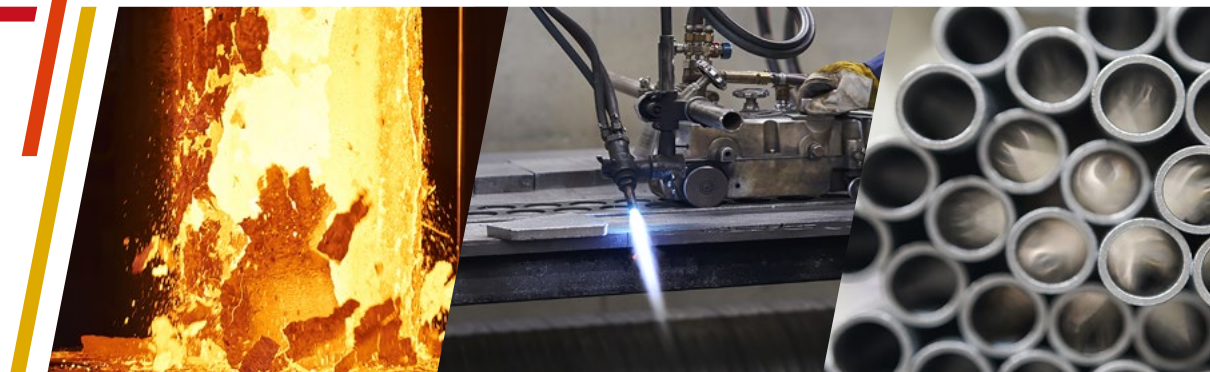
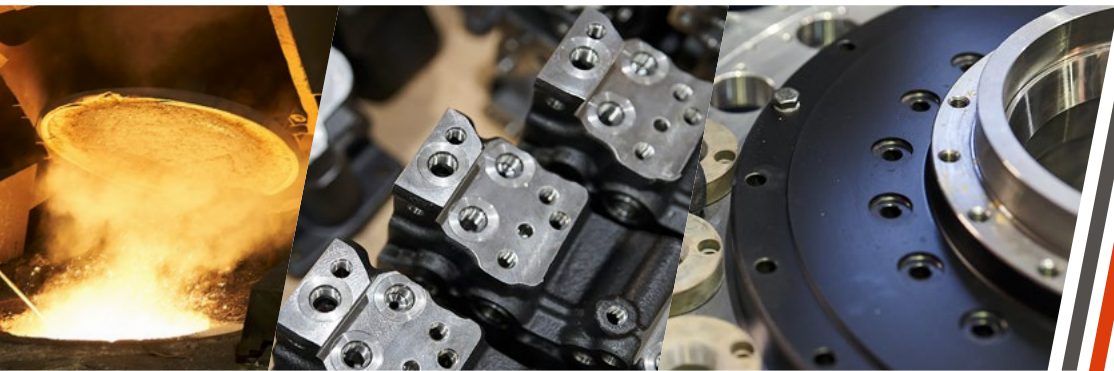


2022

Annual Review



COMPONENTA

Contents

Componenta in brief	3	10 Intangible assets	47
CEO's review	5	11 Goodwill	48
Sustainability highlights in 2022	7	12 Tangible assets	49
Componenta's value creation	8	13 Inventories.....	52
Board of Director's report 2022	9	14 Accounts receivables	53
Report on non-financial information	12	15 Other short-term receivables and accrued income	54
Information in accordance with the EU Taxonomy Regulation	18	16 Deferred tax assets and liabilities	54
Key figures	30	17 Investment properties.....	56
Calculation of key figures	31	18 Share capital, share premium reserve and other reserves.....	57
Group financial development	32	19 Capital management.....	58
Consolidated financial statements	33	20 Share-based payment	58
Consolidated income statement	33	21 Pension obligations and other benefit plans	60
Consolidated statement of comprehensive income	34	22 Provisions.....	61
Consolidated statement of financial position	35	23 Financial risks and instruments.....	61
Condensed consolidated cash flow statement	36	24 Other non-interest bearing liabilities and accruals	65
Statement of changes in consolidated shareholders' equity	37	25 Reconciliation of financial liabilities to cash flow statement	65
Notes to the consolidated financial statements.....	38	26 Lease liabilities	67
Accounting principles for the consolidated financial statements.....	38	27 Contingent liabilities	67
1 Net sales.....	42	28 Related party disclosures	68
2 Other operating income.....	44	Parent company financial statements	69
3 Operating expenses.....	44	Parent company income statement	69
4 Personnel expenses.....	45	Parent company balance sheet	70
5 Research and development costs	45	Parent company cash flow statement.....	71
6 Depreciation, amortization and write-downs of non-current assets.....	45	Accounting principles for the financial statements	72
7 Financial income and expenses	46	Notes to the parent company financial statements.....	74
8 Income taxes.....	46	Signatures for the financial statement and Board of Directors' report	81
9 Earnings per share.....	47	Auditor's Report (Translation of the Finnish Original)	82
		Information for shareholders	88

Componenta in brief

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

Net sales
EUR 109.1 million

Liikevaihdon jakautuminen

Machine building	46%
Agricultural machinery	31%
Forestry machinery	7%
Energy industry	8%
Defence equipment industry	2%
Other industries	6%

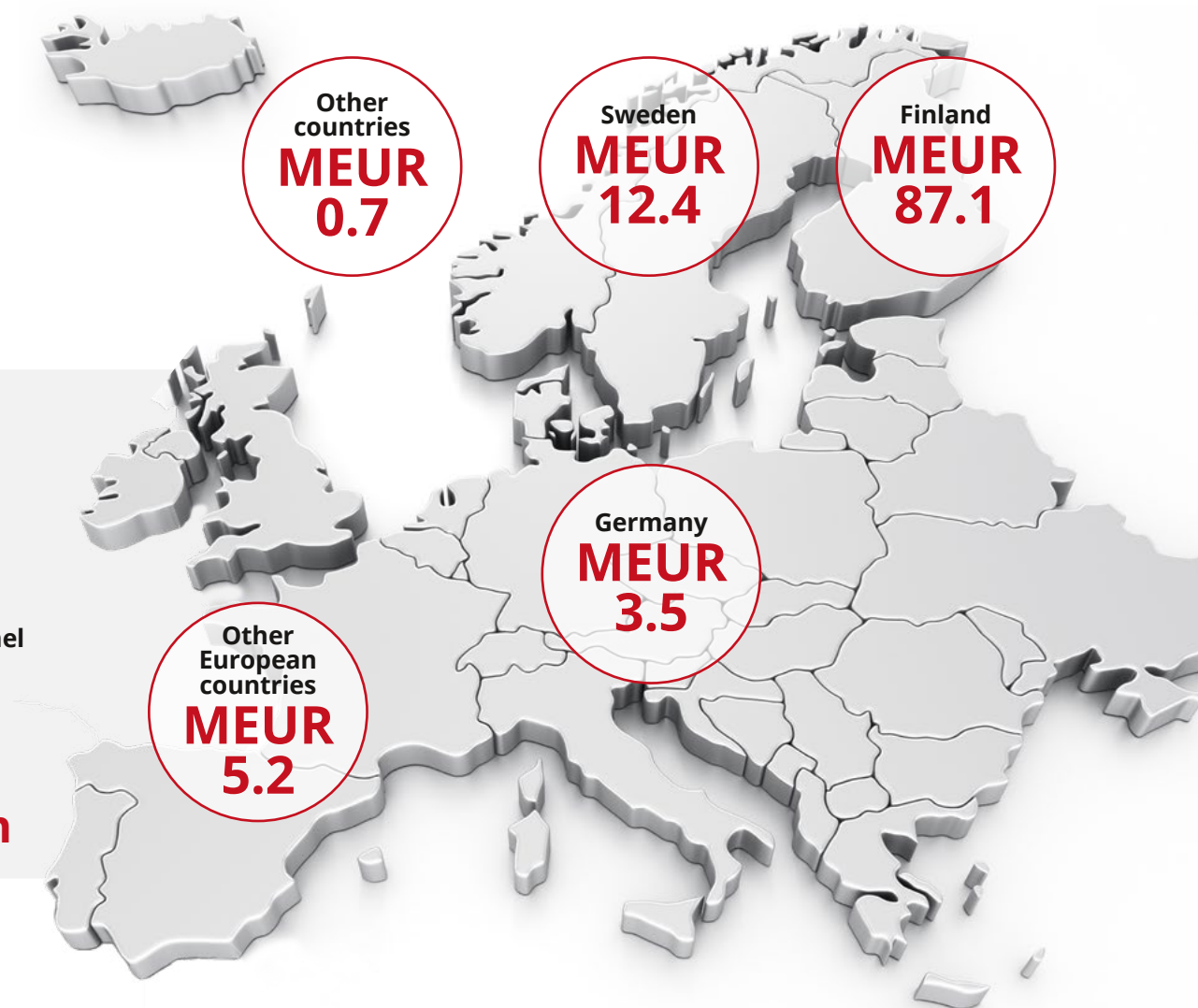
EBITDA
EUR 7.1 million

Operating result
EUR 1.6 million

Average number of personnel
~643

Order book at the end of the year
EUR 18.5 million

Breakdown of net sales by market area in 2022





2022 in brief

- Our net sales, EBITDA and market share continued to grow throughout the year in a very challenging operating environment, thanks to higher delivery volumes and the implementation of our own development measures as planned.
- In response to Componenta's growing market share and to increase sales further, its sales organisation was reinforced in Finland and Sweden during 2022.
- On 30 August 2022, Componenta Corporation's Board of Directors decided to carry out a EUR 0.497 million directed share issue as part of the USD 8 million share subscription facility previously agreed with Global Corporate Finance LLC (GCF), which the company announced on 21 June 2021. The share subscription facility was used for the first time on 30 August 2022. In connection with this, a total of 194,944 shares was offered to be subscribed for by GCF. This corresponded to around 2.0% of all the shares in the company following the implementation of the arrangement.
- On 21 December 2022, Componenta Corporation announced that it had agreed on a EUR 4 million working capital loan with LocalTapiola and Elo Mutual Pension Insurance Company. The loan is expected to be fully drawn down by 31 March 2023. The loan period is five years.

Key figures

	2022	2021	Change, %
Net sales, EUR thousand	109,087	87,254	25.0
EBITDA, EUR thousand	7,086	4,959	42.9
Operating result, EUR thousand	1,555	13	11,864.5
Operating result, %	1.4	0.0	9,524.9
Result after financial items, EUR thousand	-107	-405	73.5
Net result, EUR thousand	52	-405	112.9
Basic earnings per share, EUR	0.01	-0.04	123.5
Diluted earnings per share, EUR	0.01	-0.04	123.8
Cash flow from operating activities, EUR thousand	6,171	2,837	117.5
Interest-bearing net debt, EUR thousand	4,818	6,714	-28.2
Net gearing, %	20.0	28.6	-30.1
Return on equity, %	0.2	-1.7	111.7
Return on investment, %	4.3	3.2	35.5
Equity ratio, %	41.1	42.3	-2.9
Capital expenditure incl. lease liabilities, EUR thousand	3,617	1,249	189.7
Number of personnel at the end of the period, incl. leased workers	643	612	5.1
Average number of personnel during the period, incl. leased workers	643	592	8.6
Order book at the end of the period, EUR thousand	18,481	13,954	32.4

CEO's review

"Dear stakeholders,

In 2022, we continued to implement our growth strategy successfully in a very challenging environment. Our net sales developed favourably during the year, and our market share and EBITDA continued to grow as planned. Given the circumstances, we are pleased with our performance. Our liquidity also remained at a very good level throughout the year.

Our employees' resilience and strong commitment ensured a solid foundation for positive development. Their ability to adapt to changes in the operating environment has contributed to our continued high-quality service and delivery capabilities. The availability of labour also began to improve during 2022, and our personnel resources meet our current production needs.

The prolonged situation in Ukraine has increased overall market uncertainty and challenges in material availability and cost development, in addition to having a strong impact on the price of electricity in particular. As a result of accelerating inflation, costs continued to increase throughout the year, which affected our profitability. During the second half of the year, we also had to prepare for extreme fluctuations in the price of electricity and possible availability restrictions. In our most energy-intensive operations, we increased night-time production, which contributed to the management of the electricity system in Finland. The most intense volatility in the energy market is currently easing, but we must continue to actively monitor the circumstances and respond to the situation as required.

In our own operations, we successfully managed our supply chain and secured our production and deliveries to customers despite the challenging circumstances and cost development. Continued good customer service and reliable operations and deliveries were also highlighted as Componenta's strengths in the customer satisfaction survey carried out in December 2022. Because of the market conditions in recent years, our customers are more actively moving their production chains closer to their assembly plants in Europe to improve their operations in terms of flexibility, risk management and sustainability. This strengthens Componenta's future potential as a growing provider of comprehensive contract manufacturing deliveries.

Our employees' competence, expertise, motivation and continuous development are essential and critical factors for us as a contract manufacturer. Our industry is personnel-intensive, meaning that investments in resources and the wellbeing and competence of our personnel will continue to boost the company's success. To this end, we are systematically focusing on supervisory work and wellbeing and safety at work on a daily basis. In our operational units, we are systematically building a consistent safety culture, in addition to developing and harmonising our core processes. We encourage our employees to participate proactively in operational development and risk assessment and minimisation, so that all our units can successfully implement the "zero accident" principle at the annual level.

The EU's sustainability reporting requirements will become stricter in the coming years. Componenta has implemented ESG measures throughout its operations over the long term. Customers are increasingly paying attention to sustainability when selecting suppliers, and we believe this will continue to improve Componenta's competitiveness as a responsible local operator. Componenta carried out a carbon footprint calculation for the first time in 2022. Our most significant carbon dioxide emissions come from the raw materials we use and from transport. Based on the calculations, we will create a carbon roadmap during 2023 to determine the steps we need to take to reduce our carbon emissions.

Componenta's 2019–2023 strategy period is nearing its end. Our planned measures to improve our net sales and EBITDA have progressed well despite the uncertainties in the operating environment caused by the coronavirus pandemic and the crisis in Ukraine. We will actively continue our efforts to strengthen our market position and further improve our profitability as part of our growth strategy. We will continue to invest in service capabilities, close partnerships with our customers, sustainability and highly competent employees, and in expanding our offering on our own and with the help of our evolving network of partners.

Our order book was at a very strong level at the end of 2022, and our customers' outlook for 2023 has remained generally positive. Although the electricity market situation has begun to stabilise to some degree, high inflation will continue to create uncertainty in the overall development of costs and the state of the economy in 2023.

At Componenta, we will continue to work towards a more in-depth business model that comprehensively recognises customers' needs. This means closer cooperation with our customers in all stages of production throughout the contract manufacturing value chain, from production design for individual components to delivery logistics solutions.

I would like to take this opportunity to thank our employees for their commitment and strong input during the year, and our customers, suppliers and other stakeholders for their valued cooperation and trust. We are off to a good start in 2023."

Sami Sivuranta
President and CEO



Sustainability highlights in 2022



- › During 2022, development measures were made in occupational safety processes, training and culture across the Group in several ways:
 - Regular safety walks were introduced in each unit
 - Safety briefings began at the Karkkila and Pori foundries
 - Zero accidents occurred at the machining units in Kurikka and Sastamala and at the forging plant in Jyväskylä in 2022. The accident-free period at Sastamala has lasted for almost 1,500 days
 - The accident frequency rate at Componenta Manufacturing Oy decreased by 50% from the previous year



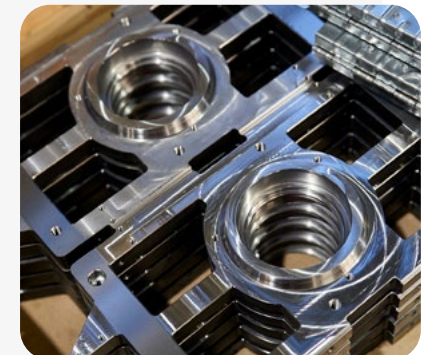
- › In the results of Componenta's personnel survey, the score for meaningful work was at an excellent level (4.3) and had improved from the previous survey. The score for work motivation also improved and was at a good level (3.7). The response rate for the survey increased to 72%

- › Componenta contributed to national energy efforts by increasing night-time production in its most energy-intensive operations, which contributed to the management of the electricity system in Finland



- › The Componenta Group calculated its carbon footprint for the first time in 2022. In addition, Componenta participated in the casting industry's Oskava project by preparing a product-specific carbon footprint calculator in cooperation with other operators, and this work continues

- › Componenta has cooperated closely with the local authorities in the recruitment of foreign employees. The company has also cooperated with adult education centres on apprenticeship training, for example



- › Energy efficiency was improved in various units through a range of measures:
 - The forging plant invested in a new furnace to enable more energy-efficient production
 - At the Kurikka unit, building automation was replaced to enable more energy-efficient temperature management in production facilities
 - At the Tube Service unit, the operation logic of the pipe washing machine was replaced to improve energy efficiency
 - Lighting was automated at the Jyväskylä machining unit

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



- › Daily management skills were improved by providing training to around 60 supervisors at Componenta

Componenta's value creation

Capital

Human and intellectual capital

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

Financial capital

- › Total assets **EUR 58.8 million**
- › Net debt **EUR 4.8 million**
- › Versatile ownership base
- › Long-term customer relationships

Supply chain

- › Purchases of raw materials, supplies and services **EUR 73.5 million**
- › Comprehensive subcontracting network

Assets

- › Production in Finland **9** sites: **2** foundries, **4** machining units, **1** forge, **1** pipe service and **1** plate service
- › Investments
- › Factory properties in Karkkila and Pori

Sources of energy

- › Share of electricity **79%**, share of district heating **12%**, share of liquefied petroleum gas **6%** and share of oil **3%**

Componenta

Strategy

- › The priorities of our strategy are customer-driven profitable growth, inorganic growth, improvement of competitiveness, expansion of our offering, and the development of our personnel and management.
- › Our objective is to be the primary supplier with an extensive offering for our customers.

Output

Products

- › **25,760** tons foundry products /castings
- › **578,963** pieces of machining
- › **595,515** pieces of tube products
- › **137,700** pieces of plate service products
- › **2,654** pieces of forging products

Services

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

Our carbon footprint

- › In 2021, the combined carbon dioxide amount of all sites at the group level was a total of **58,890.06 t CO₂ e.**



Impact

Economic impact

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

Social impact

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

Environmental impact

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

Changes shaping our world

Consolidation of businesses, Changes in competitive advantages, Changes in global trade and supply chains, Changes in labour market, Automation and industry 4.0, Environmental awareness and regulation

Board of Director's report 2022

Business model

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

In Componenta's value chain, value is mainly created during the use of the end products when

Componenta's customers can produce long-term end products. Componenta's raw material and supply chains are global.

Summary of key events in 2022

Our net sales, EBITDA and market share continued to grow throughout the year in a very challenging operating environment, thanks to higher delivery volumes and the implementation of our own development measures as planned. Consequently, Componenta Corporation issued a positive profit warning on 25 October 2022, adjusting its net sales guidance upwards for 2022.

The situation in Ukraine increased overall market uncertainty and challenges in material availability and cost development, in addition to having a strong impact on the price of electricity. This situation also affected Componenta's customer prices. Because of the significant fluctuations in electricity prices, Componenta Manufacturing Oy introduced an electricity fee during the last quarter of the year. This fee tied electricity cost development to sales prices through indices that are updated quarterly. In Componenta's foundry operations, which are more energy-intensive,

electricity fee has already been in place in previous years.

In response to Componenta's growing market share and to increase sales further, its sales organisation was reinforced in Finland and Sweden during 2022.

On 30 August 2022, Componenta Corporation's Board of Directors decided to carry out a EUR 0.497 million directed share issue as part of the USD 8 million share subscription facility previously agreed with Global Corporate Finance LLC (GCF), which the company announced on 21 June 2021. The share subscription facility was used for the first time on 30 August 2022. In connection with this, a total of 194,944 shares was offered to be subscribed for by GCF. This corresponded to around 2.0% of all the shares in the company following the implementation of the arrangement.

On 21 December 2022, Componenta Corporation announced that it had agreed on a EUR 4 million working capital loan with LocalTapiola and Elo Mutual Pension Insurance Company. The loan is expected to be fully drawn down by 31 March 2023. The loan period is five years, with customary terms and conditions.

Net sales

Net sales by market area

EUR thousand	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Finland	87,093	69,448
Sweden	12,377	11,194
Germany	3,462	2,269
Other European countries	5,234	3,873
Other countries	657	243
Rental income	279	241
Internal items/eliminations	-16	-13
Total	109,087	87,254

Net sales increased by 25% from the previous year amounting to EUR 109.1 million (EUR 87.3 million). The increase was due to completed new sales to existing and new customers, higher delivery volumes and index-based increases in sales prices based on the higher materials and energy prices. Componenta's net sales were divided between customer industries as follows: machine building 46% (45%), agricultural machinery 31% (28%), forestry machinery 7% (8%), the energy industry 8% (8%), the defence equipment industry 2% (4%) and other industries 6% (7%).

Order book

EUR thousand	Dec 31, 2022	Dec 31, 2021
Order book	18,481	13,954

Componenta's order book at the end of 2022 was EUR 18.5 million (EUR 14.0 million). The order book contains the orders confirmed to customers for the next two months. The increase in the order book was mainly driven by successful sales and a good level of demand.

