

FINANCIAL INTERIM RELEASE H1 2023

		H1/23	H1/22	2022
Revenue	EUR million	95.3	92.1	198.7
EBITDA	EUR million	15.1	24.5	53.7
EBIT	EUR million	14.4	24.0	52.3
Earnings before taxes	EUR million	12.1	22.6	49.2
Profit from continuing operations	EUR million	10.5	21.2	44.7
Profit from discontinuing operations	EUR million	0.0	2.9	2.9
Profit	EUR million	10.5	24.1	47.6
Earnings per share	EUR	0.04	0.10	0.19
EBITDA margin	%	15.8	26.7	27.1
EBIT margin	%	15.1	26.1	26.3
Earnings margin	%	12.7	24.6	24.8
Personnel (end of period)		610	549	600

FIRST HALF 2023 HIGHLIGHTS

- Revenue increased by 3.6% to EUR 95.3 (H1/2022: 92.1) million;
- Processed material sold decreased by 15.5% to 12,855 (H1/2022: 15,205) tonnes;
- Tonnage mined increased significantly to 162,971 (H1/2022: 39,109) tonnes;
- The Group's EBITDA was EUR 15.1 (H1/2022: 24.5) million and the EBITDA margin was 15.8% (H1/2022: 26.7%);
- EBIT was EUR 14.4 (H1/2022: 24.0) million, with the EBIT margin at 15.1% (H1/2022: 26.1%);
- Profit for the period totalled EUR 10.5 (H1/2022: 21.2) million;
- Cash flow from operations stood at EUR 8.3 (H1/2022: 10.1) million;
- The interest-bearing debt amounted to EUR 3.8 (26.4) (31 December 2022: 2.2) million;
- Cash and cash equivalents at 30 June totalled EUR 19.9 (30 June 2022: 5.0) (31 December 2022: 12.4) million.

OUTLOOK FOR THE SECOND HALF OF 2023

The ferro-chromium market typically slows down both in demand and price in Q3, due to the summer break. The prices for low carbon ferro-chrome have reduced substantially during H1, but now seem to have found a bottom. The low-priced imports from China and India in 2023 have led us to reduce our output (especially of standard grades). We do not expect substantial changes during H2/2023 in that respect. Afarak has been for many years now the only Western producer of low carbon ferro-chrome, a critical material for the production of the Aerospace, Automotive, Green energies, and various other industries.

CEO Dr ROMAN LURF

“During the first half of 2023, the company succeeded to record very solid results from our underlying base business under challenging market conditions. Our specialty segment showed sustainable profitability with stable demand in our core markets US, Europe and Japan, although the global low carbon ferro-chrome demand and its market prices have decreased substantially over that period.

For H2 we foresee an ongoing challenging market environment, with further weak global market prices, combined with low demand. A lot will depend on the central banks inflation strategy, the recent government policies such as the US Inflation Reduction Act, the EU's proposed Green Deal and the further development of the present geo-political tensions both in Europe and South-East Asia as well.

Nevertheless, we are confident about remaining profitable due to being the top-quality low carbon ferro-chrome producer in the global market and our ongoing cost reduction and productivity improvement programs in place.

The Ferro-Alloys segment, based on our mining activity in South Africa is continuously improving and has been profitable in H1. For H2 we expect further positive developments which are driven by our continuous business- and development- improvement initiatives.

The company also intends to resume the development and operations in our Magnochrome refractory project, in Serbia to strengthen our business model through further diversification. Initial investments to the facilities should be launched during H2.

The planned integration of the LL-resources Group into Afarak, is expected to show first synergy effects during Q4 2023, and we are very positive about the additional revenue and profit streams triggered and added by the combination of both organizations.

Finally, I would like to thank all our shareholders, our customers and suppliers and our outstanding employees for their continuous support and efforts which has been crucial for our success.
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OVERVIEW OF RESULTS

