.5	6.8	-28.2
Earnings before taxes	EUR million	3.4	-28.4	2.9	-32.4
Profit from continuing operations	EUR million	1.5	-23.0	0.6	-27.6
Profit from discontinued operations	EUR million	8.4	17.6	8.4	6.1
Profit for the period	EUR million	9.9	-5.4	9.0	-21.6
Earnings per share	EUR	0.04	0.02	0.04	-0.05
EBITDA margin	%	15.9	-15.2	7.4	-6.8
EBIT margin	%	13.8	-109.0	8.5	-47.1
Earnings margin	%	7.8	-116.8	3.6	-54.3
Personnel (end of period)		503	621	503	621

SECOND HALF 2021 HIGHLIGHTS

- Revenue for the second half of 2021 increased by 76.5% to EUR 42.9 (H2/2020: 24.3) million driven by stronger market demand and higher prices;
- Speciality Alloys processed material sold increased by 73.4%, to 11,198 (H2/2020: 6,459) tonnes;
- Tonnage mined decreased by 39.8%, to 49,428 (H2/2020: 82,120) tonnes due to the temporarily discontinued mining activity at the South African mines;
- Group's EBITDA increased to EUR 6.8 (H2/2020: -3.7) million and the EBITDA margin stood at 15.9% (H2/2020: -15.2%);
- EBIT was EUR 5.9 (H2/2020: -26.5) million and the EBIT margin stood at 13.8% (H2/2020: -109.0%);
- Profit for the period from continuing operation totalled EUR 1.5 (H2/2020: -23.0) million;
- Cash flow from operations during H2 2021 was EUR 15.0 (H2/2020: -2.2) million. Net interest-bearing debt decreased to EUR 32.2 (31 December 2020: 48.2) (30 June 2021: 50.3) million;
- Cash and cash equivalents at 31 December totalled EUR 6.3 (31 December 2020: 1.1) (30 June 2021: 2.9) million.

FULL YEAR 2021 HIGHLIGHTS

- Revenue for the year 2021 increased by 34.2% reflecting both higher production and sales volumes as well as improved prices;
- Speciality Alloys Processed material sold increased by 37.9%, to 23,442 (FY/2020: 16,999) tonnes;
- Tonnage mined decreased by 44.3%, to 102,970 (FY/2020: 184,779) tonnes due to the minimal activity at the South African mines during the year;
- EBITDA during the year improved to EUR 5.9 (FY/2020: -4.1) million. EBIT stood at EUR 6.8 (FY/2020: -28.2) million;
- The result of the discontinued operation was EUR 8.4 (FY/2020: 6.1) million;
- Profit from continuing operation for the full year 2021 totalled EUR 9.0 (FY/2020: -21.6) million.

MARKET SENTIMENT FOR 2022

The strong demand for Stainless Steel and hence for ferro-chrome, is expected to carry on in 2022. The automotive and the aerospace industry posted strong results in the last 2 quarters of 2021 and this trend is expected to continue

The European ferro-chrome benchmark picked up to \$1.80/lb for Q4 2021 was rolled over to the first quarter of 2022. The first 2 months of 2022 show improved demand and prices for LC Ferro-Chrome already. Having said that, we are also negatively impacted by increasing energy and consumables cost, as well as mounting logistics cost. Nevertheless, we resumed to profitable operations and reduced our total debt.

The Corona pandemic continues to be threat and may cause disruptions during 2022.

CEO GUY KONSBRUCK

“During H2/21, and particularly during Q4, the business conditions for the chrome industry have been good.

Our Specialty Alloys segment performed well. We saw substantial increase in production and sales volumes, as well as increased sales prices.

The order book for 2022 is very encouraging and the sales prices for Q1 have so far further increased. We are also hit hard by very strong price increases for energy and consumables in our German plant.

In our last release we said that “the main priorities for Afarak in 2021 are stability and consistency of operational and financial performance, especially to increase the volumes and profitability of the specialty segment.” We are committed to continue this route in 2022. We will also put a main focus on sustainability, where we pursue several projects of waste reduction, and further reduction of our CO2 foot print.”