Result

	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Operating result, EUR thousand	1,555	13
Operating result, %	1.4	0.0
Result after financial items, EUR thousand	-107	-405
Net result, EUR thousand	52	-405
Basic earnings per share, EUR	0.01	-0.04
Diluted earnings per share, EUR	0.01	-0.04

The Group's EBITDA increased from the previous year, amounting to EUR 7.1 million (EUR 5.0 million). Its profitability improved as a result of higher sales volumes and systematic development measures. Quality and productivity challenges at the Karkkila foundry affected profitability to some extent during the financial year. Quality and productivity at the Karkkila foundry improved during the second half of the year, and development measures continue to be implemented. Profitability was also burdened by the rising trend in the purchase prices of materials and the price of electricity, as well as high inflation in general. Most of the increases in purchase prices and the price of electricity will be reflected in sales prices with a delay in line with the index terms

included in customer agreements. Because of the nature of the systems, the index-based increases in sales prices that offset the impact of higher purchase prices and electricity prices do not have margins, which reduces relative profitability. In the first quarter of the financial year, profitability was also burdened by costs of EUR 0.3 million related to an acquisition that was not realized. As a whole, the Group's operations developed favourably throughout the 2022 financial year, as well as in the fourth quarter. In the previous year, profitability was also improved by a one-off payment of EUR 0.1 million from the bankruptcy estate of Componenta BV, a former subsidiary, for receivables that had been previously written down.

The Group's operating result increased from the previous year, amounting to EUR 1.6 million (EUR 0.0 million). In 2021, a revaluation of buildings and structures in the Group's tangible assets was carried out in accordance with IAS 16, resulting in the recognition of a net profit of EUR 0.7 million in the Group. The Group's net financial items totalled EUR -1.7 million (EUR -0.4 million). Compared with the previous year, the change was affected by the increase in market interest rates during the financial year, and by higher revolving credit facility costs arising from Componenta's maintenance shutdowns and the seasonality typical of the industry because of summer holidays. In addition, net financial items in the comparison period included EUR 0.9 million in financial income that was realised when the parent company's restructuring debt of EUR 6.6 million

in the accounts was repaid at EUR 5.9 million, and Componenta Castings Oy's restructuring debt of EUR 3.6 million in the accounts was repaid at EUR 3.4 million. The Group's result after financial items was EUR -0.1 million (EUR -0.4 million). Taxes totalled EUR 0.2 million (0.0 million) for the financial year. The Group's profit for the financial year was EUR 0.1 million (EUR -0.4 million).

Basic earnings per share were EUR 0.01 (EUR -0.04) for the financial year. Diluted earnings per share were EUR 0.01 (EUR -0.04) for the financial year.

Balance sheet, financing and cash flow

	2022	2021
Cash flow from operating activities, EUR thousand	6,171	2,837
Net interest bearing debt, EUR thousand	4,818	6,714
Net gearing, %	20.0	28.6
Equity ratio, %	41.1	42.3
Return on equity, %	0.2	-1.7
Return on investment, %	4.3	3.2

At the end of the financial year, the company's capital employed stood at EUR 37.5 million (EUR 35.4 million), and the return on capital employed was 4.3% (3.2%). The return on equity was 0.2% (-1.7%). The Group's equity ratio stood at 41.1% (42.3%) at the end of the financial year. The decrease was due to a EUR 4 million working capital loan, of which

EUR 2 million had been drawn down on the latter part of December. The Group's equity was EUR 24.1 million (EUR 23.5 million). Its net gearing stood at 20.0% (28.6%) at the end of the financial year. The improvement was mainly affected by the fact that the cash position at the end of 2022 was stronger than at the end of 2021.

Componenta Group's total liabilities on 31 December 2022 stood at EUR 34.7 million (EUR 32.0 million). Long-term liabilities amounted to EUR 10.6 million (EUR 10.5 million), and short-term liabilities totalled EUR 24.1 million (EUR 21.5 million). The Group's liabilities included EUR 3.5 million (EUR 2.7 million) in loans from financial institutions. In the last quarter of the financial year, Componenta signed an agreement on a EUR 4 million working capital loan, of which EUR 2 million had been drawn down on the latter part of December. The Group's other debt items included EUR 10.4 million in working capital, EUR 10.0 million in lease liabilities and EUR 10.8 million in other liabilities. Group's current liabilities also included EUR 0.9 million (EUR 2.1 million) in payment relief granted by the Tax Administration to Componenta Manufacturing Oy in relation to the COVID-19 pandemic. The payment relief must be repaid in accordance with separate payment schedules by 22 August 2023. The annual interest on the payment relief is 2.5%.

On 21 June 2021, Componenta signed an agreement with Global Corporate Finance LLC (GCF), a company based in New York in the United States, on a share

subscription facility of up to USD 8 million, which is valid for three years. GCF's total commitment is USD 8 million. The facility enables Componenta to increase its equity at its sole request. The company may offer new shares to GCF by way of derogation from the shareholders' subscription rights in several instalments of up to USD 1 million. The subscription price per share for each instalment corresponds to 94% of the volume-weighted average price of the company's share over five consecutive trading days from the date on which the company submits the withdrawal request for the instalment in question. During the financial year, Componenta used EUR 0.5 million of the share subscription facility for a directed share issue for GCF. The share issue was carried out in response to Componenta's continuously growing volumes and to ensure the availability of key materials and the continued implementation of its own development measures. Through the directed share issue, a total of 194,944 shares was offered to be subscribed for by Global Corporate Finance LLC, which corresponded to around 2.0% of all the shares in Componenta following the execution of the arrangements. The subscription price per share was EUR 2.55, corresponding to 94% of Componenta's volume-weighted average share price on the Nasdaq Helsinki stock exchange between 18 and 24 August 2022. The new shares were entered into the Trade Register maintained by the Finnish Patent and Registration Office on 8 September 2022. Following the registration of the new shares, the total number of Componenta's outstanding shares is 9,712,757. Trading in the new shares began

on the Nasdaq Helsinki stock exchange list on 12 September 2022.

At the end of the financial year, the Group's cash and cash equivalents totalled EUR 8.6 million (EUR 5.2 million). The Group's liquidity has remained at a good level since the end of the 2022 financial year. The Group had EUR 4.0 million in unused binding revolving credit facilities at the end of the financial year. These revolving credit facilities were renewed during the 2022 financial year and are valid until November 2023. In addition, the second and final instalment of EUR 2.0 million of the EUR 4 million working capital loan is expected to be drawn down during the first quarter of 2023.

The Group's net cash flow from operating activities in the financial year was EUR 6.2 million (EUR 2.8 million). The change was partly due to higher profitability than in the previous year. In 2021, cash flow was burdened by relatively higher changes in working capital, such as capital employed in inventories and receivables. Cash flow was also burdened by the payment of the underlying tax liabilities in relation to the payment relief granted by the Tax Administration because of the pandemic. These tax liabilities totalled EUR 1.2 million (EUR 1.2 million) net during the financial year. At the end of the financial year, the Group's working capital (including inventories and accounts receivable, less accounts payable) was EUR 5.3 million (EUR 7.3 million). The change was because more capital was employed in accounts payable.

Personnel

	2022	2021
Personnel expenses, EUR thousand	-29,613	-28,434
Average number of personnel during the period	588	562
Average number of personnel during the period, incl. leased personnel	643	592
Number of personnel at period end	592	570
Number of personnel at period end, incl. leased personnel	643	612

At the end of reporting period, the number of Group employees was 592 (570).

Capital expenditure

EUR thousand	2022	2021
Non-current assets	2,441	1,183
Leases	1,176	66
Total	3,617	1,249

Capital expenditure made by the Group totalled EUR 3.6 million (EUR 1.2 million). The increase from the previous year was affected by purchases of equipment in response to growing delivery volumes. The Group's net cash from investing activities was EUR -2.4 million (EUR -1.2 million), which includes the Group's cash flow from capital expenditure in tangible and intangible assets.

Research and development activities

There were no research and development costs, because Componenta engages in contract

manufacturing operations and has no products of its own.

Report on non-financial information

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

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

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

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

Operating principles

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

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

Environmental responsibility

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

In Componenta's foundries, the melting of raw materials, the hot melt and the forge operations consume a great deal of energy, making Componenta a major energy consumer. Any local increase in energy prices or increased taxation of energy use may have a significant impact on Componenta's operating conditions. The company's operating conditions would also be adversely affected by increased waste processing fees and taxes. In addition, any stricter environmental permit regulations or emission limits pose a significant risk for Componenta's operations.

The prevention of environmental pollution is crucial for Componenta, as any potentially polluting operations pose a significant economic risk because of the strictness and scope of current legislation. Componenta is committed to compliance with all applicable local laws and regulations. The company

aims to ensure that its operations continue without disruption, that the quality of operations remains at a good level and that the impact of the operations on the environment or nearby residences is kept to a minimum.

In addition to preventing emissions, Componenta's main goals for environmental responsibility include energy efficiency, reduced energy consumption, reduced waste generation and improved waste recovery. Componenta actively monitors its energy consumption levels and works continuously to save energy in all its production units. Efforts are made to improve energy efficiency by developing and improving quality and committing to responsible energy use, as well as through methodological planning and by conducting energy audits as necessary. In iron foundries, production volumes, load stability and the optimisation of quality have a major impact on relative energy consumption and energy efficiency, as the amount of energy needed to maintain production readiness, such as keeping hot metal melted, is not directly reduced by a possible reduction in production. For example, in 2022, a new energy-efficient furnace was acquired for the forging plant, building automation was replaced in the Kurikka machining unit to reduce electricity consumption and achieve other improvements, the operation logic of the pipe washing machine was replaced at the Tube Service unit, and lighting was automated at the Jyväskylä machining unit to make it more energy-efficient.

In 2022, Componenta's total energy consumption increased by 4.7% (25%) and was 80.8 (77.2) GWh. Electricity accounted for 79% (78%) of the energy used. Other energy sources included district heating, LPG and oil, which represented 21% (22%) of the total energy use. In 2022, the relative energy consumption of the Karkkila and Pori iron foundries increased by 1.4%. Our goal for 2022 was to reduce energy consumption in relation to production by 2% in our iron foundries, which was not achieved. The relative amount of raw materials melted was higher because of challenges related to quality. In 2022, Componenta contributed to national energy efforts by increasing night-time production in its most energy-intensive operations, which contributed to the management of the electricity system in Finland.

Product design and the related engineering, production design, material choices and quality optimisation are important factors for the environmental impact of a product's life cycle. The higher the quality produced by Componenta's production process, the fewer waste pieces are produced, and less energy and fewer raw materials and resources are consumed. Componenta's foundry operations are strongly based on the circular economy, and the main raw material for cast components is recycled metal. In 2022, recycled steel represented 63% (66%) of all raw materials in Componenta's iron foundries.

Despite the efficient internal recycling of materials, Componenta's production units generate significant amounts of waste. In 2022, Componenta generated

a total of 18,236 (17,369) tonnes of waste, of which around 92.7% (94.6%) was delivered for recovery. Nearly all waste generated at Componenta is sorted, and unsorted waste accounted for 0.36% (0.40%) of the total volume in 2022.

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

Dust from iron foundries is the most significant type of emission resulting from Componenta's production processes. The moulding sand and binding agents used in foundries create dust at different stages of the process. Within foundries, dust is removed from the indoor air in a targeted manner, and the spreading of dust outside the foundries is prevented by filtering equipment. According to a third-party measurement, the total dust emissions of the foundries were 0.1 (0.2) kg per tonne cast in 2022. Dust emissions are measured by a third party in accordance with the environmental permit regulations at least once every three years.

The dust emission levels of the filtering equipment at the foundries are monitored by continuous meters, and the measurement has been automated systematically. This self-monitoring aims to ensure a rapid response in the event of a possible malfunction of the filtration system, and to help develop a pre-maintenance programme for the system.

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

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

Componenta participated in the casting industry's Oskava project by preparing a product-specific carbon footprint calculator in cooperation with other operators, and this work continues.

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

The Componenta Group's carbon footprint

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

The Componenta Group's greenhouse gas emissions (Scope 1 and Scope 2) in 2022 and 2021:

	2022	2021
Direct emissions (Scope 1)	1,780.23 t CO₂e	1,916.15 t CO ₂ e
• Fuel for vehicles		
• Heating oil		
• LPG		
Indirect emissions from purchased energy (Scope 2)	7,617.74 t CO₂e	7,220.14 t CO ₂ e
• Consumption of electricity and district heating in facilities		
Total (Scope 1 and Scope 2)	9,397.97 t CO₂e	9,136.29 t CO ₂ e
Emissions in relation to net sales	0.086 t CO₂e / EUR thousand	0.105 t CO ₂ e / EUR thousand

In 2022, the Componenta Group's direct emissions and indirect emissions from purchased energy (Scope 1 and Scope 2) in relation to net sales were 0.086 t CO₂e per EUR thousand in net sales.

In relation to net sales, its emissions decreased from 2021 (0.105 t CO₂e per EUR thousand in net sales). The majority of the Componenta Group's greenhouse gas emissions arise from its foundry operations, because the melting of raw materials and the hot melt consume a great deal of energy. The majority of Componenta's greenhouse gas emissions arise from other indirect emissions (Scope 3) such as raw materials and transport.

However, Componenta can reduce its emissions by transferring to renewable energy, for example. In terms of raw materials, Componenta has limited opportunities to affect its emissions. The emissions arising from the production of raw materials depend on the suppliers' choices in terms of energy, for example, and generally on the development of metal raw materials to be more environmentally friendly. Componenta's goals for 2023 include a carbon roadmap to determine the steps it needs to take to reduce its carbon emissions.

Social responsibility and aspects related to employees

Componenta's social responsibility management is based on its personnel policy, management principles and company values. In accordance with its personnel policy, Componenta emphasises competence, experience and motivation in recruitment and the different stages of career development. Its remuneration systems are fair, clear and competitive. In accordance with Componenta's personnel policy, everyone is treated equally and in

accordance with the principles of gender equality. Componenta's equality and nondiscrimination plan is updated annually in connection with the workplace development plan. Componenta also has separate guidelines for addressing harassment and inappropriate behaviour.

Employees also have an internal channel for reporting misconduct and suspected cases of discrimination, for example.

Componenta provides equal job opportunities for Finns and immigrants, in addition to offering a safe working environment and equal opportunities for development at work. The Componenta Group is a diverse workplace, with 14 nationalities in 2022. Women accounted for 14% (13%) of Componenta's employees in 2022. Componenta provides all new employees with induction and other training in their work and the related safety requirements. The company encourages the continuous development of competence and professional skills and ensures and maintains wellbeing at work.

On 1 July 2022, Componenta introduced a cloud-based HR system, which supports supervisory work and HR processes. The system is used to manage employment relationship information, performance appraisals and staff qualifications (first aid, hot work, etc.).

Componenta also invests in well-being at work. A personnel survey is carried out annually. In 2022, the personnel survey was carried out twice, in

January and November. The response rates were 72.4% in November and 56% in January. The score for meaningful work was at an excellent level (4.3) in the November survey. Based on the results of the personnel survey, development needs are identified to improve coping and comfort at work. Componenta has introduced electronic personnel benefits to support employees' sports activities and coping at work. The benefits can be used for exercise, culture and well-being. Daily management skills were developed by providing training to around 60 supervisors during 2022.

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

To manage occupational health risks, Componenta is investing in preventing sickness absences and reducing their duration. The aim is to identify the

risk factors for occupational accidents more effectively and thereby reduce the number of accidents. These monitoring and development needs are closely linked.

To minimise and prevent the risk of accidents, Componenta's production units regularly organise occupational safety training and safety walks and ensure that their employees have access to up-to-date, suitable and adequate tools. All units have a common OHS action plan, and the heads of units monitor the achievement of goals in their units. Regular safety walks were introduced in the production units during 2022, as well as safety briefings in the iron foundries in Karkkila and Pori. The Karkkila and Pori foundries have an ISO 45001 occupational health and safety system, and the other units are aiming to have their systems certified during 2023. Occupational safety processes were developed significantly during 2022 by creating a common operating model for Componenta as a whole, by improving the efficiency of the investigation of accidents and their root causes to prevent accidents from reoccurring, and by further improving the use of occupational safety systems.

The deterioration of employees' working capacity is prevented through the necessary occupational wellbeing and health services. Preventive measures are also aimed at a significant reduction in sickness absences. Componenta invests in working capacity management by training managers and by raising awareness of efforts that promote the ability to work, such as the early intervention model.

In 2022, long-term and short-term absences due to illness or accidents increased from the previous year, and the proportion of absences out of the total planned working time was 6.59% (6.4%). In 2022, our aim was for a sickness absence rate of no more than 5.5%, which was not achieved. Componenta cooperates closely with employment pension and insurance companies and other parties to prevent working capacity risks and accidents.

Componenta has an early intervention model for responding to sickness absences. The operating model emphasises cooperation between the employee, occupational healthcare provider, supervisors and HR function. The purpose is to prevent health-related issues from leading to incapacity to work.

Componenta continuously monitors and records accidents and near misses. Componenta's operations are based on the premise that there should be no accidents at work. In 2022, the accident frequency rate was 72 (number of lost-time accidents per million hours worked). Our goal for 2022 was fewer than 30 accidents per million hours worked, which was not achieved. In 2022, the Componenta Group invested in developing occupational safety processes and providing training to reduce the accident frequency rate.

The company is aiming to reduce accidents by systematically developing its safety culture and processes, paying special attention to induction training for new employees, providing employees with

appropriate instructions, and encouraging employees to raise and report any safety observations proactively in their working environment. In 2022, Componenta ran a campaign to increase safety observations. In total, 905 (387) safety observations were reported in 2022.

In 2022, three of Componenta's production units achieved an accident-free year, and the accident-free period in one of the units has lasted for nearly 1,500 days.

The majority of accidents at work are caused by exceptional situations or negligence. For this reason, efforts will be made to assess and identify potential hazards and risks in advance, and any shortcomings in working practices will be addressed in a timely manner. Incidents leading to accidents or dangerous situations are investigated thoroughly in accordance with the company's operating model, and the necessary measures are taken to eliminate the cause of the accident by adopting safer ways of working, for example, and through enhanced induction, guidance and supervision. The purpose of investigations is to examine the root causes of accidents and prevent similar accidents from occurring again.

Respect for human rights

Componenta's raw material and supply chains are global, and the company recognises its responsibility in observing and contributing to human rights in the value chain. Componenta's customers also expect globally recognised ethical principles to be observed

in the value chain. The selection of business partners is affected by factors such as commitment to Componenta's Supplier Code of Conduct.

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

In accordance with its ethical guidelines, Componenta aims to ensure that human rights are respected in the supply chain of its products and that its supply chain does not promote conflicts. Suppliers and subcontractors must comply with all applicable laws and regulations. Componenta has a Supplier and Subcontractor Code of Conduct in place. In 2022, 73% of the total amount of purchases in euros was delivered by suppliers that had accepted Componenta's Supplier and Subcontractor Code of Conduct. Suppliers and subcontractors must also support and respect internationally recognised human rights, as defined in the UN Universal Declaration of Human Rights, and the fundamental rights of workers, as defined by the International Labour Organization (ILO). In addition, suppliers and subcontractors must comply with Componenta's requirements concerning quality and environmental standards in their operations.

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

Componenta's purchasing and sales organisations, as well as its unit and company management, play the most significant role in terms of preventing and avoiding the human rights risks identified in the value chain. Of Componenta's white-collar employees, 97.4% attended training concerning the Code of Conduct in 2022, and the Code of Conduct was reviewed with 84.8% of blue-collar employees. White-collar employees are provided with training on the Code of Conduct once a year. In 2023, the aim is to convert the training into digital format. Supervisors review the Code of Conduct with blue-collar employees once a year. The Code of Conduct is also included in the company's induction material.

Fight against corruption and bribery

In terms of corruption and bribery, Componenta's main risks are related to possible actions or omissions in the production chain that are in violation of Componenta's Code of Conduct. Fair competition is an important policy for Componenta. This applies to the company's behaviour towards its competitors

and customers, and to its business activities. Componenta or its employees and other parties acting on behalf of Componenta may not offer, give or accept bribes or other illegal benefits. Business partners and representatives of the authorities should not be offered undue financial advantages to promote Componenta's transactions or other interests of the company.

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

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

Componenta is committed to responsible business operations and integrity. Componenta's Code of Conduct helps employees choose the correct course of action when they encounter an ethical problem. Componenta's employees are encouraged to raise any issues related to the company's Code of Conduct and to report any detected or suspected violations of the Code of Conduct. The company's business partners and representatives of other stakeholders may also report such violations or suspicions. Componenta's whistleblowing channel plays a key role in reporting any suspected cases of corruption or bribery. Training on the Code of Conduct at Componenta also aims to raise awareness of reporting channels for potential violations. No reports were submitted through the whistleblowing channel in 2022.

Information in accordance with the EU Taxonomy Regulation

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

The EU taxonomy specifies six environmental goals:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to the circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In accordance with the Taxonomy Regulation and Commission Delegated Regulation (EU) 2021/2178, during the 2022 reporting year, companies are required to report the taxonomy-eligible and taxonomy-aligned proportions of the group's turnover, capital expenditure and operating expenses, as well as the non-taxonomy-eligible and non-taxonomy-aligned proportions, specified in accordance with economic activities, concerning the first two environmental objectives (climate change mitigation and climate change adaptation). In the coming years, the European Commission will issue more regulations concerning the other four environmental objectives.

Alignment with the taxonomy requires that taxonomy-eligible economic activities meet the technical screening criteria, cause no significant harm to other environmental objectives and meet the minimum social safeguards. Companies were not required to assess their alignment with the taxonomy in 2021.