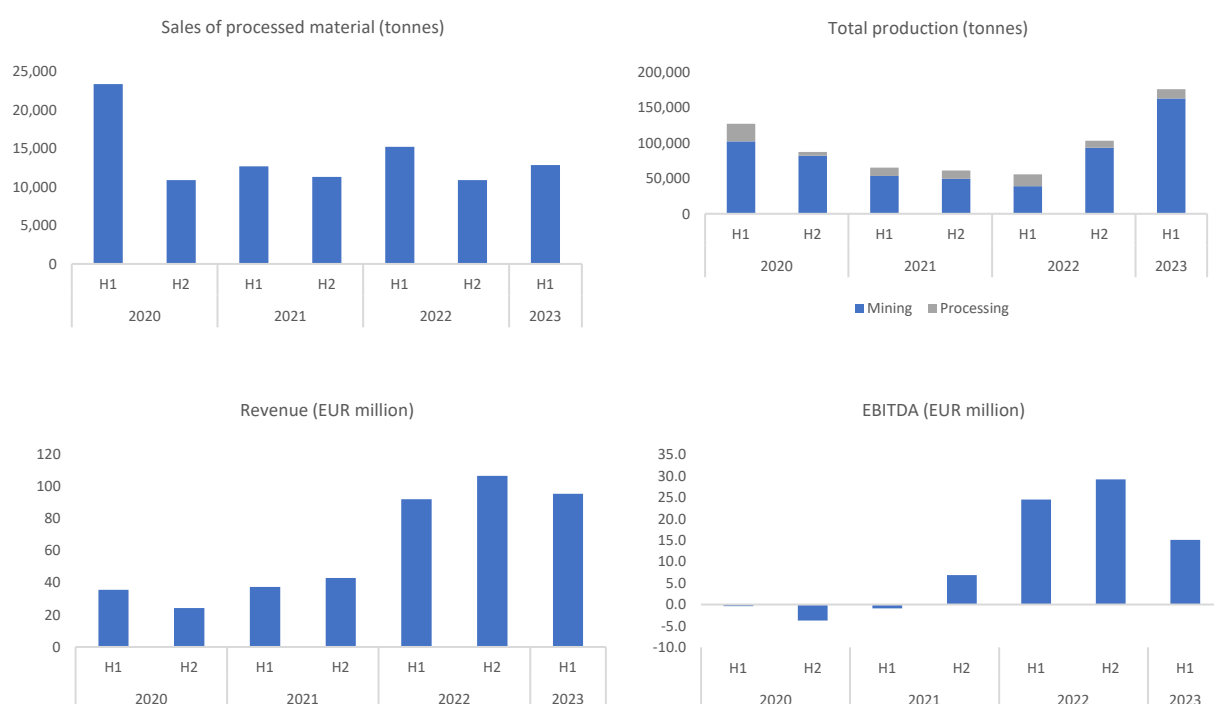
This Interim Report is prepared in accordance with the IAS 34 standard and is unaudited. All the corresponding comparable figures of 2022 are presented in brackets, unless otherwise explicitly stated.

MARKET OVERVIEW

Low carbon ferrochrome prices for standard grade are expected to stabilize going forward, but they remain very low. We do not expect increasing the output for these grades, unless the stainless mills improve their activity. The special grade market continues to grow and show upside. Generally speaking, Afarak is expecting solid results for H2/2023 however.

FIRST HALF 2023 COMPARED TO FIRST HALF 2022

The Group revenue increased slightly by 3.6% during the first half of 2023. The sales volumes of Low Carbon Ferrochrome were lower than same period of last year. This was however offset by the increase in sale of Chrome Ore material to third parties in both Turkish and South African mines. Higher mining activity at the Turkish mines and at the South African mines, which helped in the profitability of the Group during the reporting period, while lower processing levels at the EWW plant in Germany. EBITDA for the period was EUR 15.1 (24.5) million. One of the primary contributors to the lower profitability was the significant increase in the cost of raw materials. With reduced production levels, the company faced higher unabsorbed costs. This has contributed to an increase in the cost of production. Financial income and expenditure during the first half of the year were EUR -2.2 (-1.4) million.



SEGMENT PERFORMANCE

SPECIALITY ALLOYS BUSINESS

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

Speciality Alloys key figures

		H1/23	H1/22	2022
Revenue	EUR million	89.6	91.1	191.7
EBITDA	EUR million	15.4	25.6	56.2
EBIT	EUR million	14.8	25.2	55.4
EBITDA margin	%	17.2	28.1	29.3
EBIT margin	%	16.5	27.7	28.9
Sales	Tonnes	12,855	15,205	26,085
Total production	Tonnes	46,997	46,294	87,734
Mining	Tonnes	33,468	29,649	61,092
Processing	Tonnes	13,529	16,645	26,642
Personnel		482	462	488