OVERVIEW OF RESULTS

This Interim Report is prepared in accordance with the IAS 34 standard and is unaudited. All the corresponding comparable figures of 2020 are presented in brackets, unless otherwise explicitly stated.

MARKET OVERVIEW

The year 2021 can be recorded as a year with many challenges. This was due to many factors not all of them being caused by the pandemic alone. There were disruptions in the logistics and supply chains, inflationary issues, repercussions of the global tendency to more sustainable energy sources, energy cost explosion and even rationing in some areas of the world.

The speedy recovery of some economies after the Covid pandemic started to ease, have caused the ferrochrome demand to grow faster than the supply.

The production of Ferrochrome for 2021 is estimated to be lower than the one in 2019, but slightly higher than the one in 2020.

Additional factors like the increase of the export tax from China and the introduction of one from Russia as well, have also contributed to the overall increase of prices.

The annualized production of stainless steel in 2021 is estimated to be roughly 10% higher than 2019 and 12% more than 2020.

A market normalization process may happen in the year 2022, at pre covid levels, but the price increases trend can be difficult to reverse due to inflation factors not yet reflected during 2021, logistical bottlenecks along with the price and the availability of energy which can create huge increase in production costs on a worldwide basis independently of where the ferrochrome will be manufactured.

The world geopolitical situation and the changes of the world trading regulations like the Carbon Border Tax mechanism in Europe will also play a very important role.

All these factors might continue to sustain a sharp price volatility also during 2022.

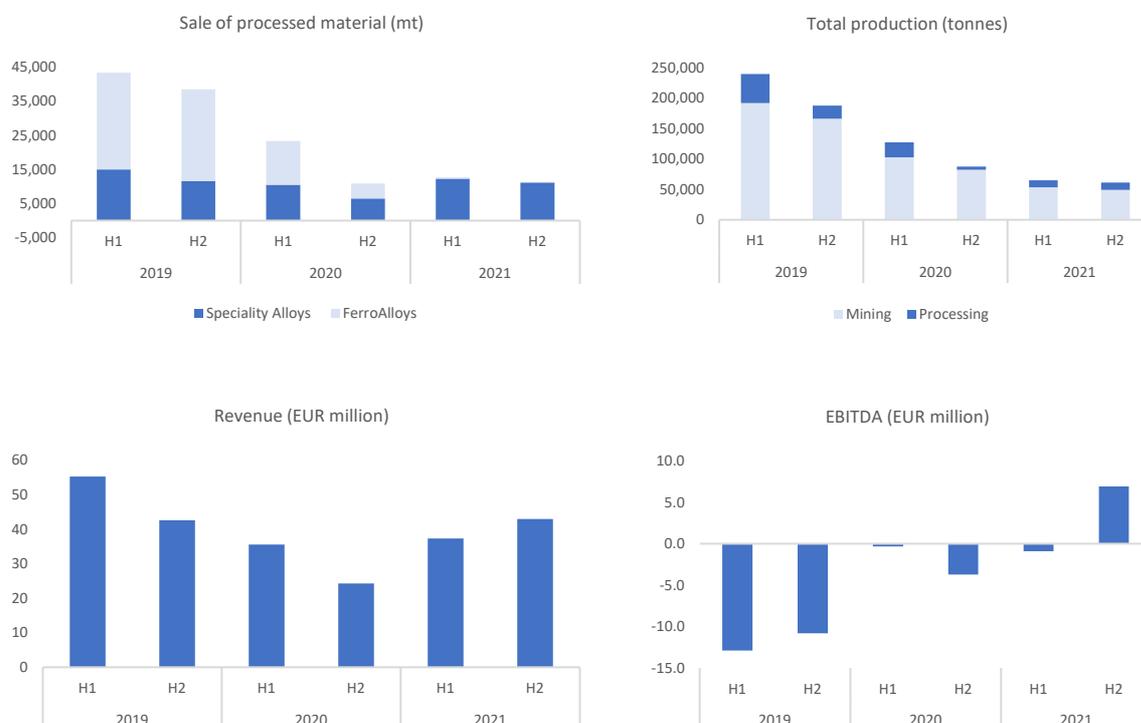
OVERVIEW OF RESULTS (Cont.)