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

In terms of its own operating activities, Componenta has identified economic activity 3.9 Manufacture of iron and steel. In its analysis, the company has taken into account interpretation guidelines issued by the EU Commission after the end of the 2021 reporting year, such as the Questions and Answers document published on 2 February 2022. In its calculation, Componenta has taken turnover, capital expenditure and operating expenses into account only once.

Taxonomy-eligible and taxonomy-aligned turnover

Componenta is a contract manufacturer that produces cast and machined components, as well as forged blanks, pipe products and metal sheet

cuttings for its customers. Componenta does not have products of its own. Componenta's turnover is presented in accordance with the figures reported by Componenta Group. Componenta's accounting principles for turnover are presented in Note 1 to the consolidated financial statements. According to Componenta's analysis, which is based on interpretation guidelines issued by the EU Commission after the 2021 reporting year, its turnover from foundry operations fall within economic activity 3.9 Manufacture of iron and steel and are taxonomy-eligible. In other respects, Componenta estimates that its turnover is not taxonomy-eligible. The current regulation does not recognise the contract manufacturing carried out by Componenta, and Componenta has reassessed its taxonomy eligibility. Componenta's taxonomy-eligible activity is 3.9 Manufacture of iron and steel. In terms of the activity 3.9 Manufacture of iron and steel, the technical screening criteria required by the EU taxonomy do not include the manufacturing methods used by Componenta. For this reason, the company has no taxonomy-aligned turnover. If the technical screening criteria were met, taxonomy alignment would also require, in this order, compliance with

the DNSH (Do No Significant Harm) criteria and the minimum social safeguards. For the reason stated above, these criteria and requirements are not relevant in terms of Componenta's taxonomy-alignment analysis.

In the 2021 reporting period, Componenta's reported taxonomy-eligible turnover included the proportion of its turnover that was related to Componenta's customers whose business operations fell, fully or partly, within the following activities: manufacture of renewable energy technologies, manufacture of low-carbon technologies for transport or manufacture of other low-carbon technologies. Following the more specific interpretation guidelines issued in 2022, the company does not take the above economic activities into account in its calculation of taxonomy eligibility. In accordance with the 2022 calculation principles, the adjusted proportion of taxonomy-eligible turnover was 49.0% in 2021.

Proportion of turnover from products and services related to economic activities under the taxonomy system																				
				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year 2022 (18)	Taxonomy aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		M€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
3.9. Manufacture of iron and steel	C24.5.1	0	0%	0%													0%			T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%													0%			

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

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year 2022 (18)	Taxonomy aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		M€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.9. Manufacture of iron and steel	C24.5.1	58	53%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1+A.2)		58	53%														53%			53%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		51	47%																	
Total (A+B)		109	100%																	

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

Componenta has identified that its taxonomy-eligible capital expenditure in 2022 includes capital expenditure directly related to generating taxonomy-eligible turnover. The taxonomy-eligible proportion of capital expenditure has been calculated by dividing the taxonomy-eligible proportion of capital expenditure by the Group's total capital expenditure during the 2022 financial year. Capital expenditure is presented in accordance with the figures reported by Componenta Group. Componenta's accounting principles for capital expenditure are presented

in Notes 10 and 12 to the consolidated financial statements. In accordance with the 2022 calculation principles for turnover, the adjusted proportion of taxonomy-eligible capital expenditure was 53.5% in 2021. Componenta has no taxonomy-aligned capital expenditure.

In terms of operating expenses, Componenta has identified maintenance and environmental monitoring costs directly related to the maintenance of production factors necessary for generating taxonomy-eligible turnover. In accordance with the taxonomy requirements, Componenta has excluded direct production costs from taxonomy-eligible

operating expenses. The numerator in the calculation formula for operating expenses includes the proportion related to maintenance and upkeep of the following costs: purchased maintenance work, tools, spare parts, external services, other variable costs, and variable and fixed salaries. The denominator includes the total of the costs mentioned above. In accordance with the 2022 calculation principles, the adjusted proportion of taxonomy-eligible operating expenses was 10.2% in 2021. Componenta has no taxonomy-aligned operating expenses.

Proportion of products and services related to economic activities under the taxonomy system of capital expenditure																				
				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year 2022 (18)	Taxonomy aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		M€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
3.9. Manufacture of iron and steel	C24.5.1	0	0%	0%													0%			T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%													0%			

Proportion of products and services related to economic activities under the taxonomy system of capital expenditure																				
				Substantial contribution criteria						DNSH criteria (‘Does Not Significantly Harm’)										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year 2022 (18)	Taxonomy aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		M€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.9. Manufacture of iron and steel	C24.5.1	1.0	28%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1+A.2)		1.0	28%														28%			28%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		2.6	72%																	
Total (A+B)		3.6	100%																	

Proportion of products and services related to economic activities under the taxonomy system of operating expenses																				
				Substantial contribution criteria						DNSH criteria (‘Does Not Significantly Harm’)										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year 2022 (18)	Taxonomy aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		M€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
3.9. Manufacture of iron and steel	C24.5.1	0	0%	0%													0%			T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%													0%			

Proportion of products and services related to economic activities under the taxonomy system of operating expenses																				
				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year 2022 (18)	Taxonomy aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		M€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.9. Manufacture of iron and steel	C24.5.1	4.6	13%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1+A.2)		4.6	13%														13%			13%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		30.8	87%																	
Total (A+B)		35.4	100%																	

In the near future, taxonomy regulation will be developed so that the four other environmental objectives will be published by the EU Commission. Based on Componenta’s analysis, the company’s

taxonomy-alignment percentages may change in the future if the company’s contract manufacturing operations are taken into account in the further specified regulation.

Share capital and shares

The shares of Componenta Corporation are listed on the Nasdaq Helsinki. The average share price during the financial year was EUR 2.77 (EUR 3.51). The lowest price was EUR 2.02 (EUR 2.95), and the highest was EUR 3.65 (EUR 4.60). The quoted price at the end of the year was at EUR 2.34 (EUR 3.34). The market value of all shares in the company at the end of the year was EUR 22.7 million (EUR 31.8 million), and the volume of shares traded during the financial year was 23.9% (61.8%) of all shares in the company.

Componenta Corporation's share capital was EUR 1.0 million (EUR 1.0 million) at the end of the financial year. The total number of shares in the company was 9,712,757 (9,517,813) at the end of the financial year. The company had 7,257 (7,700) shareholders at the end of the financial year.

Shareholders on 31 Dec 2022

Shareholder	Shares	%
1 Joensuun kauppa ja Kone Oy	1,182,262	12.17
2 Etra Capital Oy	940,000	9.68
3 Citibank Europe Plc*	517,892	5.33
4 Varma Mutual Pension Insurance Company	416,252	4.29
5 Elo Mutual Pension Insurance Company	356,052	3.67
6 Nordea Life Assurance Finland Ltd	189,400	1.95
7 Nikula Jukka-Pekka	113,775	1.17
8 4CAPES Oy	83,300	0.86
9 Suotuuli Oy	70,000	0.72
10 Gösta Serlachius Konststiftelse - Gösta Serlachiuksen Taidesäätiö	67,754	0.70
Nominee-registered shares	544,494	5.61
Other shareholders	5,231,576	53.86
Total	9,712,757	100.00

* Nominee-registered shares

Breakdown of share ownership on 31 Dec 2022

Number of shares	Shareholders	%	Shares	%
1-100	3,835	52.85	119,065	1.23
101-500	1,873	25.81	478,863	4.93
501-1000	635	8.75	489,340	5.04
1001-5000	693	9.55	1,528,721	15.74
5001-10 000	119	1.64	820,201	8.45
10 001-50 000	82	1.13	1,759,325	18.11
50 001-100 000	13	0.18	801,609	8.25
100 001-500 000	4	0.06	1,075,479	11.07
500 001-999 999 999	3	0.04	2,640,154	27.18
Total=total issued	7,257	100.00	9,712,757	100.00

Shareholders by sector on 31 Dec 2022

	%
Finnish companies	32.59
Financial institutions and insurance companies	3.75
General government bodies	7.95
Households	49.52
Non-profit institutions	0.77
Nominee-registered shares and other foreign shareholders	5.42
	100.00

Share ownership and stock option rights of the Board of Directors, President and CEO and other members of the Corporate Executive Team, as well as their controlled entities

	Shares	Proportion of total shares of Componenta (%)	Stock option rights	Theoretical proportion of total shares of Componenta including the stock option rights (%)
The Board of Directors:				
Harri Suutari	112,266	1.16%	-	1.16%
President and CEO Sami Sivuranta	3,897	0.04%	19,906	0.45%
Corporate Executive Team	11,182	0.12%	47,354	1.08%

Each stock option right entitles the holder to subscribe for two shares in the company. Each share entitles to one vote in the general meeting of Componenta.

Resolutions of the Annual General Meeting

Componenta Corporation's Annual General Meeting was held on 8 April 2022, in Vantaa. In order to limit the spread of the COVID-19 pandemic, the Annual General Meeting was held without the presence at the meeting venue. It was possible for shareholders and their proxy representatives to participate in the meeting and exercise their shareholder rights only by voting in advance and by submitting counterproposals and questions in advance. The AGM supported all the proposals presented to the meeting and approved the remuneration report. The AGM adopted the company's financial statements and consolidated financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial period of 1 Jan-31 Dec, 2021. In accordance with the proposal by the Board of Directors, the AGM decided that no dividends will be distributed on the basis of the balance sheet established for the financial year that ended on 31 December 2021.

In accordance with the proposal by the Shareholders' Nomination Board, the AGM resolved that the annual remuneration payable to the Chairman of the Board shall be EUR 50,000 and the annual remuneration payable to other members of the Board of Directors shall be EUR 25,000. In addition, the members of possible committees of the Board of Directors will be paid an annual remuneration of EUR 5,000. Travel expenses of the members of the Board of Directors shall be compensated in accordance with the company's travel policy.

In accordance with the proposal by the Shareholders' Nomination Board, the number of members of the Board of Directors was confirmed to be four (4). The AGM re-elected the current members of the Board of Directors Tomas Hedenborg, Anne Leskelä, Harri Suutari and Petteri Walldén. The term for the members of the Board of Directors expires at the close of the next AGM.

At its organizing meeting held after the AGM, the Board of Directors elected Harri Suutari as Chairman of the Board and Anne Leskelä as Vice Chairman of the Board.

The AGM elected the audit firm PricewaterhouseCoopers Oy as the Auditor for the next term of office. PricewaterhouseCoopers Oy has notified the company that Ylva Eriksson, Authorised Public Accountant, will act as the responsible auditor. The remuneration for the Auditor will be paid according to an invoice approved by the company.

The AGM authorised the Board of Directors to decide on share issues in one or several tranches as follows:

The issuance of shares may be carried out by offering new shares or transferring treasury shares held by the company. The number of shares to be issued or transferred under the authorisation may not exceed 942,263 shares, which corresponds to approximately 9.9% of all the shares in the company. The new shares may be issued, and the treasury shares held by the company may be transferred for consideration or without consideration. The Board of Directors decides on all terms and conditions for the issue of new shares and the transfer of the company's own shares. Based on the authorisation, the Board of Directors may also decide on a share issue in deviation of the pre-emptive subscription right of the shareholders (directed issue) subject to conditions mentioned in the Finnish Limited Liability Companies Act. For example, the Board of Directors may use authorisation as compensation in acquisitions, develop capital structure, broaden the ownership base, acquire assets related to the company's business or to finance or carry out other business transactions, for share-based incentive plans or other purposes decided by the Board of Directors. The authorisation is valid until the end of the next Annual General Meeting, but until 30 June 2023 at the latest. The authorisation shall not revoke earlier valid and non-utilised authorisations to decide on share issues.

Authorizations

The authorization of Componenta Corporation's Annual General Meeting was held on April 8, 2022 to the board of directors to decide on the share issue is described above in the section "decisions of the Annual General Meeting". The board does not have a valid authorization to acquire the company's own shares.

Share-based incentive scheme

On 12 November 2018, Componenta Corporation's Board of Directors decided to introduce two share-based incentive schemes for the Group's key employees: an option scheme and a restricted share plan. The schemes are used to encourage key employees to commit to long-term employment at the company in order to increase shareholder value. The schemes are also used to encourage the key employees to commit to the company.

On the financial statement date, the company had three option programmes: 2018A, 2018B and 2018C. Their valuation was carried out using the Black-Scholes model. The maximum number of option rights is 146,410, and they entitle their holders to a maximum of 292,820 new shares in the company or shares held by the company. The subscription prices are as follows: EUR 5.25 for a 2018A option right; EUR 3.85 for a 2018B option right; and EUR 3.03 for a 2018C option right. The subscription period for the 2018A option programme began in December 2021,

and the subscription period for the 2018B option programme began in December 2022. Subscription rights had not been exercised by the financial statement date.

A total of 9,750 option rights returned to the company during 2022. The option rights returned to the company had not been transferred to the members of the programme by the financial statement date.

The restricted share plan has been based on key employees' existing contracts of employment or service, and on the continuation of their employment during the commitment period. The restricted share plan ended in December 2021.

Board of Directors and management

On 8 April 2022, Componenta's Annual General Meeting (AGM) confirmed, in accordance with the proposal of the Shareholders' Nomination Board, that the Board of Directors consisted of four (4) members. The AGM re-elected Harri Suutari, Anne Leskelä, Petteri Walldén and Tomas Hedenborg as Board members. The Board members' term of office ends at the close of the next AGM.

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

On 31 December 2022, the Group's Corporate Executive Team consisted of the following members:

Sami Sivuranta, President and CEO; Marko Karppinen, CFO; Pasi Mäkinen, COO; and Hanna Seppänen, General Counsel.

Risks and business-related uncertainties

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

The availability of certain raw materials such as recycled steel, pig iron, structural steel, aluminium and energy at competitive prices, as well as the uninterrupted supply of energy, is essential for the Group's business operations. Market prices for electricity remained at an exceptionally high level during the review period. Due to the coronavirus pandemic, the recovery of the economy and the situation in Ukraine and Russia, uncertainties related to the availability of raw materials and other materials continue to exist in Componenta's operational activities. In addition, global challenges with the availability of certain components for customers may lead to production disruptions in our end customers' plants and thereby affect

Componenta's sales volumes in the short term. To ensure the availability of raw materials and other materials, Componenta maintains active interaction with its suppliers, continuously updates its needs forecast and optimises its inventory levels to meet longer-term demand, closely monitors the situation of its suppliers and market changes and responds to these changes as necessary.

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

A prolonged war in Ukraine 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.

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 retrospectively in response to changes in the prices of raw materials. An increase in raw material prices may increase capital employed in working capital. In terms of commercial risks, future volumes may be weakened by customers switching to cheaper alternatives due to price competition.

Componenta is continuously monitoring the liquidity risk. Componenta's current revolving credit facilities will need to be renewed in November 2023. The Group also finances its operations through factoring arrangements for receivables. Any termination or non-renewal of factoring arrangements or revolving credit facilities can create uncertainties for Componenta's liquidity and the continuity of its operations. However, these uncertainties can be mitigated, and it is the management's estimate that the future financing of operations does not involve significant uncertainties. Until June 2024, Componenta has access to a share subscription facility, which can be used to finance operations as necessary.

The Group's liquidity was at a good level at the end of the financial year. At the end of the review period, Componenta also had EUR 4.0 million in unused binding revolving credit facilities and a USD 7.5 million unused portion of its USD 8.0 million share subscription facility from GCF, an investor based in the United States. In addition, the final instalment of EUR 2.0 million of the EUR 4 million working capital loan agreed in December is expected to be

drawn down during the first quarter of 2023. All the Componenta Group's restructuring programmes were completed in 2021. A more detailed description of the uncertainties related to the continuity of the company's operations and other business risks is provided under "Accounting principles requiring the management's judgement".

The Componenta Group has no significant unresolved disputes or legal proceedings. Componenta Corporation owns 3.6% of Majakka Voima Oy, which has been placed in liquidation and is subject to claims because of the Fennovoima project. According to Componenta's estimate, it is unlikely that any significant financial liabilities will arise from this matter for Componenta.

Componenta's guidance for 2023

Componenta expects the Group's net sales to be EUR 110–120 million in 2023. EBITDA is expected to improve from the previous year. The Group's net sales in 2022 were EUR 109.1 million, and its EBITDA was EUR 7.1 million.

Poor availability of raw materials, increases in the prices of raw materials and electricity, the general economic situation and competitive climate, and the development of customers' sales volumes may affect business outlooks. Because of the crisis in Ukraine and the COVID-19 pandemic, the development of sales and profitability involves uncertainties

and poor predictability. An unfavourable development of the geopolitical situation in relation to Russia and Ukraine may 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 uncertainty in terms of forecasts.

Dividend proposal

The Group's profit for the financial year was EUR 0.1 million (EUR -0.4 million). On 31 December 2022, the parent company's distributable funds totalled EUR 16.4 million (EUR 15.7 million). Based on the balance sheet to be confirmed for the financial year that ended on 31 December 2022, the Board of Directors proposes that no dividend be paid for 2022.

Annual General Meeting

Componenta Corporation's Annual General Meeting will be held on 13 April 2023 at 9 am in Vantaa, Finland. The notice of meeting will be published as a separate stock exchange release.

Corporate Governance Statement

Componenta Corporation will publish its Corporate Governance Statement for 2022 as a separate report. Once published, the statement can be read on the Company's website at www.componenta.com.

Key figures

Dec 31	2022	2021	2020	2019	2018
Total statement of financial position, EUR thousand	58,848	55,479	64,005	54,098	48,949
Net interest bearing debt, EUR thousand	4,818	6,714	-2,584	8,721	-3,357
Invested capital, EUR thousand	37,544	35,402	38,038	29,097	21,191
Return on investment, %	4.3	3.2	0.7	3.2	6.0
Return on equity, %	0.2	-1.7	-5.8	83.0	5.6
Equity ratio, %	41.1	42.3	37.3	29.4	39.3
Net gearing, %	20.0	28.6	-10.8	54.9	-17.5
Capital expenditure, EUR thousand	3,617	1,249	3,415	1,312	1,849
Number of personnel at period end	592	570	564	617	412
Average number of personnel	588	562	580	480	414

Per share data	2022	2021
Basic earnings per share (EPS), EUR	0.01	-0.04
Diluted earnings per share, EUR	0.01	-0.04
Cash flow per share (CEPS), EUR	0.63	0.30
Equity per share, EUR	2.48	2.46
P/E-ratio	432.87	neg.
Share price at year end, EUR	2.34	3.34
Average trading price, EUR	2.77	3.51
Lowest trading price, EUR	2.02	2.95
Highest trading price, EUR	3.65	4.60
Market capitalization at year-end, EUR thousand	22,728	31,809
Trading volume, 1,000 shares	2,292	5,866
Trading volume, %	23.9	61.8
Weighted average of number of shares, 1,000 shares	9,579	9,493
Number of shares at year-end, 1,000 shares	9,713	9,518

Calculation of key figures

$$\text{Return on equity, \% (ROE)} = \frac{\text{Profit (Group) after financial items - income taxes} \times 100}{\text{Shareholders' equity without preferred capital notes + non-controlling interest (starting \& closing balance average)}}$$

$$\text{Return on investment, \% (ROI)} = \frac{\text{Profit (Group) after financial items + interest and other financial expenses} \times 100}{\text{Shareholders' equity + interest bearing liabilities (starting \& closing balance average)}}$$

$$\text{Equity ratio, \%} = \frac{\text{Shareholders' equity, preferred capital notes excluded + non-controlling interest} \times 100}{\text{Balance sheet total - advances received}}$$

$$\text{Basic earnings per share, EUR (EPS)} = \frac{\text{Profit after financial items - income taxes +/- non-controlling interest}}{\text{Average number of shares during the financial period}}$$

$$\text{Earnings per share with dilution, EUR} = \frac{\text{As above, the number of shares has been increased with the possible warrants outstanding. When calculating the dilution effect of warrants, the number of shares has been adjusted with the number of own shares which the company could have acquired, if it would have used the funds generated from the warrants to buy back of own shares at market price (= average trading price). After tax interest expense of the possible convertible loan has been added to the profit of the period. Number of shares that can be subscribed by the loan has been added to the number of total shares.}}$$

$$\text{Cash flow per share, EUR (CEPS)} = \frac{\text{Net cash flow from operating activities}}{\text{Average number of shares during the financial period}}$$

$$\text{Average trading price, EUR} = \frac{\text{Trading volume}}{\text{Number of shares traded during the financial period}}$$

$$\text{Equity per share, EUR} = \frac{\text{Shareholders' equity, preferred capital notes excluded}}{\text{Number of shares at period end}}$$

$$\text{Dividend per share, EUR} = \frac{\text{Dividend}}{\text{Number of shares at period end}}$$

$$\text{Payout ratio, \%} = \frac{\text{Dividend} \times 100}{\text{Earnings (as in Basic earnings per share)}}$$

$$\text{Effective dividend yield, \%} = \frac{\text{Dividend per share} \times 100}{\text{Market share price at period end}}$$

$$\text{Market capitalization, EUR} = \text{Number of shares} \times \text{market share price at period end}$$

$$\text{P/E-ratio} = \frac{\text{Market share price at period end}}{\text{Basic earnings per share}}$$

$$\text{Net interest bearing debt, EUR} = \text{Interest bearing liabilities + preferred capital notes - cash and bank accounts}$$

$$\text{Net gearing, \%} = \frac{\text{Net interest bearing liabilities} \times 100}{\text{Shareholders' equity, preferred capital notes excluded + non-controlling interest}}$$

$$\text{EBITDA, EUR} = \text{Operating profit + Depreciation, amortization and write-downs +/- Share of the associated companies' result}$$

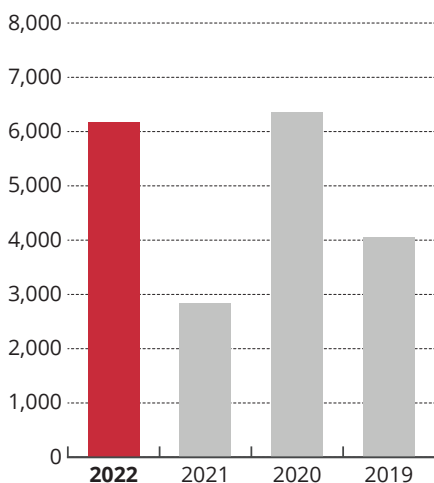
Group financial development

Group financial development is not part of the official financial statements.