PERFORMANCE COMPARED TO FIRST HALF 2022/2023

- Revenue during the first half of 2023 decreased marginally by 1.7% to EUR 89.6 (91.1) million. Lower revenue due to lower sales volumes when compared to same period last year;
- Processing levels at the EWW plant in Germany were lower than last year due to a shutdown to maintain stock levels;
- The mining activity at TMS increased during the first half of 2023, resulting an increase of 13% when compared to prior periods;
- EBITDA was EUR 15.4 (25.6) million, the decrease is due to significant lower sales volumes and reduced sales prices. Margins were further impacted by the cost of raw materials when compared to the same period last year.
- Compared to the average results in recent years, the profitability in H1/2023 is still excellent. The company has stressed out repeatedly that the 2022 results were exceptionally good, and can't be expected on regular basis.

FERROALLOYS BUSINESS

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

FerroAlloys key figures

		H1/23	H1/22	2022
Revenue	EUR million	5.7	0.4	5.3
EBITDA	EUR million	1.7	0.1	0.5
EBIT	EUR million	1.6	0.0	0.2
EBITDA margin	%	30.6	20.9	9.3
EBIT margin	%	27.9	0.1	4.4
Sales	Tonnes	26	0	0
Total production	Tonnes	129,505	9,460	71,271
Mining	Tonnes	129,505	9,460	71,271
Personnel		112	69	94

PERFORMANCE COMPARED TO FIRST HALF 2022/2023

- Revenue increased significantly during the first half of 2023 due to higher sales volumes of Chrome Ore;
- Production increased significantly at the South African mines to keep up with the demand and benefit from the improved market conditions;
- The above factors resulted in a positive EBITDA which stood at EUR 1.7 (0.1) million.

UNALLOCATED ITEMS

For the first half of 2023, the EBITDA from unallocated items was EUR -2.0 (-1.2) million when compared to same period of last year.

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's total assets on 30 June 2023 stood at EUR 162.7 (172.2) (31 December 2022: 159.8) million and net assets totalled EUR 109.1 (74.1) (31 December 2022: 104.8) million. During the first half of 2023, currency movements had an effect on Afarak's balance sheet, with the translation reserve moving by EUR 4.7 (6.6) million. The Group's cash and cash equivalents, as at 30 June 2023, totalled EUR 19.9 (5.0) million (31 December 2022: 12.4). Operating cash flow in the first half of the year was EUR 8.3 (10.1) million.

The equity ratio was 67.1% (43.0%) (31 December 2022: 65.6%). Afarak's gearing at the end of June 2023 continued to reduce to -14.8% (28.9%) (31 December 2022: -9.8%) driven by the lower interest-bearing debt to EUR 3.8 (26.4) (31 December 2022: 2.2) million.

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the first half of 2023 remained at the same level of last year at EUR 1.4 (0.6) million to sustain Group operations.

IMPAIRMENT TESTING

Afarak Group has carried out impairment testing on goodwill and other assets as of 30 June 2023 for the Speciality Alloys business and the South African mining business.

During H1 2023, there were no indication of impairment at both the Speciality Alloys business and the South African mining business.

GOING CONCERN

The company is in sound condition and presents a healthy balance sheet.

PERSONNEL

At the end of the first half 2023, Afarak had 610 (549) employees. The average number of employees during the first half of 2023 was 598 (515).

SUSTAINABILITY

The company has not had any major incident during H1/2023.

Our goal is to keep very highest standards across all the business unit concerning health and safety of our employees, which continue to be our key central focus.

SHARES & SHAREHOLDERS

On 30 June 2023, the registered number of Afarak Group SE shares was 267,041,814 (252,041,814) and the share capital was EUR 23,642,049.60 (23,642,049.60).

On 30 June 2023, the Company had 6,541,514 (5,173,991) own shares in treasury, which was equivalent to 2.45% (2.04%) of the issued shares. The total number of shares outstanding, excluding the treasury shares held by the Company on 30 June 2022, was 260,500,300 (246,867,823).

At the beginning of the period under review, the Company's share price was EUR 0.35 on NASDAQ Helsinki and GBP 0.20 on the London Stock Exchange. At the end of the review period, the share price was EUR 0.47 and GBP 0.20 respectively. During the first half of 2023, the Company's share price on NASDAQ Helsinki ranged from EUR 0.35 to 0.69 per share and the market capitalisation, as at 30 June 2023, was EUR 125.38 (1 January 2023: 94.27) million. For the same period on the London Stock Exchange, the share remained at GBP 0.20 per share and the market capitalisation was GBP 53.4 (1 January 2023: 53.4) million, as at 30 June 2023.