H2 2021 COMPARED TO H2 2020

As demand for Low Carbon FerroChrome material started to increase, Speciality alloys segment registered a very strong performance on the back of increased production, strong market demand and improved prices. The Group revenue increased significantly by 76.5% on account of higher sales volumes and selling prices. The increase in demand during the period resulted in higher production of processed material, while mining activity at the Turkish mine was at the same level as last year with an increase of 2.8%. With such factors the Group returned to recording positive margins as EBITDA for the second half of the year stood at EUR 6.8 (-3.7) million. During the period Afarak recognised a gain of EUR 8.4 (17.6) million from its discontinued operation processing plant in South Africa during the prior year.

2021 COMPARED TO 2020

Afarak started the year with difficult market conditions as it was still suffering from the negative effect of the COVID-19 pandemic. The development in market started turning around by the end of the second quarter which continued to end of year. The Group Revenue for the year was EUR 80.3 (59.8) million. Operationally minimal production was carried out in South African mines during 2021, while the Speciality Alloys business registered an increase of 4.5% of mining activity and 41.7% increase in production of processed material when compared to prior year. The increased selling prices and the lower unabsorbed costs as a result of higher production during 2021 led to an increase in EBITDA for the year to EUR 6.8 (-4.1) million despite higher raw material cost and higher cost of production. 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 year were EUR -3.9 (-4.3) million.



DISTRIBUTION PROPOSAL

The Board of Directors proposes to the Annual General Meeting which is scheduled to be held on 1st June 2022 that no distribution would be paid in 2021.

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

		H2/21	H2/20	FY2021	FY2020
Revenue	EUR million	42.2	21.7	77.8	53.2
EBITDA	EUR million	8.1	-1.4	9.2	0.3
EBIT	EUR million	7.4	-2.0	7.8	-1.3
EBITDA margin	%	19.2	-6.3	11.8	0.6
EBIT margin	%	17.6	-9.2	10.1	-2.5
Sales	Tonnes	11,198	6,459	23,443	16,999
Total production	Tonnes	48,556	41,037	99,844	89,715
Mining	Tonnes	36,876	35,864	76,592	73,306
Processing	Tonnes	11,680	5,174	23,252	16,409
Personnel		471	516	471	516

PERFORMANCE COMPARED TO SECOND HALF 2020/2021

- Stronger market conditions supported revenue growth which increased by almost two-fold to EUR 42.2 (21.7) million during the second half of the year due to increase in demand resulting in higher sales volumes of processed material and higher average selling prices;
- A marginal increase in mining activity at both Turkish mines during the year when compared to prior year;
- Processing levels at the EWW plant in Germany was significantly higher than same period last year by 125.8% to keep up with the demand;
- EBITDA increased significantly to EUR 8.1 (-1.4) million, this was mainly driven by increase in sales volumes and selling prices, as well as higher processing level at the EWW plant in Germany resulting in lower unabsorbed fixed overheads in the second half.

PERFORMANCE COMPARED TO FULL YEAR 2020/2021

- Revenue for the full year increased by 46.2% to EUR 77.8 (53.2) million. The increase in revenue was due to higher sales prices and trading volumes of speciality material when compared to 2020.
- Mining activity at both Turkish mines during the year increased by 4.5% when compared to prior year;
- Processing levels for the year was 41.7% higher than previous year to keep up with the increase in demand for Low Carbon FerroChrome;
- Profit margins continued to improve despite higher cost of production with higher energy and raw material prices. EBITDA increased significantly to EUR 9.2 (0.3) million.

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, charge chrome and medium carbon ferrochrome for sale to global markets.

FerroAlloys key figures

		H2/21	H2/20	FY2021	FY2020
Revenue	EUR million	0.4	2.4	1.8	6.1
EBITDA	EUR million	0.0	-0.8	-0.9	-1.3
EBIT	EUR million	0.0	-22.9	1.6	-23.8
EBITDA margin	%	9.5	-31.2	-53.4	-20.5
EBIT margin	%	0.2	-942.8	88.2	-388.1
Sales	Tonnes	108	4,441	531	17,257
Total production	Tonnes	12,552	46,256	26,379	125,060
Mining	Tonnes	12,552	46,256	26,379	111,472
Processing	Tonnes	0	0	0	13,588
Personnel		14	307	14	307