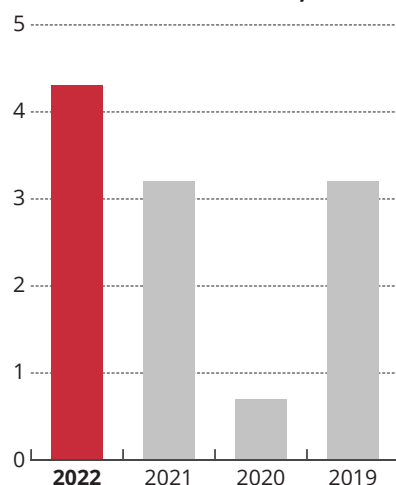
Group development, Jan 1-Dec 31

	2022	2021	2020	2019	2018
Net Sales, EUR thousand	109,087	87,254	70,040	50,737	39,340
EBITDA, EUR thousand	7,086	4,959	3,750	1,590	3,194
Operating result, EUR thousand	1,555	13	-2,034	-1,663	952
Operating result margin, %	1.4	0.0	-2.9	-3.3	2.4
Financial income and expenses, EUR thousand	-1,662	-418	-1,456	-388	-32
Result after financial items, EUR thousand	-107	-405	-3,489	-2,051	920
Result for the period, continued operations, EUR thousand	52	-405	-3,175	-2,063	930
Result for the period, discontinued operations, EUR thousand	0	0	2,226	16,633	131
Order book at period end, EUR thousand	18,481	13,954	9,536	9,001	5,770
Change in net sales, %	25.0	24.6	38.0	29.0	-
Share of export and foreign activities in net sales, %	19.9	20.1	17.0	23.2	31.8

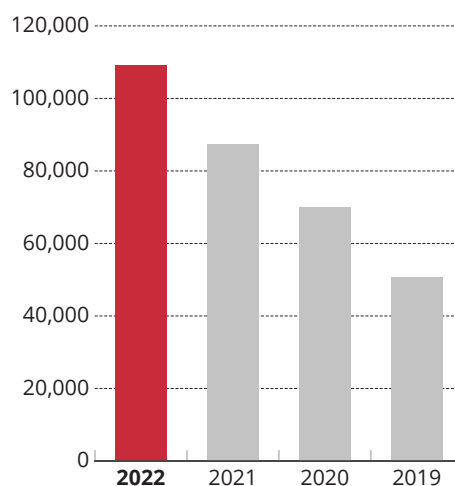
Cash flow from operating activities, EUR thousand



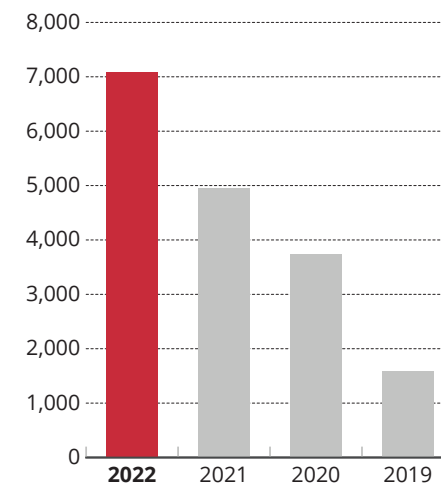
Return on investment, %



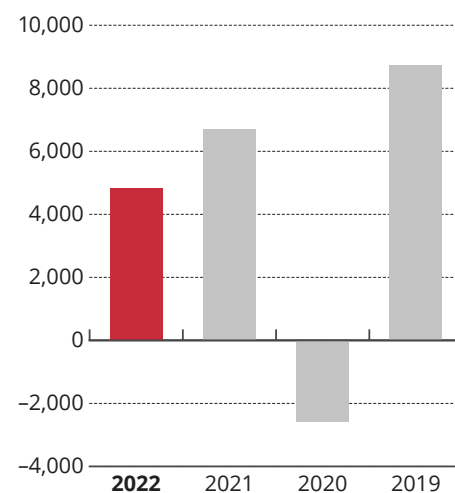
Net Sales, EUR thousand



EBITDA, EUR thousand

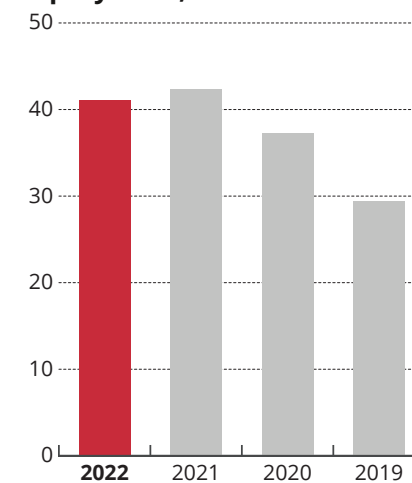


Net interest bearing debt, EUR thousand



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

Equity ratio, %



Consolidated financial statements

Consolidated income statement

EUR thousand	Note	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Net sales	1	109,087	87,254
Other operating income	2	328	323
Operating expenses	3,4,5	-102,329	-82,618
Depreciation, amortization and write-downs	6	-5,530	-4,946
OPERATING RESULT		1,555	13
Financial income	7	4	1,157
Financial expense	7	-1,666	-1,575
Total financial income and expenses		-1,662	-418
RESULT AFTER FINANCIAL ITEMS		-107	-405
Income taxes	8	158	0
RESULT FOR THE FINANCIAL PERIOD		52	-405
Allocation of result for the period:			
To equity holders of the parent		52	-405
Earnings per share calculated on result attributable to the shareholders of the parent company			
Basic earnings per share, EUR	9	0.01	-0.04
Diluted earnings per share, EUR	9	0.01	-0.04

Consolidated statement of comprehensive income

EUR thousand	Note	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Net result		52	-405
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of buildings and land areas	12	0	-247
Other comprehensive income total		0	-247
Income tax on other comprehensive income		0	49
Other comprehensive income, net of tax		0	-198
Comprehensive income total		52	-602
Allocation of the comprehensive income			
To equity holders of the parent		52	-602

Consolidated statement of financial position

EUR thousand	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	1,985	1,796
Goodwill	11	3,225	3,225
Tangible assets	12	27,296	28,332
Investment properties	17	17	17
Receivables	23	521	532
Total non-current assets		33,044	33,902
CURRENT ASSETS			
Inventories	13	13,258	12,187
Trade and other receivables	14,15	3,945	4,159
Cash and cash equivalents	23	8,600	5,231
Total non-current assets		25,804	21,577
TOTAL ASSETS		58,848	55,479

EUR thousand	Note	Dec 31, 2022	Dec 31, 2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		1,000	1,000
Unrestricted equity reserve		17,010	16,522
Other reserves		2,889	2,889
Retained earnings		3,175	3,451
Result for the period		52	-405
Equity attributable to equity holders of the parent company	18	24,127	23,458
Shareholders' equity		24,127	23,458
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	23, 25, 26	9,850	9,137
Interest free liabilities and capital loans	24	688	1,117
Provisions	22	14	14
Deferred tax liabilities	16	56	214
Total non-current liabilities		10,608	10,482
Current liabilities			
Interest-bearing liabilities	23, 25, 26	3,568	2,808
Interest free liabilities and capital loans	24	20,183	18,385
Provisions	22	363	347
Total current liabilities		24,114	21,540
Total liabilities		34,721	32,022
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		58,848	55,479

Condensed consolidated cash flow statement

EUR thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Cash flow from operating activities		
Result after financial items	-107	-405
Depreciation, amortization and write-downs	5,530	4,946
Net financial income and expenses	1,662	418
Other income and expenses, adjustments to cash flow	-1,026	-738
Change in net working capital		
Inventories	214	-2,174
Current non-interest bearing receivables	2,628	5,443
Current non-interest bearing liabilities	-1,071	-3,718
Interest paid and other financial expenses	-1,658	-934
Net cash flow from operating activities	6,171	2,837
Cash flow from investing activities		
Capital expenditure in tangible and intangible assets	-2,441	-1,194
Sale of tangible and intangible assets	40	0
Net cash flow from investing activities	-2,401	-1,194

EUR thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Cash flow from financing activities		
Repayment of lease liabilities	-1,542	-1,536
Share issue	497	0
Cost of share issue	-9	-577
Repayment of current loans	-1,347	-1,362
Draw-down of non-current loans	2,000	0
Repayment of non-current loans and other changes*	0	-9,689
Net cash flow from financing activities	-401	-13,163
Change in liquid assets	3,368	-11,521
Cash and cash equivalents in the beginning of the period	5,231	16,752
Cash and cash equivalents at the period end	8,600	5,231

* In 2021 repayment of non-current loans include payments of the restructuring loans.

Statement of changes in consolidated shareholders' equity

EUR thousand	Share capital	Unrestricted equity reserve	Revaluation of buildings and land areas	Other reserves	Retained earnings	Shareholders' equitytotal
Shareholders' equity Jan 1, 2022	1,000	16,522	382	2,507	3,047	23,458
Net result					52	52
Comprehensive income items:						
Revaluation of buildings and land areas						
Total comprehensive income	0	0	0	0	52	52
Transaction with owners:						
Directed share issue		488				488
Option and share-based compensation					129	129
Transactions with owners, total	0	488	0	0	129	617
Shareholders' equity Dec 31, 2022	1,000	17,010	382	2,507	3,228	24,127

EUR thousand	Share capital	Unrestricted equity reserve	Revaluation of buildings and land areas	Other reserves	Retained earnings	Shareholders' equitytotal
Shareholders' equity Jan 1, 2021	1,000	16,522	580	2,507	3,262	23,871
Net result					-405	-405
Comprehensive income items:						
Revaluation of buildings and land areas			-198			-198
Total comprehensive income	0	0	-198	0	-405	-602
Transaction with owners:						
Directed share issue						
Option and share-based compensation					189	189
Transactions with owners, total	0	0	0	0	189	189
Shareholders' equity Dec 31, 2021	1,000	16,522	382	2,507	3,047	23,458

Notes to the consolidated financial statements

Accounting principles for the consolidated financial statements

Basic information about the Group

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

The Group's parent company is Componenta Corporation (business ID 1635451-6), whose shares are quoted on the NASDAQ Helsinki stock exchange (Nasdaq Helsinki Ltd). The parent company is domiciled in Helsinki, Finland. The registered street address is Teknobulevardi 7, FI-01530 Vantaa, Finland.

A copy of the consolidated financial statements can be obtained on the internet at www.componenta.com or from the head office of the Group's parent company at Teknobulevardi 7, 01530 Vantaa, Finland.

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

The Board of Directors of Componenta Corporation has approved in its meeting 15 March 2023 the publication of the consolidated financial statements. According to the Finnish Limited Liability Companies Act the general meeting has the right to approve or reject financial statements or amend the financial statements after its publication.

Basis of preparation of the consolidated financial statements

Componenta Corporation is a Finnish public limited company domiciled in Helsinki. Componenta Group ("Componenta" or "the Group") is composed of Componenta Corporation and its subsidiaries. Componenta's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS standards and SIC and IFRIC interpretations in force on 31 December 2022. IFRS standards refers to standards and interpretations as adopted by the EU in accordance with the procedure established in EU regulation (EC) 1606/2002 as required by the Finnish Accounting Act and related provisions. The notes to the consolidated financial statements also conform to Finnish accounting and corporate legislation.

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

Componenta's consolidated financial statements have been prepared in euros.

Segment information

Componenta provides its customers with services throughout the supply chain, including procedure design, casting, machining, metal sheet cutting, pipe products, forged blanks, surface treatments and logistics services, thus creating value-added total solutions for customers. Componenta's main products for sale are cast and machined metal components, as well as forged blanks, pipe products and

metal sheet cutting. The company's subcontracting network further expands its offering. Componenta's high-quality metal components are used in mechanical engineering, agricultural and forestry machinery and the energy industry. Componenta's customers are global machine and equipment manufacturers, with whom Componenta has long-term customer relationships. Sales revenue that is insignificant from the Group's perspective is received from the leasing of office space and industrial premises.

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

Due to the business and organisational model of Componenta and the nature of its operations, the company's business operations are reported as a single entity.

Accounting principles requiring the management's judgement

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

When preparing Componenta's financial statements, the management has used significant judgement when making assumptions about the company's ability to continue as a going concern. Uncertainties and risks exist relating to going concern, but these can be mitigated at the management's discretion. Therefore, the going concern is not subject to any significant uncertainty in accordance with the International Financial Reporting Standards. The 2022 financial statements have been prepared based on the principle of going concern. When assessing the going concern principle, Componenta's management has considered the following aspects:

Componenta has strengthened its sales operating model, which was already clarified in 2020, and its sales resources. Consequently, new deals have been made in 2022, which has been reflected in an increase in net sales. The situation in Ukraine and the COVID-19 did not have a significant impact on Componenta's business operations during the 2022 financial year. On 21 June 2021, Componenta entered into an agreement on a share subscription facility of up to USD 8 million with Global Corporate Finance LLC, a company based in New York in the United States. The facility supports the company's financing for the next three years, enabling the company to focus on achieving its growth and profitability targets for the coming years. In 2022, Componenta used the aforementioned financing tool. Componenta agreed on a working capital loan of a total of four million euros in December 2022. EUR 2 million had been drawn down on the latter

part of December and the withdrawal of the second and consequently last installment is planned to be done during the first quarter of 2023. Componenta's unused euro-denominated revolving credit facilities of EUR 4 million total were extended until 30 November 2023 at the end of June 2022. This concerns both Componenta Manufacturing Oy and Componenta Castings Oy. It is the company's view that the Group also has access to debt financing from the market if necessary. The management has analysed the companies' cash flow forecasts for the next 12 months. To adjust its costs, Componenta has a possibility to adjust its operations through temporary layoffs when necessary due to changes in the order book.

In addition to assessing the going concern principle, the management has made other significant estimates and assumptions in determining the valuation of assets in the financial statements, such as investment properties, goodwill, tangible and intangible assets and inventories, as well as the realisability of deferred tax receivables and contingent liabilities. The management has also assessed accounts receivables. The management has assessed the situation in terms of both the company's own industry and the overall economic situation. The assessment did not have a material impact on the credit loss provision in the financial statements. Componenta regularly updates its credit loss provision. Componenta continuously assesses the impact of the situation in Ukraine and the COVID19 pandemic on its financial reporting.

Componenta closely monitors market development and its customers' situation and adjusts its operations accordingly. The management has assessed any indications of impairment of assets. The management has also assessed the recoverable amounts of assets and concluded that there are no indications of impairment, and that there is no need to write down assets. These estimates and assumptions involve risks and uncertainty, and it is therefore possible that these forecasts will change when the circumstances change, which may affect the recoverable amount of assets. More information about annual impairment testing is provided in notes 11 and 12.

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

At the end of the financial year, other liabilities under other non-interest-bearing liabilities included EUR 0.9 million in tax liabilities, for which the Tax Administration has granted a payment arrangement. In accordance with the payment arrangement, the company must pay the tax liability in equal instalments so that it will be fully repaid by August 2023. An interest rate of 2.5% applies to the debt covered by the payment arrangement.

Real estate and land revaluation

Valuations of investment property recorded at fair value, as well as property and land areas used in the Group's own operations, are carried out by independent, qualified, external evaluators, following each evaluator's own process and the method considered most appropriate for the asset being valued, starting with a review of macroeconomic factors and available market information and ending with the use of an appropriate model and a fair value calculated with this. Changes in the value of land and buildings are reviewed every 3–5 years. In 2022 there were no revaluations made to property or land areas. In 2021, a Group-wide revaluation review was performed, as a result the net value of the Group's buildings and structures of property, plant and equipment was increased by EUR 574 thousand. In connection with this, the Group realized an income of EUR 657 thousand, net of the change in deferred tax liability, and the revaluation reserve of equity buildings and land was decreased by EUR 198 thousand. The revaluation of fixed assets uses both the value in use method and the market value method for real estate, the market-based model for land and the acquisition-cost model for real estate in markets where there is no functioning rental market. Comparative transactions and the prices paid in them may be used in the valuation, if they have been available and are otherwise suitable for use as a basis for valuation. The rental prices used in the return method are mainly based on market rents at the valuation date. Valuation reliability is classified as Level 3, which mainly includes industrial

properties for which there is no active market and the price cannot be derived from verifiable market data. Determining the fair value of assets requires significant assumptions and, consequently, the valuation of buildings and land involves uncertainty. The valuation is based on the best possible use of the asset and, therefore, the values determined do not correspond to the fair realizable value. The valuation of investment properties is immaterial and is based on assumptions made by the management.

Impairment of fixed assets

According to the Group's accounting policies, the carrying amounts of tangible and intangible assets are re-examined for potential impairment whenever circumstances indicate a potential impairment. Componenta has tested the tangible and intangible assets for impairment by comparing the carrying amount of an asset and its recoverable amount. Measuring the recoverable amount of the tangible and intangible assets, the management is required to make estimates and assumptions about the tangible and intangible asset groups' future sales cash flows, production costs, discount rates and future capital expenditure required to maintain the assets in their current condition. When making these estimates and assumptions, the management considers the impact of the corporate restructuring proceedings on the cash flows and forecasts. These estimates and assumptions involve risks and uncertainty, and therefore it is possible that as conditions change, these forecasts change, which may affect the assets' recoverable amount.

Inventory measurement

The net realizable value of inventory is assessed on each reporting date. Net realizable value refers to the estimated selling price in the ordinary course of business less variable selling expenses. Determination of the net realizable value includes the management's estimates on the selling price of inventories.

Recoverable amount of goodwill

The recoverable amounts of goodwill are measured with value-in-use calculations for all cash flow generating units annually or more often, if there are indications of impairment. The used value-in-use calculation are based on assumptions made by management regarding market development, that is growth and profitability, and other material factors. The most significant affecting factors, which are the basis of the assumptions, are sales growth, operating result, economic life of assets, future investments and discount rate. Changes in these assumptions can significantly affect the cash flows generated in the future.

Ability to utilize deferred tax assets

Discretion is required when evaluating the recognition of deferred tax assets and certain deferred tax liabilities on the balance sheet. Deferred tax assets are recognized only if it is considered likely that they are recoverable, which will depend on the existence of sufficient future taxable income.

Assumptions of future taxable income are based on the management's estimates of future cash flows. These estimates of future cash flows are, in turn, dependent on the management's estimates, inter alia, of the future volume of sales, operating expenses and financing costs. The company's ability to accumulate taxable income also depends on general economic, financial, competitive and regulatory factors that are not under its own control. Estimates and assumptions involve risks and uncertainties, and thus it is possible that expectations change as circumstances change. This may affect the amount of deferred tax assets and liabilities on the balance sheet and the amount of temporary differences.

Alternative key financial ratios used for financial reporting

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

Foreign currency -denominated items

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

Foreign currency -denominated transactions are recorded in the operating currency using the exchange rate of the transaction date. Receivables

and liabilities were converted into euros at the exchange rate of the balance sheet date. The translation differences created by business-related receivables and debts and their associated hedging items are included in the operating result. The translation differences of financial assets and liabilities and the result of their associated hedging instruments are presented under financial items in the income statement.

The applied new standards

The consolidated financial statements have been prepared using the same accounting principles as in 2021.

Upcoming new and amended standards and interpretations not yet effective in 2022

IASB (International Accounting Standards Board) publishes annually new standards, amendments, interpretations and improvements to standards already published. The significance of these publications on Componenta's business and finance are assessed.

Other published IFRS standards or IFRIC interpretations that are not yet effective are not expected to have material impact on the Group.

Notes to the consolidated income statements

Figures are in thousands of euros unless otherwise stated.

1 Net sales

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

Group's net sales by market area

EUR thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Finland	87,093	69,448
Sweden	12,377	11,194
Germany	3,462	2,269
Other European countries	5,234	3,873
Other countries	657	243
Rental income	279	241
Internal items/eliminations	-16	-13
Total	109,087	87,254

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

Group's net sales by business area

%	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Machine building	46	45
Agricultural machinery	31	28
Forestry machinery	7	8
Energy industry	8	8
Defence equipment industry	2	4
Other industries	6	7
Total	100	100

Group's net sales by customer

Componenta has one significant customer, which share of the net sales is over 10%. The customer's share of the Group's net sales is 26.7% (25.0%).

Disaggregation of revenue from contracts with customers

Timing of revenue recognition, EUR thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
At a point in time	109,087	87,254
Over time	0	0
Total	109,087	87,254

Revenue recognition

The Group's revenue flows relate to sales of products and services. The main selling products are non-machined, machined and painted iron cast components. Additionally the company produces machining services for its clients own products. Sales revenue that is insignificant from the Group's perspective is received from the leasing of office space and industrial premises.