RISKS & UNCERTAINTIES

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

Changes in foreign exchange rates, if adverse, could have a negative impact on the Group's profitability, in particular changes in US Dollar/South African Rand. To better manage its foreign

exchange US Dollar/South African Rand exposure, the Group constantly evaluates its current and potential exposures and the need to enter into forward contract arrangements. The Group continuously assesses its working capital to minimise the time during which the Group is exposed to exchange movements and to ensure that it has sufficient funds to meet its liabilities.

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

CORPORATE GOVERNANCE

ANNUAL GENERAL MEETING

Afarak Group SE's Annual General Meeting was held in Helsinki on 21 June 2023.

The AGM adopted the financial statements and the consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial period 2022. The AGM resolved that no dividend would be paid for 2022. The AGM also adopted the Remuneration Report for the Company's governing bodies.

THE BOARD OF DIRECTORS

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

The AGM resolved that the Non-executive Board Members shall be paid EUR 5,000 per month and the Chairman of the board shall be paid an additional EUR 1,500 per month. Non-Executive Board Members who serve on the Board's Committees shall be paid additional EUR 1,500 per month for committee work. Those members of the Board of Directors that are executives of the Company are not entitled to receive any remuneration for Board membership. Board Members shall be compensated for travel and accommodation expenses as well as other costs directly related to Board and Committee work in accordance with the company's travel rules.

THE AUDITOR

The AGM resolved that the Company will pay the fee to the auditor against an invoice that is inspected by the Company and that according to the recommendation by the Audit Committee, the Authorised Public Accountant Tietotili Audit Oy was re-elected as the Auditor of the Company. Tietotili Audit Oy has informed the Company that the individual with the principal responsibility at Tietotili Audit Oy, is Authorised Public Accountant Urpo Salo.

ONE-OFF RETROACTIVE ADDITIONAL COMPENSATION TO NON-EXECUTIVE BOARD MEMBERS

The AGM resolved that the Non-Executive Board Members Thorstein Abrahamsen and Dr Jelena Manojlovic shall be paid EUR 50,000 each as a one-off retroactive additional compensation for during the last couple of years having taken on substantial more work on a 24/7 availability basis, to facilitate operating through difficult times with reduced income during the pandemic and with a lot of changes in the Company (divestment of assets, downsizing, further development), and through recovery and significant improved performance of the Company to its' best ever financial result in 2022.

CHANGE OF THE ARTICLES OF ASSOCIATION

The AGM resolved that the Articles of Association of the Company are amended by changing the Article 8 (Call to the General Meeting) so that the general meeting can be held completely without a meeting venue as a so-called remote meeting.

Following the changes, the above-mentioned Article 8 of the Articles of Association reads as follows:

“8 Call to the General Meeting

The call to the General Meeting shall be published on the company's website and as a stock exchange release no earlier than two (2) months and no later than twenty-one (21) days before the meeting, however, in any event nine (9) days before the record date of the General Meeting. The Board of Directors may, at its discretion, also publish the call to the General Meeting in one or two national newspapers or by sending the call to the meeting to the shareholders to their addresses recorded in the share register by registered mail or other verifiable means. Aside from the location of the registered office, the General Meeting may also be held in Espoo, Oulu, Oulunsalo or Vantaa. The Board of Directors may also decide that the General Meeting will be held without a meeting venue so that the shareholders will exercise their decision-making power full-on and on an up-to-date basis by means of a telecommunications connection and a technical device during the meeting.”

ACQUISITION OF LL-RESOURCES GMBH

The AGM approved the Transaction, as detailed in the Circular dated 31 May 2023, and authorized the Board of Directors to take all such steps as may be necessary or acceptable in relation thereto and to carry the same into effect with such modifications, variations, revisions or amendments (providing such modifications, variations, revisions or amendments are not of a material nature) as they shall deem necessary or desirable.

In relation to the Transaction, the AGM authorized the Board of Directors to issue ordinary shares. By virtue of the authorization shares could be issued up to a maximum of 140,000,000 new shares. This equates approximately 52.43 % of the Company's current registered shares. The Board of Directors will be entitled to decide on the directed share issue related to the implementation of the Transaction in such a way that the payment of the whole subscription price will be made with contribution in kind (the entire share capital of LL-resources GmbH). The authorization does not replace the previous authorizations and it is valid two (2) years as from the decision of the General Meeting.