PERFORMANCE COMPARED TO SECOND HALF 2020/2021

- Revenue during the second half of 2021 decreased to EUR 0.4 (2.4) million due to substantially lower sales volumes of mining material;
- Mining activity decreased significantly due to minimal mining activity at the South African mines;
- A break-even EBITDA reported during the second half of the year;

PERFORMANCE COMPARED TO FULL YEAR 2020/2021

- Revenue decreased significantly in 2021 when compared to prior year, mainly due to lower availability of saleable material;
- Production within the FerroAlloys segment decreased significantly due to minimal mining activity at the South African mines;
- EBITDA for the full year stood at EUR -0.9 (-1.3) 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.

UNALLOCATED ITEMS

For the second half of 2021, the EBITDA from unallocated items was EUR -1.3 (-1.6) million, while the full year EBITDA from unallocated items was EUR -2.3 (-3.1) million.

DISCONTINUED OPERATION

During 2020, Afarak Group reclassified Afarak Mogale (Pty) Ltd's previously reported income statement figures as discontinued operations. As from H2 2020 Afarak Group is no longer consolidating Afarak Mogale (Pty) Ltd.

In the consolidated income statement, continuing and discontinued operations are presented separately. Discontinued operations are presented as their own line item.

Profit from discontinued operations in 2021, amounted to EUR 8.4 (6.1) million arising from the transaction.

Financial information related to the result of the discontinued operation until Afarak's loss of control of Mogale is presented below.

EUR '000	1.1.-31.12.2021	1.1.-31.12.2020
Revenue	0	16,628
Other operating income	0	228
Operating expenses	0	-17,810
Depreciation and amortisation	0	-975
Impairment	0	-4,537
Operating loss	0	-6,466
Financial income and expense	8,396	-5,625
Profit / (loss) before tax	8,396	-12,091
Income tax	<u>0</u>	<u>145</u>
Profit / (loss) on discontinued operations, restated	8,396	-11,946
Net balance sheet impact of discontinued operation	0	6,385
Impact of internal items	8,396	-2,086
Circulation of translation difference	0	13,719
Results of the discontinued operation	8,396	6,073
Earnings per share calculated from the review period profit for owners of the Company		
Basic earnings per share (EUR)	0.03	0.03
Diluted earnings per share (EUR)	0.03	0.03

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's total assets on 31 December 2021 stood at EUR 146.3 (142.6) (30 June 2021: 155.7) million and net assets totalled EUR 43.4 (29.8) (30 June 2021: 31.2) million. During the second half, the translation differences on conversion of foreign denominated subsidiaries was adjusted by EUR 2.2 million. The Group's cash and cash equivalents, as at 31 December 2021, totalled EUR 6.3 (1.1) million (30 June 2021: 2.9). Operating cash flow in the second half was positive, standing at EUR 13.1 (-2.2) million.

The equity ratio stood at 29.7% (25.3%) (30 June 2021: 20.0%). Afarak's gearing at the end of the year decreased to 74.2% (121.0%) (30 June 2021: 161.3%), due to lower interest-bearing debt of EUR 38.5 (49.3) (30 June 2021: 53.2) million.

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the second half of 2021 totalled EUR 0.3 (H2/2020 0.6) million and for the full year of 2021 totalled EUR 0.9 (1.1) million. Capital Expenditure was mainly incurred 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. On 24 August 2021, the Company published that the parties have settled the claim and that the District Court of Helsinki has dismissed the claims in their entirety.

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.

IMPAIRMENT TESTING

Afarak Group has carried out impairment testing on goodwill and other assets as of 31 December 2021 for the Speciality Alloys business and the South African minerals processing business.

During H2 2021, there were no indication of impairment at both the Speciality Alloys business and the South African mining business.

GOING CONCERN

Price and market have finally recovered which helped the Specialty Alloys segment performance return to profits. As long as no major obstacles arise with a wide spread vaccination of the global population, both stainless steel and special steel producers will continue to fill up their order books. LC FeCr prices have increased by around 20% when comparing the average prices in H1 2021 with H2 2021. These prices continued to increase in the first months of 2022 and our order books are filling up quickly.