Revenue from sold products and services to customers is recognised at the time of transfer, that is when control has been transferred to the customer. Control is transferred to the customer when the goods have been delivered to the location of the customer's choosing in accordance with the terms of delivery and when the service has been performed. After the transfer of control, the customer may decide the use of the goods and receive a material part of the existing use of the goods. In practice, the customers use Componenta's products to produce their own products, adding value to their own products. Part of the revenue from machining services is recognized over time and the degree of fulfillment is based on the proportion of actual and estimated total costs. Componenta recognizes rental income on a straight-line basis monthly by transferring the leased premises to customers.

Sales revenue is only entered according to the agreed amount, or transaction price, taking into account potential discounts. The customers will agree to the transaction prices based

on offers and changes in indexes by paying the invoices delivered. The company utilizes the practical expedient when the difference between transfer and payment of products and services is less than one year. In practice this means that the transaction price is not adjusted for the effects of a significant financing component. The Group does not have any long-term contracts in which the period of time from the moment the company hands over the promised goods to the customer to when the customer pays for the goods is longer than one year. As a result, no material transaction price changes occur in the Group for performance obligations. The Group companies offer compensation for faulty products within normal manufacturer's responsibility periods, by replacing faulty products with new ones.

Componenta net sales include revenue from contracts with customers net of indirect tax. Componenta recognizes revenue when it has fulfilled its performance obligation by handing over the agreed goods to the customers or by completing the services. Componenta satisfies the performance obligation at a point in time or over time.

The majority of Componenta's customers are major, financially stable, global companies. The amount of expected credit losses from these customers is low. The credit loss allocation is based on historical information and customer-specific reports.

2 Other operating income

EUR thousand	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Rental income	38	44
Profit from sale of non-current assets	23	23
Other operating income	267	256
Total	328	323
<hr/>		
Rental income that are included in net sales	279	241

Accounting principles

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

3 Operating expenses

EUR thousand	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Change in inventory of finished goods and work in progress	977	1,259
Production for own use	78	26
Materials, supplies and products	-46,809	-33,740
External services	-7,166	-5,888
Personnel expenses	-29,880	-28,429
Rents	-219	-258
Waste, property and maintenance costs	-3,657	-3,381
Energy	-7,435	-5,035
Sales and marketing	-32	-36
Computer software	-2,066	-1,791
Tools for production	-2,308	-2,471
Freights	-198	-263
Other operating expenses	-3,615	-2,612
Total operating expenses	-102,329	-82,618
<hr/>		
Audit fees	-163	-150
Other fees*	-117	-10
Total fees paid to auditors	-280	-160

* PricewaterhouseCoopers Oy has provided non-audit services to the entities of Componenta Group in total of EUR 117 thousand (EUR 10 thousand) during the financial year 2022. These services included auditors's statements and other services.

4 Personnel expenses

EUR thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Personnel expenses		
Salaries and fees	-24,370	-23,607
Pension costs	-3,887	-3,309
Other personnel costs	-1,622	-1,517
	-29,880	-28,434

Average number of personnel, excluding leased personnel

EUR thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Group total	588	562

Personnel expenses include costs related to share-based payment EUR -0.1 (-0.3) million.

5 Research and development costs

EUR thousand	2022	2021
The following amounts have been recognized in the income statement under research and development costs	-	-

There were no research and development costs in 2022 and 2021 due to the fact that Componenta practises contract manufacturing and therefore does not have own products.

Accounting principles

Research costs are recognised in the income statement as an expense. Expenditure on development activities relating to new products is capitalised and recognised as an expense under depreciation over their useful economic lives. The planned depreciation period for these costs is 5 years. In other respects, the Group's minor research and development costs are recorded as expenses as incurred.

6 Depreciation, amortization and write-downs of non-current assets

EUR thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Depreciation and amortization		
Intangible assets		
Computer software	-158	-138
Other capitalized expenditure	-384	-354
	-542	-493
Tangible assets		
Buildings and structures	-1,840	-1,831
Machinery and equipment *	-3,140	-3,434
Other tangible assets	-9	-10
	-4,988	-5,274
Revaluations on tangible **	0	821
Total depreciation, amortization and revaluations	-5,530	-4,946

* The units-of-production depreciation method is used for production machinery and equipment. Group's planned depreciation based on normal utilized capacity was EUR -2.3 million (EUR -2.5 million) and capacity utilization correction was EUR -0.5 million (EUR -0.4 million).

** On 31 December 2021, a revaluation of property, plant and equipment in accordance with IAS 16 has been performed. The revaluation has been based on the opinion of an external appraiser and has comprised two separate assets of the Group. The increase due to revaluation has been recognized in the income statement for the first asset item EUR 821 thousand. The book value of the asset before revaluation has been EUR 2,039 thousand and after revaluation EUR 2,860 thousand. The asset in question has been impaired in previous financial years through profit and loss statement. An impairment loss of EUR 198 thousand has been recognized on the revaluation of the second asset, net of a deferred tax asset through comprehensive income. The revaluation reserve for buildings and land has been released by a similar amount, where value added has been recorded for the asset in previous financial years. The book value of the asset before revaluation has been EUR 3,607 thousand and after revaluation EUR 3,360 thousand. After the revaluations on 31 December 2021, the revaluation reserve for buildings and land is EUR 382 thousand.

Accounting principles

Planned depreciation, except for production machinery and equipment, is calculated on a straight-line basis on the original acquisition cost, based on the estimated useful economic life. On 1 January 2009, the Group started to use the units-of-production depreciation method for production machinery and equipment, in which the amount of depreciation is based on the actual output of production machinery and equipment. The units-of-production method gives a more precise picture of the actual economic wear on production machinery and equipment than the straightline method, especially when capacity utilisation rates change quickly. Estimated useful economic lives by asset group are as follows:

capitalised development costs	5 years
intangible rights	3–10 years
other intangible assets	3–20 years
buildings and constructions	25–40 years
computing equipment	3–5 years
other machinery and equipment	5–25 years
other tangible assets	3–10 years.

7 Financial income and expenses

EUR thousand	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Other interest income	3	1
Other financial income *	1	1,156
Effective interest expenses for financial liabilities recognized at amortized cost	-650	-595
Interest expense from lease liabilities	-482	-490
Other charges on financial liabilities valued at amortized cost	-325	-340
Interest expenses and commissions for sold trade receivables	-209	-151
Financial income and expenses, total	-1,662	-418

* Other financial income in 2021 consists of realised income due to payment of restructuring debt.

8 Income taxes

EUR thousand	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Income taxes		
Change in deferred taxes (see note 16)	158	0
Income taxes, total	158	0

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

EUR thousand	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Profit before tax	-107	-405
Income tax using Finnish tax rate	21	81
Tax exempt income	49	0
Non-deductible expenses	-100	-92
Tax losses from which no deferred tax assets have been recorded	1	-
Other	186	11
Taxes total	158	0

Accounting principles

Consolidated direct taxes include direct taxes based on the taxable profit of Group companies, calculated according to tax legislation in each company's domicile. Deferred tax liabilities are recognised on the balance sheet in full and deferred tax assets to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax liabilities and assets are calculated from all the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using the tax rate in force on the balance sheet date. Future changes in tax rates are taken into account when they have become, in practice, certain.

9 Earnings per share

Group	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Profit for the period attributable to the shareholders of the parent company, 1,000 EUR	52	–405
Weighted average number of outstanding shares during the financial year, 1,000 shares	9,579	9,493
Basic earnings per share, EUR	0.01	–0.04
Dilution effect of share options and share-based incentive plans, 1,000 shares	149	149
Weighted average number of outstanding shares during the financial year, 1,000 shares	9,727	9,641
Diluted earnings per share*, EUR	0.01	–0.04

* Share options and share-based incentive plans do not have a diluting effect when the result for the period is negative, and in that case they have not been taken into account when calculating diluted earnings per share.

Accounting principles

Basic earnings per share is calculated by dividing the result for the period attributable to shareholders of the parent company by the weighted average number of outstanding shares during the financial year. Diluted earnings per share is calculated by adjusting the weighted average number of shares by the effect of potential diluting shares due to share options and share-based incentive plan in the Group.

Notes to the consolidated statement of financial position

10 Intangible assets

EUR thousand	2022	2021
Intangible rights		
Acquisition cost at 1 Jan	1,859	1,859
Acquisition cost 31 Dec	1,859	1,859
Accumulated amortization at 1 Jan	–1,591	–1,591
Accumulated amortization at 31 Dec	–1,591	–1,591
Book value at 31 Dec	268	268

EUR thousand	2022	2021
Computer software		
Acquisition cost at 1 Jan	5,737	5,490
Additions	–	63
Re-classifications	19	184
Acquisition cost at 31 Dec	5,755	5,737
Accumulated amortization at 1 Jan	–5,112	–4,978
Amortization during the period	–153	–134
Accumulated amortization at 31 Dec	–5,265	–5,112
Book value at 31 Dec	490	625

EUR thousand	2022	2021
Other capitalized expenditure		
Acquisition cost at 1 Jan	12,763	12,683
Additions	425	5
Re-classifications	287	75
Acquisition cost at 31 Dec	13,475	12,763
Accumulated amortization at 1 Jan	–11,860	–11,501
Amortization during the period	–389	–359
Accumulated amortization at 31 Dec	–12,249	–11,860
Book value at 31 Dec	1,226	903

EUR thousand	2022	2021
Advance payments for intangible assets		
Acquisition cost at 1 Jan	0	79
Book value at 31 Dec	0	0
Total intangible assets	1,985	1,796

Capital expenditure in intangible assets during the financial period totalled EUR 0.4 million (EUR 0.1 million).

Accounting principles

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

The Group has no intangible assets that have an unlimited useful economic life.

11 Goodwill

EUR thousand	Dec 31, 2022	Dec 31, 2021
Acquisition cost on Jan 1	3,225	3,225
Book value on Dec 31	3,225	3,225

Allocation of goodwill

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

Impairment testing

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

calculations. After this the estimated cash flows are extrapolated by using a 0.0% growth rate.

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

Based on the sensitivity analysis executed by the entity somewhat possible change in any of the key assumptions cause the carrying amount of the CGU to exceed its recoverable amount and leads into impairment.

In the impairment test recoverable amount exceeded the carrying amount of the CGU by EUR 0.8 million. According to the sensitivity analysis 13.7% or higher pre-tax discount rate will lead carrying amount of the CGU to exceed its recoverable amount and causes a need for impairment. Moderate negative change in other key assumptions would cause also a need for impairment.

According to the company's analysis, the goodwill does not include any factors related to the situation in Ukraine or related to the climate, which would cause impairment needs.

The impairment testing was performed on 30 September 2022.

Key assumptions

2022	5-year average	Terminal value
Used pre-tax discount rate	13.3 %	13.3 %
Long-term growth forecast on net sales	0.0 %	0.0 %
Operating result	6.0 %	7.2 %
Capital expenditure, EUR thousand	2,560	3,700
Sales growth assumption	5.3 %	0.0 %

2021	5-year average	Terminal value
Used pre-tax discount rate	8.5 %	8.5 %
Long-term growth forecast on net sales	0.0 %	0.0 %
Operating result	6.3 %	9.9 %
Capital expenditure, TEUR	4,000	3,900
Sales growth assumption	7.2 %	0.0 %

The values assigned to each of the above key assumptions are determined as follows:

Assumption	Approach used to determining values
Pre-tax discount rates	Reflect specific risks relating to the relevant operated market.
Long-term growth forecast on net sales	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. Growth rate has been determined in accordance with the principle of prudence.
Operating result	Based on past performance and management's expectations for the future, and on the coststructure in the group.
Capital expenditure	Based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Sales growth assumption	Average annual growth rate over the five-year forecast period, which is based on current industry trends and discussions with clients as well as contracts. Long-term inflation forecasts are also included.

Accounting principles

Acquisitions are accounted for, by using the acquisition method. Goodwill represents the excess of acquisition cost over the fair values of identified acquired assets and liabilities of acquired companies at the acquisition date. Goodwill arises mainly in connection with acquisitions and it represents the value of acquired market share, business knowledge and the value of obtained synergies. Goodwill is not depreciated, but tested annually for impairment.

The book value of goodwill in the Group is assessed annually or more often if there are any indications of impairment. Goodwill is allocated on the cash generating unit (CGU), which is recognized in the Group. The recoverable amount of a CGU is determined by value-in-use calculations, where the cash flow based value-in-use is determined by calculating the estimated future cash flows discounted to their present value. The discount rate is the weighted average cost of capital (WACC). WACC reflects the market assessment of the time value of money and the risks specific in Componenta's business. Impairment loss of goodwill is recognized as an expense and is not subsequently reversed. Estimates used in the testing are based on assumptions made by management. These estimates and assumptions involve risks and uncertainties and, as a result, if circumstances change management's estimates and projections change, which may affect the recoverable amount of the assets.

12 Tangible assets

EUR thousand	2022	2021
Land and water areas		
Acquisition cost at 1 Jan	805	805
Book value at 31 Dec	805	805

EUR thousand	2022	2021
Buildings and constructions		
Acquisition cost at 1 Jan	26,268	25,676
Additions	118	18
Disposals	-44	-
Re-classifications*	-	574
Acquisition cost at 31 Dec	26,342	26,268
Accumulated depreciation at 1 Jan	-20,787	-20,346
Depreciation and write-downs during the period	-438	-441
Accumulated depreciation at 31 Dec.	-21,225	-20,787
Book value at 31 Dec	5,117	5,481

EUR thousand	2022	2021
Buildings and constructions, leases		
Acquisition cost at 1 Jan	12,149	10,933
Re-classifications	1,197	1,216
Acquisition cost at 31 Dec	13,346	12,149
Accumulated depreciation at 1 Jan	-4,262	-2,871
Depreciation during the period	-1,408	-1,391
Accumulated depreciation at 31 Dec	-5,670	-4,262
Book value at 31 Dec	7,676	7,887

EUR thousand	2022	2021
Machinery and equipment		
Acquisition cost at 1 Jan	86,913	86,362
Additions	651	–
Disposals	–9	–66
Re-classifications	877	617
Acquisition cost at 31 Dec	88,432	86,913
Accumulated depreciation at 1 Jan	–74,737	–71,890
Depreciation and write-downs during the period	–2,615	–2,846
Accumulated depreciation at 31 Dec	–77,352	–74,737
Book value at 31 Dec	11,080	12,176

EUR thousand	2022	2021
Machinery and equipment, leases		
Acquisition cost at 1 Jan	6,267	6,196
Additions	1,176	66
Re-classifications	29	5
Acquisition cost at 31 Dec	7,473	6,267
Accumulated depreciation at 1 Jan	–5,140	–4,538
Depreciation during the period	–525	–601
Accumulated depreciation at 31 Dec	–5,664	–5,140
Book value at 31 Dec	1,809	1,128

EUR thousand	2022	2021
Other tangible assets		
Acquisition cost at 1 Jan	569	606
Additions	–	10
Re-classifications	–	–46
Acquisition cost at 31 Dec	569	569
Accumulated depreciation at 1 Jan	–88	–79
Depreciation during the period	–2	–10
Accumulated depreciation at 31 Dec	–90	–88
Book value at 31 Dec	479	481

EUR thousand	2022	2021
Advance payments and fixed assets under construction		
Acquisition cost at 1 Jan	374	392
Additions	1,247	1,154
Disposals	–	–6
Re-classifications	–1,290	–1,166
Book value at 31 Dec	331	374
TOTAL TANGIBLE ASSETS	27,296	28,332

* The accounting principles for the consolidated financial statements contain further information about the treatment of changes in the value of land and buildings. According to the accounting principles for the consolidated financial statements, changes in the value of land and buildings are measured at three to five year intervals. In 2021 revaluation process throughout the Group was carried out resulting a net increase of EUR 574 thousand in buildings and constructions. The valuation is mainly based on the income approach. The reliability of the valuation of property is classified as Level 3, in other words there is no active market for these mainly industrial properties and the price cannot be deduced from verifiable market data. The valuation is based on the income approach and determining the fair value involves considerable discretion.

Re-classifications within machinery and equipment includes a net effect of EUR -457 thousand regarding a financing arrangement of a particular machine of Componenta Manufacturing Ltd. In addition the net effect is included in long-term liabilities EUR -457 thousand. The acquisition cost of the machine has been adjusted by the discounted effect regarding the payments of the loan. Interest used is 6,3% and loan term is 11 years.

Capital expenditure in tangible assets during the financial period totaled EUR 3.2 (1.2) million.

Changes in right-of-use assets

EUR thousand	2022	2021
Carrying amount, Jan 1	9,015	9,721
Additions	1,176	66
Re-classifications	1,226	1,221
Depreciation	–1,933	–1,992
Carrying amount, Dec 31	9,484	9,015

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

Group as lessor

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

Lease receivables scheduled for leases

EUR thousand	Dec 31, 2022	Dec 31, 2021
Not later than one year	309	267
Later than one year but not later than five years	1,234	1,068
Total	1,543	1,335

Accounting principles

Property, plant and equipment is recorded on the balance sheet at original acquisition cost less planned depreciation and write-downs, except for land areas, buildings and constructions. The acquisition cost includes all costs directly incurred by the purchase of the asset. The received tangible assets from a new acquired company are recognised at fair value.

Componenta uses the revaluation model permitted by IAS 16, according to which land areas, buildings and constructions are recorded at fair value, which is based on assessments made by independent evaluators, and for buildings is the fair value less depreciation after the revaluation. Land and water areas are not depreciated. Measurements of value are made sufficiently regularly so that the fair value of a revalued asset does not differ materially from its carrying amount. Valuations of assets subject to revaluation are carried out at a maximum of five-year intervals. However, valuations are carried out more frequently if substantial changes are about to take place that may affect the valuation of the assets. Valuations are carried out by independent, qualified, external evaluators in Finland, following each evaluator's own process and the method considered most appropriate for the asset being valued, starting with a review of macroeconomic factors and available market information and ending with the use of an appropriate model and a fair value calculated with this. The valuation is based on what is probably the most productive use of the asset and on valuation models where the input used portrays the facts and conditions of each economic environment (such as level of employment, general economic situation, recent transactions). In the revaluation of fixed assets, the yield value method is used for real estate, the market-based model is used for land areas, and the acquisition cost based model is used for real estate in markets in which there is no active rental market. During the financial year that ended on 31 December 2016, valuations were made for all the company's asset items located in Finland and being revalued, and entries based on these have been made to the values of the assets. The values determined do not reflect the fair realisation value of the asset. In the revaluation of fixed assets, the yield value method is used for real estate, the market-based

model is used for land areas, and the acquisition cost based model is used for real estate in markets in which there is no active rental market. Valuations may also be based on actual concluded reference deals and their prices if such information has been available and is otherwise suitable for use as a valuation basis. As a rule, in the yield value method, the rental rates are based on the market rents on the date of valuation. The reliability of the valuation is classified as levels 2 and 3, level 3 consisting mainly of industrial properties, for which there is no active market and no price can be derived from observable market data. Determining the fair value of assets requires significant assumptions and, consequently, the valuation of buildings and land involves uncertainty. During 2021 valuations were made for all the company's asset items located in Finland and being revalued, and entries based on these have been made to the values of the assets. The valuation is based on the best possible use of the asset and, therefore, the values determined do not correspond to the fair realisable value.

Accumulated depreciation is eliminated when an item is revalued against the gross carrying amount of the asset, and the net amount is adjusted so that it corresponds to the value based on the revaluation of the asset. Increases in the carrying amounts resulting from the revaluation of land areas, buildings and constructions are recorded in other comprehensive income and are presented under shareholders' equity in other reserves. Reductions that offset increases in value previously recognised for the same asset are recognised in other comprehensive income and are deducted from other reserves in shareholders' equity, and all other reductions are recognised in the income statement. The difference between the depreciation recorded in the income statement based on the revalued carrying amount and the depreciation based on the original cost of the asset is transferred each year from other reserves to retained earnings.

Maintenance and repair costs are usually recognised in the income statement as an expense as incurred. Major refurbishment costs are capitalised and depreciated over their estimated useful life if these costs are likely to increase the future economic benefits embodied in the specific asset to which they relate. Spare parts for production machinery, stand-by equipment and servicing equipment are presented as tangible assets when they comply with the definition of property, plant and equipment. Otherwise these assets are classified as inventory. As a rule, the depreciation period after installation is 3 years.

Planned depreciation, except for production machinery and equipment, is calculated on a straight-line basis on the original acquisition cost, based on the estimated useful economic life. The Group uses the units-of-production depreciation method for production machinery and equipment, in which the amount of depreciation is based on the actual output of production machinery and equipment. The units-of-production method gives a more precise picture of the actual economic wear on production machinery and equipment than the straightline method, especially when capacity utilisation rates change quickly. Estimated useful economic lives by asset group are as follows:

buildings and constructions	25–40 vuotta
computing equipment	3–5 vuotta
other machinery and equipment	5–25 vuotta
other tangible assets	3–10 years.

Impairment of assets

The carrying amounts of the Group's assets are reviewed on each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the balance sheet value of the asset exceeds the recoverable amount for the asset. The recoverable amount of an asset is the greater of its net selling price and value in use. As a rule, value in use is based on the estimated discounted future net cash flows obtainable through the asset. The assets are tested for impairment either by using future cash flows or sales prices of the assets.

Also as part of the assessment of COVID-19 impacts, management has assessed if there are any indications of impairment on the carrying amounts of Group's assets and estimated the recoverable amounts of these assets and assumed that there are no indications and that there is no need for impairment of the carrying amounts of Group's assets. These estimates and assumptions involve risks and uncertainty, and therefore it is possible that as conditions change, these forecasts will change, which may affect the assets recoverable amounts.