AUTHORIZATION TO THE BOARD OF DIRECTORS TO DECIDE UPON SHARE ISSUE AND UPON ISSUING OTHER SPECIAL RIGHTS THAT ENTITLE TO SHARES

The AGM resolved to authorize the Board of Directors to issue shares and stock options and other special rights that entitle to shares in one or more tranches up to a maximum of 250,000,000 new shares or shares owned by the Company. This equates to approximately 93.62 % of the Company's currently registered shares. The authorization may be used among other things to raise additional finance and enabling corporate and business acquisitions or other arrangements and investments of business activity or for employee incentive and commitment schemes. By virtue of the authorization, the Board of Directors can decide both on share issues against payment and on share issues without payment. The payment of the subscription price can also be made with consideration other than money. The authorization contains the right to decide on derogating from shareholders' pre-emptive right to share subscriptions provided that the conditions set in the Finnish Companies' Act are fulfilled. The authorization replaces all previous authorizations granted in the Annual General Meeting in 2022 and is valid two (2) years from the decision of the Annual General Meeting.

BOARD OF DIRECTORS

The AGM resolved that the Board of Directors would comprise of three (3) members: Dr Jelena Manojlovic (UK citizen), Mr Thorstein Abrahamsen (Norwegian citizen) and Mr Guy

Konsbruck (Luxembourg citizen) were re-elected as Board members. The Board Committees and their composition are as follows:

Audit and Risk Management Committee

Thorstein Abrahamsen (Chair) and Jelena Manojlovic

Nomination and Remuneration Committee

Jelena Manojlovic (Chair) and Thorstein Abrahamsen

Health, Safety and Sustainable Development Committee

Thorstein Abrahamsen (Chair), Jelena Manojlovic and Guy Konsbruck

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

AFARAK GROUP AND LL RESOURCES GMBH SIGN A COMBINATION AGREEMENT

After signing the transaction on 12 May 2023, the Companies have worked on the accomplishment of the conditions present for the clearances of the merge and control in Austria and Germany, and the FDI in Austria, which have been obtained during late July.

The companies are still working on the prospectus which is the last condition precedent to be finalised. The combination of Afarak and LL-Resources GmbH is moving along as planned and the Transaction is expected to be completed by the end of the year 2023.

FLAGGING NOTIFICATION

On 27 February 2023, Afarak published that on 27 February 2023 it received from Aida Djakov and the company Atkey Limited (“Atkey”), in which Aida Djakov has a controlling interest, a flagging notification pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act. According to the notification, Aida Djakov holds 61,926,701 Afarak shares as a result of a transaction carried out on 27 February 2023, which is equivalent to approximately 23.19 per cent of the shares and votes of Afarak.

REPORTING

EVENTS DURING THE REVIEW PERIOD

On 17 January 2023, the Company announced changes regarding Afarak Group SE’s treasury shares, where a total of 500,000 shares were transferred to the CEO Guy Konsbruck, which form part of the remuneration package under the CEO agreement.

On 23 February 2023, Afarak announced that the business rescue proceeding of Afarak South Africa (PTY) Ltd were terminated and that the company is to continue with its normal business operations.

On 24 February 2023, Afarak published the financial statement release for 2022.

On 31 March 2023, Afarak published the Annual financial statements for 2022.

On 26 April 2023, Afarak published the production report for the first quarter of 2023.

On 12 May 2023, Afarak published that Afarak Group and LL Resources GmbH have signed a combination agreement.

On 16 May 2023, Afarak issued clarifications after the release of 12th May 2023.

On 31 May 2023, the company released notice to the Annual General Meeting.

On 12 June 2023, the company announced the managers transactions, as the Group CEO have disposed 1,000,000 of his own shares.

On 21 June 2023, the company published the resolution for the annual general meeting.

On 21 June 2023, the company announced changes in the senior management of Afarak Group SE.

EVENTS SINCE THE END OF THE REVIEW PERIOD

On 3 August 2023, the company published that following the merger control applications in relation to combination of Afarak and LL-Resources GmbH, Austrian Federal Competition Authority and German Federal Cartel Office have granted necessary clearances and approvals so that the Transaction can be executed. Furthermore, Austrian Federal Ministry of Labour and Economy (Bundesministerium für Arbeit und Wirtschaft) has given FDI clearance and approval for the Transaction pursuant to the Austrian Investment Control Act.