The unprofitable operations in South Africa have been discontinued, and our mining activity is still reduced.

The restructuring of a short-term commercial debt into a longer-term arrangement is in the process to be signed. The company is actively pursuing new funding opportunities via some divesting opportunities.

All in all, the management and board are positive about the future of Afarak.

It is still unknown whether the COVID-19 epidemic would create any further damage that cannot be forecasted at this moment. Also recent geopolitical developments may impact the continuity of economic activities, on a global level.

PERSONNEL

At the end of the second half 2021, Afarak had 503 (621) employees. The average number of employees during the year 2021 was 567 (747).

PLEDGES AND CONTINGENT LIABILITIES

On 31 December 2021, the Group had loans from financial institutions totalling EUR 2.9 (2.9) million. The Group has provided real estate mortgages and other assets as collateral, and corporate guarantees for a combined total carrying value of EUR 2.2 (9.6) million.

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 year 2021.

During 2021, the world continued to encounter very difficult times due to the spread of COVID-19 pandemic. Consequently Afarak has implemented measures to have the main part of the office based employees working from home. Thanks to all the precautions implemented in all Afarak Group units very limited amount of cases has been reported which did not materially impact the production.

The management of 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 31 December 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 31 December 2021, the Company had 5,673,991 (13,162,599) own shares in treasury, which was equivalent to 2.25% (5.22%) of the issued shares. The total number of shares outstanding, excluding the treasury shares held by the Company on 31 December 2021, was 246,367,823 (238,879,215).

At the beginning of the period under review as at December 2020, 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 as at December 2021, the share price was EUR 0.14 and GBP 0.20 respectively. During the second half of 2021, the Company's share price on NASDAQ Helsinki ranged from EUR 0.13 to 0.21 per share and the market capitalisation, as at 31 December 2021, was EUR 34.28 (1 January 2021: 56.96) million. For the same period on the London Stock Exchange, the share ranged from GBP 0.05 to 0.25 per share and the market capitalisation was GBP 50.4 (1 January 2021: 50.4) million, as at 31 December 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 divesting. 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.

In case the availability and effectiveness of the vaccines will not keep under control the outbreak of COVID-19 pandemic, significant disruptions in production and lower demand will continue to negatively affect the business as a whole. In this respect Afarak is continuously evaluating the situation in order to mitigate its current exposures.

CORPORATE GOVERNANCE

ANNUAL GENERAL MEETING

The Company's Annual General Meeting ("AGM") was held on 29 June 2021. 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 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.

Following the AGM, the Board of Directors held a meeting in which Mr Thorstein Abrahamsen was unanimously re-elected as the Chairperson. The Board Committees and their composition are as follows:

Audit and Risk Management Committee
Thorstein Abrahamsen, chairperson
Jelena Manojlovic

Remuneration and Nomination Committee
Jelena Manojlovic, chairperson
Thorstein Abrahamsen

Health, Safety and Sustainable Development Committee
Thorstein Abrahamsen, chairperson
Jelena Manojlovic
Guy Konsbruck

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. The authorisation replaces all previous authorisations and is valid for two (2) years from the decision of the AGM.

BOARD OF DIRECTORS

On 29 June 2021, 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, chairperson
Jelena Manojlovic

Remuneration and Nomination Committee
Jelena Manojlovic, chairperson
Thorstein Abrahamsen

Health, Safety and Sustainable Development Committee
Thorstein Abrahamsen, chairperson
Jelena Manojlovic
Guy Konsbruck

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

EXTRAORDINARY GENERAL MEETING

Afarak Group Plc's Extraordinary General Meeting was held at the Company's headquarter in Helsinki on August 30, 2021 under special arrangements due to the COVID-19 pandemic.

The General Meeting elected, as per the proposal of the Board of Directors, Authorised Public Accountant Firm Tietotili Audit Oy as the Auditor of the Company. Tietotili Audit Oy has informed that the auditor with the main responsibility will be Authorised Public Accountant Urpo Salo.

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, the Company published that it has resolved on a directed share issue without consideration that will result in additional ownership of mining assets in South Africa.