According to the Group's accounting policies, the carrying amounts of tangible and intangible assets are re-examined for potential impairment whenever circumstances indicate a potential impairment. Componenta has tested the tangible and intangible assets for impairment by comparing the carrying amount of an asset and its recoverable amount. Measuring the recoverable amount of the tangible and intangible assets, the management is required to make estimates and assumptions about the tangible and intangible asset groups' future sales cash flows, production costs, discount rates and future capital expenditure required to maintain the assets in their current condition. These estimates and assumptions involve risks and uncertainty, and therefore it is possible that as conditions change, these forecasts change, which may affect the assets' recoverable amount.

Right-of-use assets

Componenta adopted the new IFRS 16 standard as of 1 January 2019. According to the new standard, an asset (right-of-use asset) and a financial liability regarding rental payments are recognized on the balance sheet (see note 23). At inception of a contract, Componenta assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract entitles the right to control the use of an identified asset for a period of time in exchange for consideration. The right-of-use assets of the lease agreement are capitalized on the commencement date of the lease. The right-of-use assets are measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the commencement date. The right-of-use assets are subsequently depreciated using the straight line method from the commencement date, either according the end of the lease term or the end of the useful life of the right-of-use asset, based on which one is earlier. In

addition, the right-of-use assets are adjusted for certain remeasurements of the lease liability. Right-of-use assets are tested for impairment in accordance with IAS 36.

Componenta has decided to utilize the practical expedient permitted by the standard and does not apply the standard on leases of low value assets, but instead recognizing the rents as an expense over the lease term. Leases of low value assets mainly include IT and office equipment. Additionally the Group recognizes leases that have a lease term of 12 months or less as leases of low value assets and apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

13 Inventories

EUR thousand	Dec 31, 2022	Dec 31, 2021
Raw Materials and Consumables	4,677	4,441
Work in Progress	3,197	2,416
Finished products and goods	2,773	2,603
Other inventories	2,517	2,281
Advance Payments	95	446
Total Inventories	13,259	12,187

Other inventories include mainly patterns, fixtures, tools and spareparts.

Accounting principles

Inventories are stated at the lower of acquisition cost and net realisable value. The acquisition cost is based on the FIFO principle. The acquisition cost of manufactured products and work in progress includes the cost of raw materials, direct labour costs, other direct costs as well as a proportion of variable and fixed production overheads. Also, those spare-parts which are not recorded, by definition, under property, plant and equipment, are recorded under inventories. The management has made significant estimates and assumptions in determining the valuation of inventories. Additionally management has assessed the impacts of COVID-19 and assumed that there is no need for impairment of the carrying amounts.

The net realisable value of inventory is assessed on each reporting date. Net realisable value refers to the estimated selling price in the ordinary course of business less variable selling expenses. Determination of the net realisable value includes the management's estimates on the selling price of inventories.

14 Accounts receivables

EUR thousand	Dec 31, 2022	Dec 31, 2021
Accounts receivables	2,455	2,795
Total	2,455	2,795

Changes in contract assets are specified in note 1.

Accounts receivables by currency

%	Dec 31, 2022	Dec 31, 2021
EUR	100	100
Total	100	100

Aging of accounts receivables

Outstanding trade receivables fall due as follows

	Dec 31, 2022		Dec 31, 2021	
EUR thousand	Accounts receivables	Loss allowance	Accounts receivables	Loss allowance
Not due	2,012		1,913	
Overdue				
less than 1 month	536		782	
1–3 months	47		108	
3–6 months	-38		3	
more than 6 months	22	124	86	98
Total	2,579	124	2,892	98

Credit risk

Componenta's credit risk is related to receivables that are trade receivables from delivered products. Group companies are primarily responsible for the risks related to customer receivables. The Group Treasury sets guidelines and monitors credit risk management and evaluates the creditworthiness and ability of customers to fulfill their payment obligations. The Group reduces its credit risk exposure by selling its trade receivables to financing companies without recourse. Sold trade receivables at the end of the financial period was EUR 10.8 million (EUR 8.1 million). There is also credit risk related to recognition of customer contracts over time, but these are insignificant in the Group. The collection of customer

receivables is carried out in accordance with the Group's debt collection policy. The credit loss provision for trade receivables is estimated on the basis of the quality and aging of the receivables by adjusting the customer receivables based on the customer's previous 12-month payment behaviour to the receivable open at the time of the financial statements. The effect of the IFRS 9 standard at Componenta is evident in the value adjustment of the estimated uncertain receivables formed by the application of the expected credit loss model.

Many customers are financially sound and solid companies, but in individual cases and with new unknown customers credit rating companies' reports on payment behaviour and solvency are used to support the credit decisions.

Credit losses and the provision for credit losses during the reporting period totalled EUR -0.1 (-0.1) million. Componenta Castings Ltd booked credit losses of EUR 0.1 (0.1) million related to doubtful receivable over one year old which consist of old customer reclamations. The Group's credit loss risk was EUR 2.9 (2.9) million.

Accounting principles

Accounts receivables are receivables that result from selling goods or delivering services to customers in the ordinary course of business. Other receivables are contract assets, other accrued income and financial assets with fixed or determinable payments that are not quoted in an active market. Accounts receivables and other receivables are classified as current assets if customer payment is expected to be received within one year. Otherwise, they are presented as non-current assets. The expected credit losses are assessed and entered in accordance with the accounts receivable age analysis on the basis of the classification. The history information and knowledge of the customers' payment behaviour are also taken into account. Changes in impairment loss for doubtful accounts receivable are recognized as expenses in the consolidated statement of income.

The management of Componenta has made assumptions on valuation of accounts receivables from the aspect of effects of COVID-19 pandemic. The management has assessed the situation from the point of view of both the company's own business as well as the general economic situation. Additionally, the management has discussed with clients and assessed the situation and effects of COVID-19 pandemic from their point of view. The performed assessment did not lead to any changes in the valuation of accounts receivables.

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

15 Other short-term receivables and accrued income

EUR thousand	Dec 31, 2022	Dec 31, 2021
Loan receivables	3	3
Prepayments and accrued income	1,194	1,215
VAT receivables	0	4
Other receivables	293	143
Total	1,491	1,365

Prepayments and accrued income include mainly already paid accrued expenses that concern the next financial year on accrual basis.

Prepayments and other accrued income

EUR thousand	Dec 31, 2022	Dec 31, 2021
Energy tax	16	59
Personnel	91	131
Insurance	92	105
Other accrued income	994	919
Total	1,194	1,215

16 Deferred tax assets and liabilities

Changes in deferred taxes during the financial year 2022

EUR thousand	Jan 1, 2022	Recognized in income statement	Recognized in equity	Dec 31, 2022
Deferred tax assets				
Other differences	1,575	16		1,591
Total	1,575	16		1,591
Offset with deferred tax liabilities	-1,575	-16		-1,591
Total	0	0		0

In 2022 deferred tax assets were recorded EUR 0.0 million.

EUR thousand	Jan 1, 2022	Recognized in income statement	Recognized in equity	Dec 31, 2022
Deferred tax liabilities				
Valuing tangible assets at fair value when merging businesses	281	-29		252
Accelerated depreciation	55			55
Revaluation of buildings and land areas	164	0		164
Finance leases	-18	-70		-88
Other differences	1,308	-43		1,265
Total	1,790	-142		1,648
Offset with deferred tax assets	-1,575	-16		-1,591
Total	214	-158		56

Changes in deferred taxes during the financial year 2021

EUR thousand	Jan 1, 2021	Recognized in income statement	Recognized in equity	Dec 31, 2021
Deferred tax assets				
Other differences	1,511	8	56	1,575
Total	1,511	8	56	1,575
Offset with deferred tax liabilities	-1,511	-8	-56	-1,575
Total	0	0	0	0

In 2021 deferred tax assets were recorded EUR 0.1 million.

EUR thousand	Jan 1, 2021	Recognized in income statement	Recognized in equity	Dec 31, 2021
Deferred tax liabilities				
Valuing tangible assets at fair value when merging businesses	310	-29		281
Accelerated depreciation	55			55
Revaluation of buildings and land areas	0	164		164
Finance leases	66	-84		-18
Other differences	1,351	-43		1,308
Total	1,782	8	0	1,790
Offset with deferred tax assets	-1,511	-8	-56	-1,575
Total	270	0	-56	214

The net amount of deferred tax assets, which mainly consist of unused tax losses, was EUR 0.0 million (EUR 0.0 million). The value of deferred tax liabilities was EUR 1.6 million (EUR 1.8 million) before offset with deferred tax assets.

Unrecognized deferred tax assets from confirmed losses

	Confirmed losses	Deferred tax asset	Year of expiration
	22,724 946.71	4,544 989.34	2022
	11,933 313.23	2,386 662.65	2023
	17,272 214.12	3,454 442.82	2023
	11,926 370.68	2,385 274.14	2024
	27,422 025.92	5,484 405.18	2025
	27,020.14	5,404.03	2026
	8,049 514.78	1,609 902.96	2028
	709,152.02	141,830.40	2028
	204,016.49	40,803.30	2029
Total	100,268 574.09	20,053 714.82	

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

Accounting principles

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

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

17 Investment properties

EUR thousand	2022	2021
Book value Jan 1	17	17
Book value Dec 31	17	17

Accounting principles

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

Valuations of investment properties recorded at fair value, as well as properties and land areas used in the Group's own operations, are carried out by professionally qualified and independent external valuers when needed. These external valuers carry out the valuations by following each valuator's own process and the method considered most appropriate for the asset being valued, starting with a review of macroeconomic factors and available market information and ending with the use of an appropriate model and a fair value calculated with this. In the revaluation of fixed assets, the yield value method is used for real estate, the market-based model is used for land areas, and the acquisition cost based model is used for real estates in markets in which there is no active rental market. Valuations may also be based on actual concluded reference deals and their prices if such information has been available and is otherwise suitable for use as a valuation basis. As a rule, in the yield value method, the rental rates are based on the market rents on the date of the valuation. The determining of fair value of assets requires significant assumptions and, consequently, the valuation of buildings and land involves uncertainty. The valuation is based on the best possible use of the asset and, therefor, the values determined do not correspond to the fair realisable value. The value of investment properties in the consolidated financial statements are immaterial and valuation has been made according to management's estimation and the assets have been valued at the probable realisable value in the consolidated financial statements.

Investment properties are not depreciated. Gains and losses arising from change in the fair value of investment properties are recognised in profit or loss for the period in which they arise and are presented in other operating income in the income statement. Rental income from investment properties is recorded in the Group's net sales.

18 Share capital, share premium reserve and other reserves

	Number of shares, (1,000)	Share capital, EUR thousand	Unrestricted equity reserve, EUR thousand	Buildings and land revaluation reserve EUR thousand	Other reserves, EUR thousand
Jan 1, 2022	9,518	1,000	16,522	382	2,507
Share issue	195		488		
Option and share-based compensation					
Other comprehensive income					
Dec 31, 2022	9,713	1,000	17,010	382	2,507

	Number of shares, (1,000)	Share capital, EUR thousand	Unrestricted equity reserve, EUR thousand	Buildings and land revaluation reserve EUR thousand	Other reserves, EUR thousand
Jan 1, 2021	9,492	1,000	16,522	580	2,507
Share issue					
Option and share-based compensation	25				
Other comprehensive income				-198	
Dec 31, 2021	9,518	1,000	16,522	382	2,507

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

The Board of Directors of Componenta has 10 December 2021 decided on a directed share issue for the reward payments based on the Restricted Share Plan 2018. In the share issue,

25 369 new shares in Componenta Corporation was issued to key employees participating in the Restricted Share Plan according to the terms. The decision on the directed share issue without consideration is based on the authorization granted to the Board of Directors by the General Meeting of Shareholders held on 9 April 2021. New amount of shares of 9,517,813 was registered to the Finnish Trade Register on 29 December 2021.

The building and land area revaluation reserve presents the impact on shareholders' equity of the revaluation of these assets. The change resulting from revaluation presented in comprehensive income, excluding non-controlling interest, after deferred tax was in 2022 EUR 0.0 million (EUR 0.2 million). The change in 2021 was due to the impairment of Componenta Castings Oy's buildings when a revaluation in accordance with IAS 16 was performed.

Other reserves include the conversion option component of the convertible capital notes EUR 2.5 (2.5) million, share-based payments EUR 0.0 (0.0) million according to IFRS 2.

19 Capital management

Componenta Group's objective for capital management is to ensure the Group's viability to operate in all circumstances. The sector in which Group operates is by nature relatively capital intensive and thus requires active measures to optimize the capital structure.

The Board of Directors and Corporate Executive Team regularly monitor the capital structure of the Group. The equity ratio decreased from previous year and stood at 41.1% (42.3%). The weakening of equity ratio was due to a working capital loan of EUR 4 million, of which EUR 2 million had been withdrawn before the financial statement date. The net gearing decreased from previous year and stood at 20.0% (28.6%). The improvement in the net gearing ratio was mainly due to the stronger cash position at the end of 2022 than the previous year.

The key indicators for capital structure

%	Dec 31, 2022	Dec 31, 2021
Net gearing	20.0	28.6
Equity ratio	41.1	42.3

20 Share-based payment

Share-based incentive scheme

The Board of Directors of Componenta Corporation resolved in 2018 to implement two new share-based incentive plans for the Group's key employees, a Stock Option Plan and a Restricted Share Plan. The Board of Directors resolved on the new stock option plan by virtue of an authorization granted by the Annual General Meeting of Shareholders held on 24 May 2018.

A maximum of 20 key employees, including the members of the Corporate Executive Team, belong to the target group of the stock option plan. The Restricted Share Plan was intended for approximately 15 key employees resolved by the Board of Directors, including the members of the Corporate Executive Team.

Options

The purpose of the stock options is to encourage the key employees to work on a long-term basis to increase the shareholder value. The purpose is to retain the key employees at the company. The option programs are based on the valid employment or position relationships of key employees. If the person's employment relationship ends before the subscription period begins, the person immediately loses the right for stock options.

The Board of Directors of Componenta Corporation resolved on 10 February 2020 to convert stock options 2018A that have been returned to the company to stock options 2018B. The Board of Directors announced the issue of stock options 2018 on 12 November 2018. The

Board of Directors has converted 416,250 stock options 2018A to stock options 2018B. The number of stock options 2018A is now 2,013,750 in total, stock options 2018B 2,861,500 in total and stock options 2018C 2,445,250 in total.

The Board of Directors announced on 10 February 2020, that the share subscription price for stock option 2018B is 0.128 euros per share, i.e. the trade volume weighted average quotation of the share on Nasdaq Helsinki Ltd. during 14 October - 8 November 2019. The share subscription price of the stock option may be decreased by the amount of the dividend and the amount of the distribution of assets resolved before the share subscription. The share subscription price will be credited to the company's reserve for invested unrestricted equity. The theoretical market value of one stock option 2018B is approximately 0.052 euros and the theoretical market value of stock options 2018B is approximately 150,000 euros in total. The theoretical market value of a stock option has been calculated by using the Black & Scholes stock option pricing model with the following input factors: share price 0.114 euros, share subscription price 0.128 euros, risk free interest rate 0%, validity of stock options approximately 4.8 years and volatility 59.94%.

On 18 December 2020, Componenta Corporation's Board of Directors resolved with the authorisation by the Extraordinary General Meeting, held on 29 October 2020, on changes related to the company's share-based incentive schemes. These adjustments were based on the rights issue and on the executed reverse share split. The Board of Directors have adjusted the number, subscription ratio and share subscription prices of stock options 2018 in order to secure that the shareholders and stock option holders are treated equally. After the adjustments, there will be a maximum of 146,410 option rights 2018, of which 40,275 will be marked with the symbol 2018A, 57,230 will be marked with the symbol 2018B and 48,905 will be marked with the symbol 2018C. Each option right 2018 entitles the holder to subscribe two new shares of the company or shares held by the company. The total number of shares that can be subscribed with option rights is 292,820 shares. The subscription price with option right 2018A is EUR 5.25 per share, with option right 2018B EUR 3.85 per share and with option right 2018C EUR 3.025 per share. The share subscription period, for stock options 2018A, will be 1 December 2021—30 November 2023, for stock options 2018B, 1 December 2022—30 November 2024, and for stock options 2018C, 1 December 2023—30 November 2025.

During the year 2021 17,793 shares returned to Componenta. The Board of Directors of Componenta Corporation resolved to convert stock options 2018A and 2018B that have been returned to the company to stock options 2018C. The Board of Directors has converted 6,625 stock options 2018A and 20,932 stock options 2018B to stock options 2018C. The number of stock options 2018A is now 33,650 in total, stock options 2018B, 36,298 in total and stock options 2018C, 76,462 in total. The Board of Directors has decided to distribute stock options 2018C to the Group key employees. The theoretical market value of one stock option 2018C is approximately 2.788 euros and the theoretical market value of stock options 2018C is approximately 213,188 euros in total. Each stock option 2018C entitles to subscribe for two new shares in the company or two existing shares held by the company. The theoretical market value of the stock option 2018C has been calculated by using the Black-Scholes

stock option pricing model with the following input factors: share price 3.50 euros, share subscription price 3.025 euros, risk free interest rate 0%, validity of stock options approximately 4.4 years and volatility 43.08%.

During the year 2022 9,750 stock options returned to Componenta. As of the financial statement date no stock options were distributed to the Group key employees.

The number of shares subscribed by exercising stock options 2018 issued corresponds to a maximum total of approximately 3 per cent of all shares and votes of the shares in the company after the potential share subscription with the options, if new shares are issued in the share subscription in question. Subscription period for Stock Option Plan 2018A begun in December 2021 and for Stock Option Plan 2018B in December 2022. As of the financial statement date no subscriptions had taken place.

Options	Options granted to employees	Unexercised options	Number of shares that can be subscribed for with the option	Share subscription price, EUR	Share subscription period
2018A	33,650	–	2	5.25	1 Dec, 2021 - 30 Nov, 2023
2018B	36,298	–	2	3.85	1 Dec, 2022 - 30 Nov, 2024
2018C	76,462	–	2	3.025	1 Dec, 2023 - 30 Nov, 2025

The value of the option program is calculated by using the Black-Scholes option price model. The parameters used in defining the fair value are:

	2018A	2018B	2018C
Initial share-price at the date of issue, EUR	0.16	0.114**	3.025
Original subscription price, EUR	0.17*	0.128**	2.91***
Current share-price at the date of issue, EUR	5.25	3.85	3.025
Duration (years)	3	4.8	4.4
Expected volatility, %	66.9	59.94	43.08
Risk-free interest rate, %	0.0	0	0
Fair value of option at the date of issue, EUR	0.09	0.052	2.788
Number of plan participants	9	7	15

Possible dividends are taken into account in the calculations.

* Trade-weighted average share price on Nasdaq Helsinki Ltd 12 October–8 November 2018.

** Trade-weighted average share price on Nasdaq Helsinki Ltd 14 October–8 November 2019.

*** Trade-weighted average share price on Nasdaq Helsinki Ltd 14 October–8 November 2020.

The initial share-price and the original subscription price in the table above for option programs 2018A and 2018B are price data before Componenta's reverse split of shares in 2020.

Restricted share plan

The reward from the Restricted Share Plan 2018 was based on the key employee's valid employment or service and the continuation of work during the vesting period. The reward was paid partly in the company's shares and partly in cash after the expiry of a 36 month vesting period by the end of December 2021, at the latest. The cash proportion was intended to cover taxes and tax-related costs arising from the reward to the key employee.

The Restricted Share Plan is intended for approximately 15 key employees resolved by the Board of Directors, including the members of the Corporate Executive Team. The rewards to be paid on the basis of the Restricted Share Plan 2018 correspond to the value of a maximum total of 1,999,500 Componenta Corporation shares including also the proportion to be paid in cash. The vesting period starts on 12 November, 2018 and ends on 11 November, 2021. On 18 December 2020, Componenta Corporation's Board of Directors resolved with the authorisation by the Extraordinary General Meeting, held on 29 October 2020, on changes related to the company's share-based incentive schemes. These adjustments were based on the rights issue and on the executed reverse share split. The Board of Directors have adjusted the maximum amount of rewards to be paid from the plan and resolved that the rewards to be paid from the plan after the adjustments correspond to the value of a maximum total of 55,000 shares also including the proportion to be paid in cash.

The Board of Directors of Componenta has on 10 December 2021 decided on a directed share issue without consideration for the reward payments based on the Restricted Share Plan 2018. In the share issue, 25,369 new shares in Componenta Corporation will be issued. The decision on the directed share issue without consideration is based on the authorization granted to the Board of Directors by the General Meeting of Shareholders held on 9 April 2021.

The Restricted Share Plan ended in December 2021.

Adjustments related to rights issue and reverse share split

Number of shares before rights issue	1,999,500
Rights issue factor	1.375x
Number of shares, adjusted with rights issue	2,749,313
Number of shares, rounded per person	2,749,318
Number of shares after reverse share split	55,000

Restricted share plan

Grant date	12 November, 2018
Vesting conditions	Employment
Payment method	Shares and cash
Share price at grant date, EUR	0.16
Fair value of share at grant date, EUR	0.16
Estimated number of plan participants at end of vesting period, %	95%
Number of plan participants	9

Share-based payments

Share-based payments recognized as an expense

EUR thousand	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
To be paid in shares	129	272
To be paid in cash	0	38
Total	129	310

Accounting principles

The fair value of granted options from option programs has been determined at the grant date and will be recognised as an expense over the vesting period. The fair value is calculated by using the Black-Scholes option price model. At each consolidated statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable and recognise the impact of the revision of original estimates as an expense in the statement of income. When options are exercised, the impacts of changes in the share capital which exceed the accounting par value of the shares are included in the paid-up unrestricted equity reserve.