FINANCIAL INFORMATION

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

H1/2023 6 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	89,578	5,684	898	-840	95,320
EBITDA	15,363	1,737	-1,993	0	15,107
EBIT	14,817	1,584	-2,010	0	14,391
Segment's assets	168,183	45,239	7,114	-57,856	162,680
Segment's liabilities	47,364	39,781	39,778	-73,346	53,577

H1/2022 6 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	91,115	402	1,319	-785	92,051
EBITDA	25,615	84	-1,158	0	24,541
EBIT	25,224	0	-1,176	0	24,048
Segment's assets	158,966	53,360	9,102	-49,255	172,173
Segment's liabilities	76,354	48,217	40,119	-66,630	98,060

FY 2022 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	191,736	5,259	4,029	-2,333	198,691
EBITDA	56,228	490	-2,972	0	53,747
EBIT	55,381	229	-3,318	0	52,293
Segment's assets	160,747	49,331	7,639	-57,959	159,758
Segment's liabilities	48,184	42,461	39,036	-74,710	54,971

RESULTS DEVELOPMENT

	H1/20 Restated	H2/20	H1/21	H2/21	H1/22	H2/22	H1/23
Sales (tonnes)							
Mining	78,084	118,797	33,656	16,311	10,764	57,118	50,231
Processing	23,356	10,900	12,667	11,307	15,205	10,880	12,881
Trading	28	0	31	12	25	0	23
Total	101,468	129,697	46,354	27,630	25,994	67,998	63,135
Average rates*							
EUR/USD	1.102	1.181	1.2053	1.161	1.0934	1.014	1.081
EUR/ZAR	18.311	19.206	17.5244	17.431	16.8485	17.560	19.679
Euro (million)							
Revenue	35.5	24.3	37.3	42.9	92.1	106.6	95.3
EBITDA	-0.3	-3.7	-0.9	6.8	24.5	29.2	15.5
EBITDA margin	-1.0%	-15.2%	-2.4%	5.9%	26.7%	28.2	16.2%
EBIT	-1.7	-26.5	0.9	15.9	24.0	27.4%	14.8
EBIT margin	-4.8%	-109.0%	2.4%	13.8%	26.1%	26.5%	15.5%

*Average rates in the respective half year

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	H1/23	H1/22	FY2022
Revenue	95,320	92,051	198,691
Other operating income	970	854	2,641
Operating expenses	-81,183	-68,364	-147,585
Depreciation and amortisation	-716	-493	-1,297
Impairment	0	0	-157
Operating profit	14,391	24,048	52,293
Financial income and expense	-2,242	-1,413	-3,106
Profit before tax	12,149	22,635	49,187
Income tax	-1,688	-1,403	-4,475
Profit for the period from continuing operations	10,461	21,232	44,712
Discontinued operations			
Profit for the period from discontinued operations	0	2,885	2,885
Profit for the period	10,461	24,117	47,597
Profit attributable to:			
Owners of the parent	10,306	24,198	47,716
Non-controlling interests	155	-81	-119
Total	10,461	24,117	47,597
Earnings per share for profit attributable to the shareholders of the parent company, EUR			
Basic earnings per share, EUR	0.04	0.10	0.19
Diluted earnings per share, EUR	0.04	0.10	0.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	H1/23	H1/22	FY2022
Profit for the period	10,461	24,117	47,597
Other comprehensive income			
Remeasurement of defined benefit pension plans	0	0	8,101
Exchange differences on translating foreign operations – Group	-4,611	6,528	2,069
Other comprehensive income, net of tax	-4,611	6,528	10,170
Total comprehensive income for the period	5,850	30,645	57,767
Total comprehensive income attributable to:			
Owners of the parent	5,604	30,778	57,885
Non-controlling interests	246	-133	-118