On 23 March 2021, the company announced changes regarding Afarak Group Plc's treasury shares, where a total of 7,088,608 treasury shares has been transferred to subscribers. Afarak entered into an agreement during 2019 to acquire the remaining interest of 26% in Chromex Mining Company (Pty) Ltd. This was executed after year end on 23 March 2021.

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.

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.

On 24 August 2021, following the release dated 22 September 2020 in relation to the claim by Absa Bank, a South African bank against the Company in the district court of Helsinki, the Company published that the parties have settled the claim and that the District Court of Helsinki has dismissed the claims in their entirety.

On 30 August 2021, Afarak Group Plc published the resolutions of the Extraordinary General Meeting, were The General Meeting elected, as per the proposal of the Board of Directors, Authorised Public Accountant Firm Tietotili Audit Oy as the Auditor of the Company. Tietotili Audit Oy has informed that the auditor with the main responsibility will be Authorised Public Accountant Urpo Salo.

On 20 September 2021, the Company published communication received from FIN_FSA that the appeal made by Danko Koncar to repeal the FIN-FSA decision of 21 August 2020 concerning ordering the payment of supplementary amounts of conditional fine was rejected.

On 12 October 2021, the company announced changes regarding Afarak Group Plc's treasury shares, where a total of 400,000 shares were transferred to the CEO Guy Konsbruck, which form part of the remuneration package under the CEO agreement.

On 29 October 2021, the Company published the production report for Q3 2021.

EVENTS SINCE THE END OF THE REVIEW PERIOD

On 04 January 2022, the Company published the financial calendar for 2022

On 10 February 2022, the Company published information in relation to Afarak's website being down

On 10 February 2022, the company announced changes regarding Afarak Group Plc's treasury shares, where a total of 500,000 shares were transferred to the CEO Guy Konsbruck, which form part of the remuneration package under the CEO agreement.

FLAGGING NOTIFICATIONS

There were no flagging notifications during the year.

FINANCIAL INFORMATION

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

FY 2021 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	77,824	1,763	2,889	-2,220	80,256
EBITDA	9,181	-942	-2,299	0	5,940
EBIT	7,839	1,554	-2,571	0	6,822
Segment's assets	133,046	49,055	9,209	-44,960	146,350
Segment's liabilities	80,062	47,522	37,260	-61,933	102,911

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

	H1/19 Restated	H2/19 Restated	H1/20 Restated	H2/20	H1/21	H2/21
Sales (tons)						
Mining	105,012	128,651	78,084	118,797	33,656	16,311
Processing	43,334	38,468	23,356	10,900	12,667	11,307
Trading	4,500	4,821	28	0	31	12
Total	152,846	171,940	101,468	129,697	46,354	27,630
Average rates*						
EUR/USD	1.129	1.109	1.102	1.181	1.205	1.161
EUR/ZAR	16.043	16.302	18.311	19.206	17.524	17.431
Euro (million)						
Revenue	55.3	42.6	35.5	24.3	37.3	42.9
EBITDA	-0.5	-4.9	-0.3	-3.7	-0.9	6.8
EBIT	-2.2	-6.9	-1.7	-26.5	0.9	5.9
EBITDA margin	-0.9%	-11.6%	-1.0%	-15.2%	-2.4%	15.9%
EBIT margin	-4.0%	-16.1%	-4.8%	-109.0%	2.4%	13.8%