In 2022 Componenta had one share-based incentive plans for the Corporate Executive Team and the Group key employees, a Stock Option Plan. Regarding the Stock Option Plan, the reward to the management will be settled as a combination of shares and cash when the criteria set in the terms and conditions for the plan are met. The key employee's valid employment or service and the continuation of work during the vesting period are key conditions.

The reward from the Restricted Share Plan was based on the key employee's valid employment or service and the continuation of work during the vesting period. The rewards were paid on the basis of the incentive plan correspond to the value of shares including also the proportion to be paid in cash. At each statement of financial position date, the Group revised its estimates of the number of shares, of the share-based incentive plan, that were expected to be distributed. The expense were recognized over the vesting period. The estimate was revised at each consolidated statement of financial position date and the impact of the revision of original estimates were recognized in the statement of income.

21 Pension obligations and other benefit plans

Pension obligations

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

Other benefit plans

The Group has one defined benefit plan, reward for years of service. This reward is applied in one company within the Group. The net defined benefit obligation recognised in the balance sheet at year end 2022 was EUR 106.1 (106.1) thousand. There are no plan assets in the defined benefit plan. There were no movements in 2022. Movements in 2021 are due to payments made EUR 15.7 thousand. This benefit plan has no actuarial gains and losses in 2022 or 2021. Assumptions used in calculating benefit obligation were; discount rate 0.6% and average future salary increase 3.1%. The duration of the defined benefit obligation is assumed to be 6.7 years.

Sensitivity analysis

Effect of a change in assumption used	Change in assumption	Defined Benefit Obligation	
		Increase	Decrease
Discount rate	0.5%	3.3%	3.5%
Future salary increase	0.5%	3.4%	3.2%

22 Provisions

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

EUR thousands	Reorganisation provisions	Environmental provisions	Other provisions	Total
Jan 1, 2021	0	0	534	534
Additions to provisions	-	-	-	-
Utilized during the period	-	-	-187	-187
Dec 31, 2021	0	0	347	347

EUR thousands	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Change in provisions recognised as operating expenses in income statement, increase of expense (-), decrease of expense (+)	-16	187

The Group Management is not aware of any significant lawsuits or claims against the Group at the end of the reporting period that would cause recognition of provisions. In the financial statements, Componenta does not have onerous contracts in accordance with IAS 37, for which a provision should be recorded. Componenta is not aware of any climate-related matters that would require the recording of provisions.

Accounting principles

A provision is recognised on the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the obligation will have to be settled, and the amount of the obligation can be reliably estimated. If it is possible to obtain compensation for some of the obligation from a third party, the compensation is recognised as a separate asset item, but only when it is, in practice, certain that the compensation will be obtained.

A provision for restructuring is recognised when the Group has drawn up a detailed restructuring plan and restructuring has either commenced or the plan has been announced publicly.

23 Financial risks and instruments

The target of management of financial risks related to business operations of Componenta Group is to hedge the profit and the balance sheet of the Group. In the long-term the Group is always exposed to economic risks. Therefore, the amount of financial risks is aimed to be limited to acceptable level by using financial instruments commonly used in the financial markets. The administration of the financial risks is centralized to Group Treasury.

Values of financial assets and liabilities

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

Dec 31, 2021, EUR thousand	Financial assets and liabilities at fair value through profit and loss	Financial assets and liabilities measured at amortised cost	Investments measured at fair value through other comprehensive income	Lease liabilities	Total
Non-current assets					
Other receivables		90			90
Current assets					
Cash and cash equivalents		5,231			5,231
Accounts receivables		2,795			2,795
Total financial assets		8,116			8,116
Non-current liabilities					
Loans from financial institutions		1,466			1,466
Lease liabilities				7,652	7,652
Other loans		19			19
Trade payables and advances received*		189			189
Current liabilities					
Loans from financial institutions		1,247			1,247
Lease liabilities				1,483	1,483
Other loans		78			78
Trade payables and advances received		7,668			7,668
Total financial liabilities		10,666		9,135	19,801

The fair values of financial assets and liabilities are materially similar to their carrying amounts.

* In 2021, tax reliefs due to COVID-19 pandemic admitted by the Finnish Tax Administration were deducted from non-current trade payables and advances received.

Financing and liquidity risks

The financing of the Group business operations is based on business income financing, committed and drawn loans from financial institutions, revolving credit facilities which are valid until 30 November 2023 and factoring financing of trade receivables. Revolving credit facility agreements must be renewed annually and factoring financing arrangements are renewed annually unless terminated. Revolving credit facilities and factoring financing agreements contain terms on the basis of which they can also be terminated during the agreement period. In the Group's view, these terms are normal and are not likely to be breached. The termination or non-renewal of factoring arrangements or revolving credit facilities could create uncertainties and risks to Componenta's liquidity, but the uncertainties and risks are mitigable. The Group's good level of liquidity at the end of 2022 is an essential factor in managing liquidity risks. The company has analyzed cash flow forecasts for the 12-month period after the financial statement date. In addition to income financing, the most important assumptions in the forecasts relate to the working capital loan agreed with LocalTapiola and Elo, the continuity of factoring financing and the level of use of revolving credit facilities and the share subscription limit described below. Componenta estimates that the Group's liquidity will be sufficient for the next 12 months.

At the end of the financial period 31 December 2022, Componenta's cash and cash equivalents totalled EUR 8.6 (5.2) million. Additionally at the end of the financial period, Group had EUR 4.0 (4.0) million of undrawn committed credit facilities.

Componenta Corporation entered into a share subscription facility on 21 June 2021 with Global Corporate Finance LLC, New York, NY, USA, for providing funding of up to USD 8 million to the Company over a three-year period. This facility helps the Group at its request to support their financing for the next 3 years and gives the company a possibility to focus on achieving upcoming growth and profitability objectives for the next years. Componenta may offer new shares to GCF in several tranches. For any tranche, the company may issue a Tranche Notice in amount up to USD 1 million but not exceeding 400% of the Average Daily Volume (ADV) of the company's stock for the previous week. The first two tranches shall be at the minimum USD 0,5 million. During 2022, the Group carried out a directed share issue of EUR 0,497 million as part of the mentioned share subscription agreement, where the Group offered a total of 194,944 shares for subscription to GCF, which were registered to the trade register on 8 September 2022. The shares corresponded to about 2.00 percent of all the Company's shares after the implementation of the arrangement.

On 21 December 2022, Componenta agreed on a working capital loan totaling EUR four (4) million with LocalTapiola Group and Elo Mutual Pension Insurance Company. The loan is to be withdrawn in full by 31 March 2023. The first withdrawal, totalling EUR 2 million, was made on 23 December 2022. The loan period is five years.

Installments and interest payments on financial liabilities 2022

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

Installments and interest payments on financial liabilities 2021

EUR thousand	2022	2023	2024	2025	2026	2027 +	Total
Loans from financial institutions	-1,247	-1,115	-433	-	-	-	-2,795
Lease liabilities*	-1,484	-1,398	-1,301	-1,306	-1,328	-2,318	-9,135
Trade payables**	-7,634	-189	-	-	-	-	-7,822
Interest expenses on loans	-596	-430	-310	-233	-163	-127	-1,859
Other debts***	-78	-19	-	-	-	-	-97
Total	-11,038	-3,152	-2,044	-1,539	-1,491	-2,446	-21,709

* For leases, repayments of the lease liability and interest expenses are used as a sufficient approximation of actual rents paid. Only changes in interest rates cause a small difference in the actual cash flow. The interest to be paid has been calculated with prevailing nominal interest rates. The actual interest payments on variable interest contracts will, therefore, probably differ slightly from the figures presented in the table.

** In 2021, tax reliefs due to COVID-19 pandemic admitted by the Finnish Tax Administration were deducted from non-current trade payables.

*** Other debts are hire purchase agreements.

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

Interest-bearing financial liabilities

EUR thousand	Dec 31, 2022	Dec 31, 2021
Non-current interest-bearing financial liabilities		
Loans from financial institutions	1,527	1,466
Lease liabilities	8,323	7,652
Other debts*	0	19
Total	9,850	9,137
Current interest-bearing financial liabilities		
Loans from financial institutions	1,909	1,247
Finance lease liabilities	1,639	1,483
Other debts*	20	78
Total	3,568	2,808
Total interest-bearing liabilities	13,418	11,945

* Other debts are hire purchase agreements.

Currency breakdown of interest-bearing financial liabilities

%		2022	2021
Non-current	EUR	100.0	100.0
Total		100.0	100.0
Current	EUR	100.0	100.0
Total		100.0	100.0

Cash flows are settled in the nominal currency of each liability agreement.

Range of nominal and effective interest rates for interest-bearing financial liabilities

%	2022 Nominal interest rates	2022 Effective interest rates	2021 Nominal interest rates	2021 Effective interest rates
Loans from financial institutions	5.0-8.1	5.2-10.6	5.0-8.1	5.1-8.3
Lease liabilities	2.5-7.7	2.5- 7.7	1.2-5.8	1.2-5.8
Other debts*	5.0-5.0	7.6- 7.6	5.0-5.0	5.0-5.0

* Other debts are hire purchase agreements.

Foreign exchange risk

The Group's foreign exchange risk is divided into transaction risk, which arises from income and expenses denominated in foreign currencies, and translation risk, which arises from equity investments and related profit or loss denominated in foreign currencies. The transaction position is calculated from the foreign currency denominated trade receivables and trade payables in the balance sheet and initial exposures derived from the highly probable forecasted foreign currency cash flows. The highly probable period is defined normally within 1-6 months but the highly probable period can be extended up to 12 months. These form the part of the transaction position in which changes affect 'Operating profit'. The other part of transaction exposure includes items where the impact of changes in exchange rates are recorded in the income statement in 'Financial income and expenses' such as foreign currency cash in hand and at bank and the Group's internal and external foreign currency loans and loan receivables.

The translation position is determined from the shareholders' equity and retained earnings of those foreign subsidiary and associated companies of the Group whose business currency is not the euro. At the end of the financial period, the Group does not have the translation risk as the business currency of all Group companies is euro.

To hedge against changes in exchange rates, the Group uses foreign currency loans and deposits and other natural hedging relationships. In addition, common derivative instruments can be used such as foreign currency forward contracts and options, for which pricing on the market is reliable. Foreign currency derivatives mature in less than one year.

At the end of the reporting period, the Group does not have open currency position.

Interest rate risk

The interest rate risk to which the cash flow is exposed arises mainly from the Group's loan portfolio and leases. The interest rate risk arises as changes in market interest rates and in interest rate margins affect financial expenses and income. The interest rate risk is managed by spreading the loan portfolio between fixed and floating interest rate loans and investments. In addition, interest rate derivatives can be used.

Income statement - financial expenses

EUR thousand	Dec 31, 2022 for 2023	Dec 31, 2021 for 2022
	Sensitivity interest rate curve +100bp	Sensitivity interest rate curve +100bp
Interest-bearing financial liabilities	-20.9	-13.0

The sensitivity analysis estimates the parallel rise in the interest rate curve at 1.0 percentage points. A positive change indicates a decrease and a negative change an increase in interest expenses.

The assumption in the calculation is that loans that mature are refinanced with comparable instruments. It is also assumed that no repayments are made, thus the calculations only take into account the interest rate renewal risk regarding interest-bearing loans and their nominal interest rates. Leasing agreements are not included in the calculation. As the interest rate risk on the asset side of the balance sheet is not significant it has not been included to the interest rate risk sensitivity analysis.

Commodity risk

Group's commodity risk arises mainly from the price risk of the electricity and of the raw materials. A moderate share of the electricity price has been fixed for the next 12 months forward. For the Group's business operations it is imperative that it can source certain raw materials, such as recycled steel and iron blocks at competitive prices. The cost risk associated with raw materials is primarily managed using pricing agreements, with which the prices of products are adjusted according to the prices of their raw materials. Group also has the availability risk of the raw materials which however has been decreased as the competition between suppliers of major raw materials has been established, and it has been moved from pre-payments to normal payment terms within the limits provided by the suppliers.

Accounting principles

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

Componenta has also assessed the impact of the situation in Ukraine and COVID-19-pandemic on the most significant financial risks. From Componenta's point of view, the situation in Ukraine and COVID-19-pandemic has had the greatest impact on the funding and liquidity risk.

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

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

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

24 Other non-interest bearing liabilities and accruals

Non-current non-interest bearing liabilities

EUR thousand	Dec 31, 2022	Dec 31, 2021
Other liabilities	688	1,117
Total	688	1,117

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

Current non-interest bearing liabilities

EUR thousand	Dec 31, 2022	Dec 31, 2021
Trade payable	10,432	7,634
Accruals	6,194	6,526
VAT liabilities	1,299	1,266
Other liabilities	2,257	2,959
Total	20,183	18,385

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

Accrued expenses and deferred income

EUR thousand	Dec 31, 2022	Dec 31, 2021
Personnel expenses	4,567	4,715
Other accruals	1,627	1,811
Total	6,194	6,526

25 Reconciliation of financial liabilities to cash flow statement

EUR thousand	Long-term interest-bearing liabilities	Short-term interest-bearing liabilities	Total	Unrestricted equity reserve (SVOP)
Jan 1, 2022	9,137	2,808	11,944	16,522
Drawdowns**	2,000	4,000	6,000	
Repayments on interest bearing debt	-1,347	-4,000	-5,347	
Repayments on leasing debt		-1,542	-1,542	
Directed share issue				488*
Change in liabilities which does not include cash flow:	60	2,303	2,363	
Dec 31, 2022	9,849	3,569	13,418	17,010

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

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

EUR thousand	Long-term interest-bearing liabilities	Short-term interest-bearing liabilities	Total	Long term non-interest bearing restructuring debt	Short term non-interest bearing restructuring debt	Total
Jan 1, 2021	11,086	3,082	14,168	8,584	10,032	
Drawdowns				-	-	
Repayments on restructuring debt	-400	-176	-576	-7,663	-9,112	
Repayments on interest bearing debt	-1,304	-59	-1,363			
Repayments on leasing debt		-1,536	-1,536			
Change in liabilities which does not include cash flow:						
Change in restructuring liabilities	-85		-85	-921	-921	
Other changes	-161	1,497	1,336			
Dec 31, 2021	9,137	2,808	11,944	-	-	

Interest-bearing debt repayments in 2021 include EUR 0.6 million of restructuring debt repayments. The restructuring programme of Componenta Castings Ltd ended upon the approval of the payment of restructuring debt carried out by the company on 15 October 2021 by the supervisor and the provision of the supervisor's final account of the restructuring programme to creditors on 22 October 2021. The Board of Directors of Componenta Corporation had decided on 13 October 2021 to end Componenta Castings Ltd's restructuring programme prematurely. Componenta Castings Ltd had previously proposed to its restructuring creditors, in deviation of the restructuring programme, the payment of 90 percent of the remaining amounts payable under the restructuring programme as full and final repayment of its restructuring debts for the purpose of ending the restructuring programme prematurely. Creditors representing over 91 percent of the unsecured restructuring debts of Componenta Castings Ltd had approved the company's proposal.

The restructuring programme of Componenta Corporation ended upon the approval of the payment of restructuring debt carried out by Componenta Corporation on 31 March 2021 by the supervisor and the provision of the supervisor's final account of the restructuring programme to creditors today on 27 April 2021. The Board of Directors of Componenta Corporation had decided on 25 February 2021 to end the Componenta Corporation's restructuring programme prematurely and to pay its restructuring debts in the total amount

of EUR 5.9 million. This amount included approximately EUR 0.2 million of conditional and maximum amount guarantee debts, the final amounts of which were not confirmed and the repayment of which Componenta Corporation had to separately agree on with each respective creditor. Componenta Corporation had on 31 March 2021 carried out the aforementioned EUR 5.9 million payments to its creditors, the amount of which became more precise during the course of March 2021. Additionally, Componenta Corporation had reached agreements with creditors of the conversion into new maximum amount debts of approximately EUR 0.1 million conditional and maximum amount restructuring debts based on guarantee liabilities. Following the conversion Componenta Corporation had fulfilled its liability towards these creditors arising from the restructuring programme. As a consequence of the payments and conversion, the restructuring programme had been fully carried out by the company.

In 2020, Componenta Manufacturing Oy agreed on postponements of loan repayments from financial institutions for a total value of EUR 0.3 million to be partly paid in the last installment at the end of the loan period, and partly to be distributed equally to future installments in 2020 - 2024. The cash flow effect of the postponed repayments of the loans from financial institutions in 2021 was EUR 0,0 (+0,3) million. The postponements on repayments to the loans from financial institutions were agreed to ensure cash flow during the Covid-19 pandemic.

26 Lease liabilities

EUR thousand	2022	2021
Carrying amount Jan 1	9,135	9,390
Additions to lease liabilities	2,713	1,315
Disposals to lease liabilities	-344	-34
Lease payments	-1,542	-1,536
Carrying amount Dec 31	9,962	9,135

The representation of current and non-current lease liabilities is presented in note 23. The weighted average of the Group's incremental borrowing rate, which was applied on lease liabilities was 2.5%.

Items arising from leases in the consolidated income statement

EUR thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Depreciation from right-of use assets	-1,951	-1,986
Interest expense from lease liabilities	-482	-490
Expense from leases of low value assets and short-term leases	-219	-258
Lease income from third parties	306	271
Total	-2,345	-2,463

Accounting principles

Componenta assesses at inception of a contract whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease liabilities are recognized on the commence date of the lease. The liabilities are measured on the commence date at the present value of the remaining lease payments, discounted by using the lessee's incremental borrowing rate. Lease term is the period during which the lease can not be cancelled, extended with the period covered by an extension option, if it is reasonably certain to exercise the extension option and period covered by a termination option, if it is reasonably certain to exercise the termination option. Management estimates the lease term of leases valid until further notice and the measures of right-of-use assets and lease liabilities are recognized based on these estimates. Management updates its estimates quarterly.

Lease payments are allocated between finance cost and decrease of liability. Lease liabilities are remeasured if future lease payments change due to an index or a rate change or when the Group's estimate of exercising a possible extension option has changed. If the lease liability is remeasured, the right-of-use asset is recovered assumingly.

Componenta has decided to utilize the practical expedient permitted by the standard and does not apply the standard on leases of low value assets, but instead recognizing the rents as an expense over the lease term. Leases of low value assets mainly include IT and office equipment. Additionally the Group recognizes leases that have a lease term of 12 months or less as leases of low value assets and applies a single discount rate to a portfolio of leases with reasonably similar characteristics.

27 Contingent liabilities

EUR thousand	Dec 31, 2022	Dec 31, 2021
Real-estate mortgages		
For own debts	0	600
Business mortgages		
For own debts	17,600	12,400
Pledges		
For own debts	7,800	7,800
Other leases	281	150
Other commitments	188	198
Total	25,869	21,149

Liabilities secured with real estate, pledges for other business guarantees

EUR thousand	Dec 31, 2022	Dec 31, 2021
Liabilities secured with real estate or business mortgages		
Loans from financial institutions	3,436	2,712
Total	3,436	2,712

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

Componenta is not aware of any climate-related matters that would require the recording of provisions or contingent liabilities.

28 Related party disclosures

Group companies (control) December 31, 2022

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

Fees, salaries and other benefits of the Board of Directors, President and CEO and other members of the Corporate Executive Team (CET)

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

Jan 1–Dec 31, 2021, EUR	Salaries, fees & fringe benefits	Short-term incentives	Long-term incentives (Share-based payments)	Total
Board of Directors	125,000	–	–	125,000
President and CEO Sami Sivuranta	282,270	–	41,022	323,292
Other members of CET	628,756	–	102,358	731,114
Total	1,036,027	–	143,380	1,179,406

Remuneration of the Board of Directors and executive management

Remuneration and fees, 1,000 EUR	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
President and CEO Sami Sivuranta (as of 11 Mar, 2020)	261	282

Members of Board of Directors

Harri Suutari	50	50
Petteri Walldén	25	25
Anne Leskelä	25	25
Tomas Hedenborg	25	25
Total, Board of Directors	125	125

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

Other related party disclosures

During 2022 Componenta has not had any related party events deviating from normal commercial conditions. Management included in the related parties of Componenta received shares worth EUR 50,888.14 through direct share issue without consideration after the vesting period of Restricted Share Plan ended in 2021. Loan receivables from related parties at the end of the reporting period was totalling EUR 0.0 (0.0) million.