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	30.6.2023	30.6.2022	31.12.2022
ASSETS			
Non-current assets			
Goodwill	47,476	50,072	48,720
Other intangible assets	4,590	5,801	5,239
Property, plant and equipment	36,196	39,916	38,976
Deferred tax asset	480	1,684	654
Other non-current assets	<u>932</u>	<u>158</u>	<u>961</u>
Non-current assets total	89,674	97,631	94,550
Current assets			
Inventories	25,098	25,763	24,734
Trade receivables	8,371	17,666	7,833
Other receivables	19,591	26,150	20,223
Cash and cash equivalents	<u>19,946</u>	<u>4,963</u>	<u>12,418</u>
Current assets total	73,006	74,542	65,208
Total assets	162,680	172,173	159,758
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	23,642	23,642	23,642
Share premium reserve	25,223	25,223	25,223
Paid-up unrestricted equity reserve	215,233	209,832	215,116
Legal Reserve	21	34	31
Translation reserves	-40,926	-31,712	-36,224
Retained earnings	<u>-113,415</u>	<u>-151,972</u>	<u>-122,081</u>
Equity attributable to owners of the parent	109,778	75,047	105,707
Non-controlling interests	-675	-934	-920
Total equity	109,103	74,113	104,787
Liabilities			
Non-current liabilities			
Deferred tax liabilities	7,986	9,736	9,111
Provisions	11,253	12,947	12,207
Pension liabilities	11,434	20,409	11,988
Financial liabilities	384	<u>14,919</u>	<u>427</u>
Non-current liabilities total	31,057	58,011	33,733
Current liabilities			
Trade payables	3,636	12,363	7,352
Other current liabilities	<u>18,884</u>	<u>27,686</u>	<u>13,886</u>
Current liabilities total	22,520	40,049	21,238
Total liabilities	53,577	98,060	54,971
Total equity and liabilities	162,680	172,173	159,758

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

EUR '000	30.6.2023	30.6.2022	31.12.2022
Cash and cash equivalents	19,946	4,963	12,418
Interest-bearing receivables			
Current	0	0	0
Non-current	<u>87</u>	<u>117</u>	<u>102</u>
Interest-bearing receivables	87	117	102
Interest-bearing liabilities			
Current	3,438	11,527	1,790
Non-current	<u>362</u>	<u>14,891</u>	<u>404</u>
Interest-bearing liabilities	3,800	26,418	2,194
NET TOTAL	16,233	-21,338	10,326

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

EUR '000	Property, plant and equipment	Intangible Assets
Acquisition cost 1.1.2023	73,378	133,319
Additions	1,366	27
Disposals	-21	-7
Reclass between items	336	0
Effect of movements in exchange rates	-8,182	-3,471
Acquisition cost 30.06.2023	66,877	129,868
Accumulated depreciation and impairment 1.1.2023	-34,401	-79,359
Depreciation	-661	-55
Disposals	20	0
Effect of movements in exchange rates	4,363	1,613
Accumulated depreciation and impairment at 30.06.2023	-30,679	-77,801
Carrying amount at 1.1.2023	38,978	53,960
Carrying amount at 30.06.2023	36,196	52,066
Acquisition cost 1.1.2022	72,497	127,038
Additions	624	0
Disposals	-226	-23
Reclass between items	-23	0
Effect of movements in exchange rates	2,932	10,463
Acquisition cost 31.12.2022	75,804	137,478
Accumulated depreciation and impairment 1.1.2022	-34,026	-75,461
Depreciation	-450	-44
Disposals	33	25
Effect of movements in exchange rates	-1,445	-6,125
Accumulated depreciation and impairment at 31.12.2022	-35,888	-81,605
Carrying amount at 1.1.2022	38,471	51,577
Carrying amount at 31.12.2022	39,916	55,873

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000	H1/23	H1/22	FY2022
Profit from continuing operation	10,461	21,232	44,712
Adjustments to profit for the period	2,226	2,548	3,744
Changes in working capital	-4,375	-14,764	-18,336
Discontinued operations	0	1,049	1,089
Net cash from operating activities	8,312	10,065	31,209
Capital expenditure on non-current assets, net	-1,583	-553	-1,682
Other investments, net	-20	-5	84
Net cash used in investing activities	-1,603	-558	-1,598
Proceeds from borrowings	0	2,122	2,183
Repayment of borrowings, and other financing activities	-18	-13,231	-27,184
Movement in short-term financing activities*	1,700	0	1,555
Net cash used in financing activities	1,682	-11,109	-23,446
Net increase in cash and cash equivalents	8,391	-1,602	6,165
Cash at the beginning of the period	12,418	6,287	6,287
Translation differences	-863	278	-34
Cash at the end of the period	19,946	4,963	12,418
Change in the statement of financial position	8,391	-1,602	6,165

*This includes trade receivable facilities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