*Average rates in the respective half year

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	H2/21	H2/20	FY/21	FY/20
Revenue	42,919	24,310	80,256	59,805
Other operating income	2,993	794	3,633	1,333
Operating expenses	-39,087	-28,809	-77,949	-65,188
Depreciation and amortisation	-966	-1,272	-2,086	-2,626
Impairment	56	-21,515	2,968	-21,515
Operating profit	5,915	-26,492	6,822	-28,191
Financial income and expense	-2,563	-1,902	-3,944	-4,256
Profit before tax	3,352	-28,394	2,878	-32,447
Income tax	-1,821	5,363	-2,268	4,804
Profit for the period from continuing operations	1,531	-23,031	610	-27,643
Discontinued operations				
Profit for the period from discontinued operations	8,396	17,609	8,396	6,073
Profit for the period	9,927	-5,421	9,006	-21,571
Profit attributable to				
Owners of the parent	9,995	-1,783	9,161	-17,675
Non-controlling interests	-68	-3,639	-155	-3,896
Total	9,927	-5,421	9,006	-21,571
Earnings per share for profit attributable to the shareholders of the parent company, EUR				
Basic earnings per share, EUR	0.04	0.02	0.04	-0.05
Diluted earnings per share, EUR	0.04	0.02	0.04	-0.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	H2/21	H2/20	FY2021	FY2020
Profit/(loss) for the period	9,927	-5,422	9,006	-21,571
Other comprehensive income				
Remeasurement of defined benefit pension plans	2,289	-1,308	2,289	-1,308
Exchange differences on translating foreign operations – Group	22	-163	2,244	-8,264
Circulation of translation difference	0	-13,719	0	-13,719
Other comprehensive income, net of tax	2,311	-15,190	4,533	-23,291
Total comprehensive income for the period	12,238	-20,612	13,539	-44,862
Total comprehensive income attributable to:				
Owners of the parent	12,443	-17,256	13,699	-39,902
Non-controlling interests	-205	-3,356	-160	-4,960

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

	31.12.2021	31.12.2020
ASSETS		
Non-current assets		
Goodwill	46,029	42,105
Other intangible assets	5,548	6,232
Property, plant and equipment	38,471	61,618
Deferred tax	1,766	2,916
Other non-current assets	<u>132</u>	<u>260</u>
Non-current assets total	91,946	113,130
Current assets		
Inventories	13,689	13,464
Trade receivables	13,518	7,656
Other receivables	20,910	7,245
Cash and cash equivalents	<u>6,287</u>	<u>1,098</u>
Current assets total	54,404	29,463
Total assets	146,350	142,593
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	23,642	23,642
Share premium reserve	25,223	25,223
Paid-up unrestricted equity reserve	209,798	208,005
Legal Reserve	39	65
Translation reserves	-38,292	-40,540
Retained earnings	<u>- 176,170</u>	<u>-188,860</u>
Equity attributable to owners of the parent	44,240	27,536
Non-controlling interests	-801	2,269
Total equity	43,439	29,806
Liabilities		
Non-current liabilities		
Deferred tax liabilities	9,182	11,437
Provisions	11,671	11,390
Pension liabilities	20,619	23,359
Financial liabilities	<u>17,777</u>	<u>34,622</u>
Non-current liabilities total	59,249	80,808
Current liabilities		
Trade payables	14,126	8,705
Other current liabilities	29,536	<u>23,273</u>
Current liabilities total	43,662	31,978
Total liabilities	102,911	112,786
Total equity and liabilities	146,350	142,593

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

EUR '000	31.12.2021	31.12.2020
Cash and cash equivalents	6,287	1,098
Interest-bearing receivables		
Current	0	0
Non-current	<u>127</u>	<u>232</u>
Interest-bearing receivables	127	232
Interest-bearing liabilities		
Current	20,762	14,725
Non-current	<u>17,749</u>	<u>34,589</u>
Interest-bearing liabilities	38,511	49,314
NET TOTAL	-32,097	-47,984