Parent company financial statements

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

Parent company income statement

EUR Thousand	Note	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
NET SALES	1	3,490.4	3,444.5
Other operating income	2	3.7	72.2
Operating expenses	3, 5, 6	-3,353.4	-3,309.3
Depreciation, amortization and write-down of non-current assets	4	-66.9	-66.3
OPERATING RESULT		73.8	141.1
Financial income and expenses in total	7	613.4	538.9
RESULT AFTER FINANCIAL ITEMS		687.2	679.9
RESULT AFTER APPROPRIATIONS		687.2	679.9
RESULT FOR THE FINANCIAL PERIOD		687.2	679.9

Parent company balance sheet

EUR Thousand	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	142.5	203.3
Tangible assets	9	34.4	37.5
Investments	10	23,890.2	23,018.2
Non-current assets, total		24,067.1	23,259.0
CURRENT ASSETS			
Non-current receivables	11	4,946.0	6,638.1
Current receivables	11	5,011.3	3,611.4
Cash and bank accounts		4,701.1	2,248.9
Current assets, total		14,658.5	12,498.4
TOTAL ASSETS		38,725.6	35,757.3

EUR Thousand	Note	Dec 31, 2022	Dec 31, 2021
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
	12		
Share capital		1,000.0	1,000.0
Unrestricted equity reserve		18,153.9	17,656.8
Retained earnings		15,730.8	15,050.9
Result for the financial period		687.2	679.9
Shareholders' equity		35,571.9	34,387.6
LIABILITIES			
	13, 14		
Non-current liabilities		1,282.5	82.5
Current liabilities		1,871.1	1,287.2
Liabilities		3,153.7	1,369.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		38,725.6	35,757.3

Parent company cash flow statement

EUR Thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
CASH FLOW FROM OPERATIONS		
Result after financial items	687	680
Depreciations according to plan	67	66
Other income and expenses, non-cash items	-1	830
Financial income and expenses	-613	-539
Cash flow before changes in working capital	140	1,038
Changes in working capital		
Non-interest bearing receivables increase (-)/decrease (+)	-1,027	-1,116
Non-interest bearing liabilities increase (+)/decrease (-)	-216	-279
Cash flow from operating activities before financial items and taxes	-1,103	-358
Interest and payments paid from other financial expenses of operations	-40	-1
Interest received from operations	474	124
CASH FLOW FROM OPERATING ACTIVITIES (A)	-669	-234

EUR Thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure in tangible and intangible assets	-3	-30
Loans receivables, decrease	-3,500	-3,900
Loans receivables, decrease increase	4,137	1,544
CASH FLOW FROM INVESTING ACTIVITIES (B)	633	-2,386
CASH FLOW FROM FINANCING ACTIVITIES		
Share issue	497	-
Share issue costs	-9	-577
Draw-downs of non-current loans	2,000	-
Repayments of non-current loans	-	-5,855
CASH FLOW FROM FINANCING ACTIVITIES (C)	2,488	-6,431
CHANGE IN LIQUID ASSETS (A + B + C)		
increase (+)/decrease (-)	2,452	-9,051
Cash and bank accounts at the beginning of the period	2,249	11,300
Cash and bank accounts at period end	4,701	2,249
Change during the period	2,452	-9,051

Accounting principles for the financial statements

The financial statements for Componenta Corporation have been prepared in accordance with laws and regulations governing the preparation of the financial statements in Finland. The financial statements have been prepared for the period between January 1 and December 31, 2022.

Accounting policies requiring management's judgement

In preparing Componenta Corporation's financial statements, management has exercised significant judgment in assessing company to be going concern. Uncertainties and risks are associated with going concern, but they are mitigated at the discretion of management and therefore do not involve significant uncertainty. The financial statements for the financial year 2022 have been prepared on a going concern basis. When assessing the principle of going concern, Componenta Corporation's management has taken into account the following factors.

Componenta has strengthened its sales operating model, which was already clarified in 2020, and its sales resources. As a result, new transactions have been concluded during 2022, which has been reflected in the increase in the net sales of Componenta Corporation's subsidiaries. This is essential for the going concern of Componenta Corporation's operations, as Componenta Corporation's main sources of revenue are service fees and trademark license fees charged from the subsidiaries. On June 21, 2021, Componenta Corporation

entered into a 3-year agreement with Global Corporate Finance LLC for a share subscription limit of up to \$ 8 million in New York, USA. The flexible limit will help support the company's financing for the next 3 years and thus allow the company to focus on achieving its growth and profitability targets for the coming years. At the financial statement date, the unused amount of the limit was USD 7.5 million. Componenta agreed on a working capital loan of a total of EUR 4 million in December 2022. EUR 2 million had been drawn down on the latter part of December, and the withdrawal of the second and consequently last installment is planned to be done during the first quarter of 2023. Componenta's undrawn revolving credit facilities of EUR 4 million have been extended in June 2022 regarding two of Componenta Corporation's subsidiaries to be in effective until November 30, 2023. According to the company's understanding, debt financing is also available to Componenta Corporation from the market if necessary. Management has analyzed the companies' cash flow forecasts for the next 12 months.

Componenta Corporation continuously assesses the effects of the situation in Ukraine and the COVID-19 pandemic on financial reporting. The situation in Ukraine and the pandemic has not had a significant impact on Componenta Corporation in the financial year 2022. Componenta Corporation closely monitors market developments and the situation of its subsidiaries' customers and adjusts its own operations accordingly.

Foreign currency transactions

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

Derivatives

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

Positive and negative fair values for exchange rate differences for foreign exchange derivatives are recognized on the closing date in the income statement. The fair values of foreign exchange derivatives presented in the notes also include the fair values of

interest rate differences. Due to the missing limits the company had no open derivative contracts at the end of the reporting period.

Revenue recognition

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

Pensions

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

Leases

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

Income taxes

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

Non-current assets and depreciation

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

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

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

Valuation principles for investments in subsidiaries and receivables from subsidiaries

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

restructuring of Componenta Castings Oy has been completed in the financial year 2021. Although the restructuring program has ended, according to the precautionary principle, no reversal of impairment has been made to the value of the shares.

Cash and cash equivalents

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

Share-based payments

In 2022 Componenta had one share-based incentive plans for the Corporate Executive Team and the Group key employees, a Stock Option Plan. Regarding the Stock Option Plan, the reward to the management will be settled as a combination of shares and cash when the criteria set in the terms and conditions for the plan are met. The key employee's valid employment or service and the continuation of work during the vesting period are key conditions.

Subscription period for Stock Option Plan 2018A begun in December 2021 and for Stock Option Plan 2018B in December 2022. As of the financial statement date no subscriptions had taken place.

Notes to the income statement

1 Net sales by market area

EUR Thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Finland	3,490.4	3,444.5
Net sales total	3,490.4	3,444.5

2 Other operating income

EUR Thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Other operating income	3.7	72.2
Other operating income total	3.7	72.2

3 Personnel expenses

EUR Thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Salaries and fees	-1,663.6	-2,022.7
Pension costs	-336.8	-211.5
Other personnel costs	-37.7	-39.5
Total	-2,038.2	2,273.7
Salaries and other remuneration of the Corporate Executive Team	-1,112.4	-899.3
Fringe benefits of the Corporate Executive Team	-11.9	-11.7
Average number of personnel	15	13

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

4 Depreciations and write offs

EUR Thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Intangible assets		
Other long-term expenditure	-60.8	-59.1
Tangible assets		
Machinery and equipment	-6.1	-7.2
Total depreciation and write-downs	-66.9	-66.3

5 Other operating expenses

EUR Thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Rents	-119.2	-107.5
Credit loss	-	-39.1
Other operating expenses	-1,196.0	-889.0
Other operating expenses total	-1,315.2	-1,035.6

6 Audit fees

EUR Thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Audit fees	-80.0	-74.0
Other fees	-116.7	-9.8
Total fees paid to auditors	-196.7	-83.8

7 Financial income and expenses

EUR Thousand	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Interest and other finance income		
Group companies	659.9	314.8
Others*	1.2	662.4
Total	661.1	977.2
Interest and other finance expenses		
Group companies**	-	-249.9
Others	-47.7	-188.5
Total	-47.7	-438.4
Financial income and expenses, total	613.4	538.9
Financial income and expenses include exchange gains/losses (net)		
Others	-2.7	-1.3
Total	-2.7	-1.3

* Interest and other finance income from others in year 2021 included income from the early repayment of restructuring debt.

** Interest and other finance expenses for Group companies in year 2021 consisted expenses regarding the early repayment of the restructuring debts of Componenta Corporation's subsidiary Componenta Castings Oy.

Notes to the statement of financial position

Non-current assets

8 Intangible assets

EUR Thousand	Dec 31, 2022	Dec 31, 2021
Other long-term expenditure		
Acquisition cost at Jan 1	5,313.6	5,283.8
Additions	-	29.8
Acquisition cost at Dec 31	5,313.6	5,313.6
Accumulated planned amortization at Jan 1	-5,110.3	-5,051.2
Amortization during the period	-60.8	-59.1
Accumulated amortization at Dec 31	-5,171.1	-5,110.3
Book value at Dec 31	142.5	203.3
Total intangible assets	142.5	203.3

9 Tangible assets

EUR Thousand	Dec 31, 2022	Dec 31, 2021
Machinery and equipment		
Acquisition cost at Jan 1	1,020.7	1,018.4
Additions	3.1	2.2
Acquisition cost at Dec 31	1,023.8	1,020.7
Accumulated planned depreciation at Jan 1	-999.2	-992.1
Depreciation during the period	-6.1	-7.2
Accumulated depreciation at Dec 31	-1,005.4	-999.2
Book value at Dec 31	18.4	21.5
Other tangible assets		
Acquisition cost at Jan 1	86.0	86.0
Acquisition cost at Dec 31	86.0	86.0
Accumulated planned depreciation at Jan 1	-70.0	-70.0
Accumulated depreciation at Dec 31	-70.0	-70.0
Book value at Dec 31	16.0	16.0
Total tangible assets	34.4	37.5

10 Investments

EUR Thousand	Dec 31, 2022	Dec 31, 2021
Shares in group companies		
Acquisition cost at Jan 1	345,879.6	345,879.6
Acquisition cost at Dec 31	345,879.6	345,879.6
Accumulated write-downs at Jan 1	-324,895.3	-324,895.3
Accumulated write-downs at Dec 31	-324,895.3	-324,895.3
Book value at Dec 31	20,984.3	20,984.3
Capital note investments in group companies		
Acquisition cost at Jan 1	2,033.9	1,533.9
Additions	872.0	500.0
Acquisition cost at Dec 31	2,905.9	2,033.9
Investments total	23,890.2	23,018.2

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

CURRENT ASSETS

11 Receivables

EUR Thousand	Dec 31, 2022	Dec 31, 2021
Non-current receivables		
Loan receivables from group companies	4,946.0	6,638.1
Total non-current receivables	4,946.0	6,638.1

EUR Thousand	Dec 31, 2022	Dec 31, 2021
Current receivables		
Receivables from group companies		
Trade receivables	715.5	649.7
Loan receivables	3,611.6	2,556.1
Prepayments and accrued income	457.8	278.7
Total	4,784.9	3,484.5

Receivables from others		
Loan receivables	3.1	3.1
Other receivables	16.6	16.6
Prepayments and accrued income	206.7	107.2
Total	226.4	126.9

Total current receivables	5,011.3	3,611.4
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Prepayments and accrued income		
Interest receivables	457.8	271.2
Insurance payments	19.2	5.3
Others	187.5	109.4
Total	664.5	385.9

12 Shareholders' equity

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

Dec 31, 2021, EUR Thousand	Share capital	Unrestricted equity reserve	Retained earnings	Result for the period	Total
Shareholders' equity Jan 1, 2021	1,000.0	17,656.8	14,617.2	107.9	33,381.9
Share issue					0.0
Option and share-based compensation			325.8		325.8
Reclassifications			107.9	-107.9	0.0
Result for the financial period				679.9	679.9
Shareholders' equity Dec 31, 2021	1,000.0	17,656.8	15,050.9	679.9	34,387.6

Calculation of distributable equity

EUR Thousand	Dec 31, 2022	Dec 31, 2021
Retained earnings	15,730.8	15,050.9
Unrestricted equity reserve	18,153.9	17,656.8
Result for the financial period	687.2	679.9
Total	34,571.9	33,387.6

13 Liabilities

EUR Thousand	Dec 31, 2022	Dec 31, 2021
Interest bearing liabilities	2,000.0	–
Non-interest bearing liabilities	1,153.7	1,369.7
Total	3,153.7	1,369.7
Non-current liabilities		
Loans from financial institutes	1,200.0	–
Other non-current interest free liabilities	82.5	82.5
Non-current interest bearing liabilities total	1,282.5	82.5
Non-current liabilities fall due as follows		
Later than one year but not later than five years	1,282.5	82.5
Later than five years	–	–
Total	1,282.5	82.5
Current liabilities		
Liabilities to group companies		
Trade payables	4.9	23.6
Total	4.9	23.6

EUR Thousand	Dec 31, 2022	Dec 31, 2021
Liabilities to others		
Loans from financial institutions	800.0	–
Trade payables	417.9	173.5
Other current liabilities	237.8	343.7
Accrued expenses and deferred income	410.6	746.3
Total	1,866.3	1,263.6
Current non-interest bearing liabilities total	1,871.1	1,287.2
Accrued expenses and deferred income		
Annual salaries with social security	294.6	204.0
Accrued salaries with social security	–	470.0
Pensions	67.1	29.9
Others	48.8	42.4
Total	410.6	746.3
Total liabilities	3,153.7	1,369.7

14 Secured liabilities, contingent liabilities and other commitments

EUR Thousand	Dec 31, 2022	Dec 31, 2021
Pledges		
Real-estate mortgages	5,200.0	0.0
On behalf of group companies	7,800.0	7,800.0
Total	13,000.0	7,800.0
Other commitments		
Future payments of the lease liabilities		
Not later than one year	16.9	13.1
Later than one year	17.7	17.7
Total	34.6	30.9
Other commitments	120.3	174.8

Liabilities secured with mortgages, pledges or other guarantees

EUR Thousand	Dec 31, 2022	Dec 31, 2021
Liabilities secured with real estate or business mortgages		
Loans from financial institutions	1,960.6	0.0
Total	1,960.6	0.0

Deferred tax assets and liabilities not recorded in the statement of the financial position

Unutilized tax losses for which the company has not recorded any deferred tax assets totalled EUR 84,606,105.11 (EUR 87,377,711.38). The related deferred tax receivables of these losses are EUR 16,921,221.02 (EUR 17,475,542.28).

Unrecognized deferred tax assets from confirmed losses

Year of expiration	Confirmed losses, EUR	Deferred tax asset, EUR
2022	15,059,824.42	3,011,964.88
2023	11,704,269.44	2,340,853.89
2024	14,593,630.26	2,918,726.05
2025	10,361,172.58	2,072,234.52
2026	17,434,427.55	3,486,885.51
2027	0.00	0.00
2028	7,036,325.99	1,407,265.20
2029	262,546.71	52,509.34
2030	0.00	0.00
2031	0.00	0.00
Total	76,452,196.95	15,290,439.39

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

Signatures for the financial statements and board of directors' report

Helsinki, March 15, 2023

Harri Suutari
Chairman of the Board

Anne Leskelä
Vice Chairman of the Board

Petteri Walldén
Member of the Board

Tomas Hedenborg
Member of the Board

Sami Sivuranta
President and CEO

The auditor's note

Our auditor's report has been issued today.

Helsinki, March 15, 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Ylva Eriksson
Authorised Public Accountant

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Componenta Corporation

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Board of Directors.

What we have audited

We have audited the financial statements of Componenta Corporation (business identity code 1635451-6) for the year ended 31 December 2022. The financial statements comprise:

- the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and notes, including a summary of significant accounting policies

- the parent company's balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 5 to the Financial Statements.

Our Audit Approach

Overview

	<ul style="list-style-type: none"> Overall group materiality: € 981 000 euros
	<ul style="list-style-type: none"> Audit scope: The group audit scope has included the parent company and its subsidiaries in Finland.
	<p>Key Audit Matters in the audit of the financial statements in the current period</p> <ul style="list-style-type: none"> Timing of revenue recognition Valuation of goodwill Valuation of holdings in group undertakings and amounts owed by group undertakings in the parent company's financial statements

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

Materiality

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

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

Overall group materiality	981 000 euros (previous year 700 000 euros)
How we determined it	Overall group materiality is determined as a percentage of the group's FY2022 net sales.
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it is the appropriate benchmark, which the users of the financial statements regularly use to evaluate the performance of the group.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates. The scope included the parent company and its certain subsidiaries in Finland. We have predefined the audit focus areas of financial information to each group component.

Key Audit Matters

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

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

Key audit matter in the audit of the group	How our audit addressed the key audit matter
<p>Timing of revenue recognition Refer to Note 1 of the consolidated financial statements</p> <p>Componenta's revenue consists of sale of goods and services. The main sales products are non-machined, machined and painted iron cast components. Additionally the company sells machining services for its clients' own products. Revenue from products and services sold to customers is mainly recognized when disposed, that is the moment when the customer assumes control of the goods. Part of the revenue from services may be recognized over time and the degree of fulfilment is based on the proportion of actual and estimated total costs.</p> <p>The timing of revenue recognition has been considered a key audit matter in the auditing of the consolidated financial statements due to the significance of revenue to the financial statements.</p>	<p>Our audit procedures included for example the following procedures:</p> <ul style="list-style-type: none"> – Evaluation of internal control activities over revenue recognition – Analysis of significant sales contracts to test correct accounting treatment. – Testing timeliness of revenue recognition by comparing individual sales transactions to delivery documents and by checking significant credit notes issued after year-end. – Analysis of revenue transactions using data analysis techniques. – Testing of accounts receivables by requesting confirmations from the company's customers and by reconciling cash payments received after the year end against the accounts receivable balances at the year end.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
<p>Valuation of goodwill Refer to accounting principles and Note 11 of the consolidated financial statements</p> <p>Goodwill related to business combinations amounted to EUR 3,2 million in consolidated balance sheet as of 31 December 2022.</p> <p>Goodwill is tested for impairment annually or whenever impairment indicators have been noted. Testing is performed by comparing the present value of estimated future cash flows to the carrying value.</p> <p>Estimating the present value of future cash flows involves considerable management judgment specifically with respect to assumptions relating to sales growth, profitability, capital expenditures and discount rates. Changes in these assumptions can have a significant impact to the estimated future cash flows.</p> <p>Valuation of goodwill is considered a key audit matter due to the significant management judgement involved in the valuation.</p>	<p>Our audit procedures included for example the following procedures:</p> <ul style="list-style-type: none"> – Our audit procedures included for example the following procedures: – We gained an understanding of the methods and assumptions used by management in goodwill impairment testing. – We tested the mathematical accuracy of the model used. – We assessed the reasonableness of the estimated future revenues and profitability levels and their consistency with the approved budgets and forecasts. – We assessed the reasonableness of the discount rate used and compared selected assumptions used in determining the discount rate to observable market data. – We assessed estimation uncertainty by comparing actual net sales and profitability against forecasts from previous year. – We assessed reasonableness of the assumptions used by management in sensitive analysis. – We assessed the appropriateness of the notes to the consolidated financial statements.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
<p>Valuation of holdings in group undertakings and amounts owed by group undertakings in the parent company's financial statements Refer to the accounting principles of the consolidated financial statements and the parent company's financial statements</p> <p>The assets on Componenta Corporation's balance sheet consist to a large extent of subsidiary shares and loan receivables from subsidiaries. Management have used significant judgment in assessing the valuation of subsidiary shares and loan receivables. When making the assessment the Management have considered among other things the subsidiaries' ability to generate income and their ability to continue as a going concern.</p> <p>Management have used significant judgment and estimations of future development in assessing the effect of above mentioned matters in Componenta Corporations financial statements. For this reason, this matter is considered a key audit matters in the audit of the parent company.</p>	<p>Our audit procedures included for example the following procedures:</p> <ul style="list-style-type: none"> – We assessed cash flow analysis prepared by management used as a basis of valuation of holdings in group undertakings and amounts owed by group undertakings – We assessed the management's estimates related to valuation of properties owned by subsidiaries.
<p>There is no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.</p>	

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 28 February 2011 and our appointment represents a total period of uninterrupted engagement of 12 years. Authorised public accountant (KHT) Ylva Eriksson was first appointed as auditor in charge nominated by PricewaterhouseCoopers Oy by the annual general meeting on 8 April 2022.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Review, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 15 March 2022

PricewaterhouseCoopers Oy

Authorised Public Accountants

Ylva Eriksson

Authorised Public Accountant (KHT)

Information for shareholders

Annual General Meeting

The Annual General Meeting of Shareholders of Componenta Corporation will be held on Thursday, 13 April 2022 at 9.00 EEST. The notice of the Annual General Meeting has been published as a separate stock exchange release.

Participation

Each shareholder, who is registered on the record date of the Annual General Meeting, 30 March 2023, in the shareholders' register of the company held by Euroclear Finland Ltd., has the right to participate in the Annual General Meeting.

Registration

A shareholder entered in the shareholder register who wishes to participate in the Annual General Meeting must register no later than April 3, 2023 at 4 pm on the company's website at <https://www.componenta.com/investors/corporate-governance/general-meeting/annual-general-meeting-2023/> or by e-mail ir.componenta@componenta.com.

Dividend

The Board of Directors proposes that no dividend be distributed for the financial period 1 January to 31 December 2022.

Financial information in 2023

During the year 2023, Componenta Corporation will publish its financial reports as follows:

- **Business Review for January–March 2023** on Friday 5 May 2023
- **Half-year Financial Report for January–June 2023** on Tuesday 25 July 2023
- **Business Review for January–September 2023** on Friday 3 November 2023.

All publications and releases are available on Componenta's website immediately after publication.

Componenta's Annual review 2022 is available on www.componenta.com. Previous annual reports,

sustainability reports and interim reports are also available on the company website. You can order a print version of a publication by email from ir.componenta@componenta.com.

By registering on Componenta's website, you can subscribe to your own e-mail and receive all the company's bulletins as soon as they are published.

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

Investor relations and contact details

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

Before publishing the financial statements releases and interim reports, we observe a 30 day silent period. During that time, we will not hold meetings with investors or comment on financial performance.

Investors and shareholders can contact Componenta via email: ir.componenta@componenta.com.



COMPONENTA

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