EUR '000	A	B	C	D	E	F	G	H	I
Equity at 31.12.2021	23,642	25,223	209,798	-38,292	-176,170	39	44,241	-801	43,439
Profit for the period 1-6/2022 + comprehensive income				6,580	24,198		30,778	-81	30,697
Translation differences							0	-52	-52
Share-based payments			34				34		34
Other changes in equity						-5	-5		-5
Equity at 30.06.2022	23,642	25,223	209,832	-31,712	-151,972	34	75,047	-934	74,113
Profit for the period 7-12/2022 + comprehensive income				-4,512	23,518		19,006	-38	18,968
Translation differences							0	53	53
Share-based payments			33				33		33
Issue of shares in exchange for settlement of liability			5,252				5,252		5,252
Remeasurements of defined benefit pension plans					8,101		8,101		8,101
Provision for withholding tax					-1,728		-1,728		- 1,728
Other changes in equity						-4	-4		-4
Equity at 31.12.2022	23,642	25,223	215,117	-36,224	-122,081	30	105,707	-920	104,787
Profit for the period 1-6/2023 + comprehensive income				-6,343	10,306		3,963	155	4,118
Translation differences					0		0	91	91
Share-based payments			116				116		116
Reclassification of exchange differences on translation of foreign operations				1,641	-1,641		0		0
Other changes in equity						-9	-9		-9
Equity at 30.06.2023	23,642	25,223	215,233	-40,926	-113,415	21	109,777	-675	109,103

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	H1/23	H1/22	FY2022
Financing expense to other related parties	0	-222	-336
Trade and other receivables from other related parties	6	28	23
Loan payables to other related parties	0	14,566	0

FINANCIAL INDICATORS

	H1/23	H1/22	FY2022
Return on equity, % p.a.	19.6%	72.2%	60.3%
Return on capital employed, % p.a.	35.2%	64.3%	59.9%
Equity ratio, %	67.1%	43.0%	65.6%
Gearing, %	-14.8%	28.9%	-9.8%
Personnel at the end of the period	610	549	600

EXCHANGE RATES

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

The key exchange rates applied in the accounts:

Average rates

	H1/23	H1/22	FY2022
TRY	21.5662	16.2579	17.4088
USD	1.0807	1.0934	1.0530
ZAR	19.6792	16.8485	17.2086

Balance sheet rates

	30.6.2023	30.6.2022	31.12.2022
TRY	28.3193	17.3220	19.9649
USD	1.0866	1.0387	1.0666
ZAR	20.5785	17.0143	18.0986

FORMULAS FOR FINANCIAL INDICATORS

Financial ratios and indicators have been calculated with the same principles as applied in the 2022 financial statements. These principles are presented below.

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

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES

This Interim Report is prepared in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with Afarak's financial statements for 2022. Afarak has applied the same accounting principles in the preparation of this Interim Report as in its financial statements for 2022, except for the adoption of new standards and interpretations that become effective in 2023. The changes did not have material impact on the Interim Report.

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

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

The Interim Report data are unaudited.

SHARE-RELATED KEY FIGURES

		H1/23	H1/22	FY2022
Share price development in London Stock Exchange				
Average share price*	EUR	0.23	0.24	0.23
	GBP	0.20	0.20	0.19
Lowest share price*	EUR	0.23	0.24	0.23
	GBP	0.20	0.20	0.20
Highest share price*	EUR	0.23	0.24	0.23
	GBP	0.20	0.20	0.20
Share price at the end of the period**	EUR	0.23	0.23	0.23
	GBP	0.20	0.20	0.20
Market capitalisation at the end of the period**	EUR million	62.23	58.74	60.22
	GBP million	53.41	50.41	53.41
Share trading development				
Share turnover	thousand shares	54	4,444	6,142
Share turnover	EUR thousand	30	1,423	2,125
Share turnover	GBP thousand	26	1,199	1,812
Share turnover	%	0.02%	1.8%	2.30%
Share price development in NASDAQ Helsinki				
Average share price	EUR	0.55	0.43	0.42
Lowest share price	EUR	0.35	0.12	0.12
Highest share price	EUR	0.69	0.98	0.98
Share price at the end of the period	EUR	0.47	0.39	0.35
Market capitalisation at the end of the period	EUR million	125.38	98.30	94.27
Share trading development				
Share turnover	thousand shares	60,508	109,896	149,199
Share turnover	EUR thousand	33,406	47,224	62,146
Share turnover	%	22.7 %	43.6	55.9%

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

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

Formulas for share-related key indicators

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

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

FORWARD LOOKING STATEMENTS

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

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