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	916	16
Disposals	-26,785	-721
Right-of-use assets (IFRS 16)	11	0
Reclass between items	-5,185	-28,667
Effect of movements in exchange rates	-16,027	-42,531
Acquisition cost 31.12.2021	72,497	127,038
Accumulated depreciation and impairment 1.1.2021	-57,950	-150,604
Depreciation	-1,975	-112
Impairment	0	0
Reclass between items	5,330	28,687
Disposals	5,887	173
Effect of movements in exchange rates	14,682	46,395
Accumulated depreciation and impairment at 31.12.2021	-34,026	-75,461
Carrying amount at 1.1.2021	61,617	48,337
Carrying amount at 31.12.2021	38,471	51,577
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	FY2021	FY2020
Profit / (Loss) from continuing operation	610	-27,643
Adjustments to profit for the period	3,133	23,477
Changes in working capital	5,148	10,941
Discontinued operations	4,234	-11,189
Net cash used in operating activities	13,125	-4,415
Capital expenditure on non-current assets, net	-836	-958
Other investments, net	17	47
Proceeds from repayments of loans and loans given	0	48
Net cash used in investing activities	-819	-863
Proceeds from borrowings	7,905	3,215
Repayment of borrowings, and other financing activities	-11,574	-3,942
Movement in short-term financing activities*	-3,207	2,002
Net cash from / used in financing activities	-6,876	1,275
Net increase/(decrease) in cash and cash equivalents	5,430	-4,002
Cash at the beginning of the period	1,098	5,389
Translation differences	-241	-289
Cash at the end of the period	6,287	1,098
Change in the statement of financial position	5,430	-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 1-12/2020 + comprehensive income				-7,203	-17,672		-24,874	-3,899	-28,774
Translation differences								-1,061	-1,061
Share-based payments			60				60		60
Acquisition of non-controlling interest			95				95		95
Remeasurements of defined benefit pension plans					-1,308		-1,308		-1,308
Circulation of translation difference				-13,719			-13,719		-13,719
Other changes in equity						-24	-24		-24
Equity at 31.12.2020	23,642	25,223	208,006	-40,540	-188,860	65	27,536	2,269	29,806
Profit/(loss) for the period 1-12/2021 + comprehensive income				2,247	9,162		11,409	-155	11,254
Translation differences								-5	-5
Share-based payments			112				112		112
Acquisition of non-controlling interest			1,680		1,235		2,915	-2,915	0
Remeasurements of defined benefit pension plans					2,289		2,289		2,289
Other changes in equity					5	-26	-21	4	-17
Equity at 31.12.2021	23,642	25,223	209,798	-38,292	-176,170	39	44,240	-801	43,439

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	FY2021	FY2020
Sales to other related parties	0	-15
Financing expense to other related parties	-464	-452
Trade and other receivables from other related parties	31	48
Loan payable to other related party	15,719	15,100

FINANCIAL INDICATORS

	FY2021	FY2020
Return on equity, % p.a.	1.7%	-53.0%
Return on capital employed, % p.a.	16.8%	-18.3%
Equity ratio, %	29.7%	20.9%
Gearing, %	74.2%	161.8%
Personnel at the end of the period	503	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

	FY2021	FY2020
TRY	10.5124	8.0547
USD	1.1827	1.1422
ZAR	17.4766	18.7655

Balance sheet rates

	31.12.2021	31.12.2020
TRY	15.2335	9.1131
USD	1.1326	1.2271
ZAR	18.0625	18.0219

FORMULAS FOR FINANCIAL INDICATORS

Financial ratios and indicators have been calculated with the same principles as applied in the 2019 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 is unaudited.

SHARE-RELATED KEY FIGURES

		H2/2021	H2/2020	FY 2021	FY 2020
Share price development in London Stock Exchange					
Average share price*	EUR	0.23	0.26	0.23	0.32
	GBP	0.20	0.24	0.20	0.28
Lowest share price*	EUR	0.06	0.06	0.06	0.06
	GBP	0.05	0.05	0.05	0.05
Highest share price*	EUR	0.29	0.33	0.29	0.84
	GBP	0.25	0.30	0.25	0.75
Share price at the end of the period**	EUR	0.24	0.22	0.24	0.22
	GBP	0.20	0.20	0.20	0.20
Market capitalisation at the end of the period**	EUR million	59.99	56.07	59.99	56.07
	GBP million	50.41	50.41	50.41	50.41
Share trading development					
Share turnover	thousand shares	1,028	310	2,199	334
Share turnover	EUR thousand	171	82	368	96
Share turnover	GBP thousand	145	75	317	85
Share turnover	%	0.4%	0.1%	0.9%	0.1%
Share price development in NASDAQ Helsinki					
Average share price	EUR	0.16	0.23	0.19	0.33
Lowest share price	EUR	0.13	0.15	0.13	0.15
Highest share price	EUR	0.21	0.38	0.32	0.98
Share price at the end of the period	EUR	0.14	0.23	0.14	0.23
Market capitalisation at the end of the period	EUR million	34.28	56.96	34.28	56.96
Share trading development					
Share turnover	thousand shares	18,390	47,131	34,249	47,131
Share turnover	EUR thousand	2,890	15,687	6,582	15,687
Share turnover	%	7.3%	18.7%	13.6%	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.