

FINANCIAL STATEMENTS RELEASE 2020

Afarak Group has restated its figures for H1 2020 and 2019 due to the loss of control and the end of the consolidation of Afarak Mogale (Pty) Ltd. Afarak Group reclassified Afarak Mogale (Pty) Ltd's previously reported income statement figures as discontinued operations. There is no change to the previously reported balance sheet figures.

		H2/20	H2/19 Restated	FY2020	FY2019 Restated
Revenue	EUR million	24.3	42.6	59.8	97.9
EBITDA	EUR million	-3.7	-4.9	-4.1	-5.4
EBIT	EUR million	-13.0	-6.9	-14.7	-9.1
Earnings before taxes	EUR million	-14.9	-10.1	-19.0	-5.8
Profit from continuing operations	EUR million	-13.3	-9.6	-17.9	-6.1
Profit from discontinued operations	EUR million	17.6	-20.1	6.1	-52.8
Profit for the period	EUR million	4.4	-29.7	-11.8	-58.9
Earnings per share	EUR	0.02	-0.12	-0.05	-0.23
EBITDA margin	%	-15.2	-11.6	-6.8	-5.5
EBIT margin	%	-53.7	-16.1	-24.7	-9.2
Earnings margin	%	-61.5	-23.8	-31.8	-5.9
Personnel (end of period)		621	905	621	905

SECOND HALF 2020 HIGHLIGHTS

- Revenue for the second half of 2020 decreased by 42.9% to EUR 24.3 (H2/2019: 42.6) million on account of lower sales volumes and lower selling prices;
- Speciality Alloys processed material sold decreased by 44.4%, to 6,459 (H2/2019: 11,608) tonnes;
- Tonnage mined decreased by 50.5%, to 82,120 (H2/2019: 166,060) tonnes due to the temporarily discontinued mining activity at the South African mines;
- The Group's EBITDA increased to EUR -3.7 (H2/2019: -4.9) million and the EBITDA margin at -15.2% (H2/2019: -11.6%);
- An impairment write-down on long term assets in Stellite mine of EUR 6.6 (H2/2019: 0.0) million;
- EBIT was EUR -13.0 (H2/2019: -6.9) million and the EBIT margin at -53.7% (H2/2019: -16.1%);
- Profit for the period from continuing operation totalled EUR -13.3 (H2/2019: -9.6) million;
- Cash flow from operations was EUR -2.2 (H2/2019: 3.1) million. Net interest-bearing debt decreased to EUR 48.2 (31 December 2019: 55.1) (30 June 2020: 54.7) million;
- Cash and cash equivalents at 31 December totalled EUR 1.1 (31 December 2019: 5.4) (30 June 2020: 6.1) million.

FULL YEAR 2020 HIGHLIGHTS

- Revenue for the year 2020 decreased by 38.9% on account of lower sales volumes and lower selling prices in both Speciality Alloys and FerroAlloys segment;
- Processed material sold decreased by 58.1%, to 34,356 (FY/2019: 81,802) tonnes;
- Tonnage mined decreased by 48.3%, to 184,779 (FY/2019: 357,557) tonnes due to the minimal activity at the South African mines during the year;
- EBITDA during the year improved to EUR -4.1 (FY/2019: -5.4) million. EBIT stood at EUR -14.7 (-9.1) million;
- An impairment write-down on long term assets in Stellite mine of EUR 6.6 (FY/2019: 0.0) million was recorded;
- The result of the discontinued operation was EUR 6.1 (-52.8) million;
- Profit from continuing operation for the full year 2020 totalled EUR -17.9 (FY/2019: -6.1) million.

MARKET SENTIMENT FOR 2021

Positive news on the vaccines, should trigger a recovery in the demand of Stainless Steel and hence of Chrome, with China as the main contributor.

The expectation is based on the tangible signals of recovery from the automotive market.

The bottoming of the aerospace industry in 2020, can only lead to a better 2021 in terms of aircrafts orderbooks and number of flights sold.

Last but not least, the household and housing market will also play an important role in demand growth.

The expectation to the trend has been given by the rise of the European ferro-chrome benchmark to \$1.175/lb for Q1 2021 with an increase of 3.1% from the fourth quarter of 2020. The first 2 months of 2021 show improved demand and prices for LC Ferro-Chrome already.

CEO GUY KONSBRUCK

“During H2/20, the business conditions for the chrome industry have remained weak. Except for China, the pandemic has had a strong grip on all economies, which kept the stainless steel market in a very subdued status. The placement of Mogale into business rescue (and the eventual loss of control in September), and the consequent production stop has caused the company’s dependence on the charge Cr prices to gradually reduce.

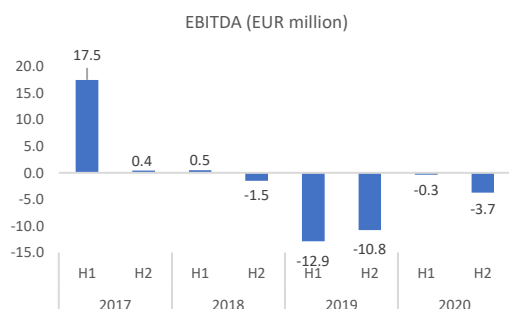
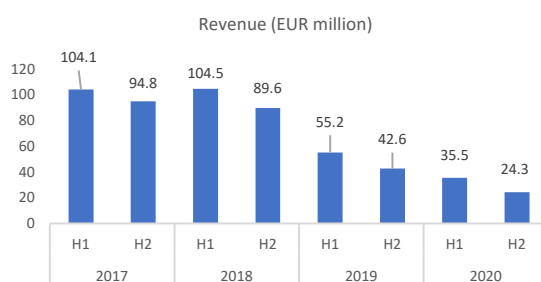
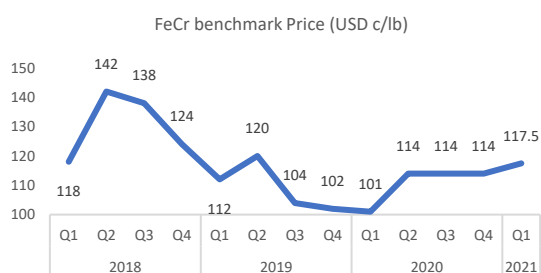
Our Specialty Alloys segment continued to perform in a more satisfactory way, given the circumstances. Low Carbon ferrochrome prices remained under pressure, and our efforts to right-size the production with the actual demand leads to a lower level of fixed cost absorption and ultimately higher cost of production. In consequence, the Speciality Alloys segment performance was slightly negative.

Afarak was forced to substantially reduce the South African Cr Ore output, due to the corona situation, and also due to poor market conditions.

The main priorities for Afarak in 2021 are stability and consistency of operational and financial performance, especially to increase the volumes and profitability of the specialty segment.”

OVERVIEW OF RESULTS

This Interim Report is prepared in accordance with the IAS 34 standard and is unaudited. All the corresponding comparable figures of 2019 are presented in brackets, unless otherwise explicitly stated.



MARKET OVERVIEW

2020 has been an unforgettable year with a pandemic which created a severe impact on the global economies.

The consequential great lockdowns have generated the shutdown of many industries for a long time, which resulted in a big damage to the global economy comparable to the one of the Great depression in the 1930s.

The uncertainty over the COVID situation have persisted through the quarters affecting the market presence of the major FeCr and Chrome ore supply like South Africa, Kazakhstan, India, Turkey and the demand regions such as China, USA, EU, and Japan. Their efforts to shield themselves from the negative economic effect of this pandemic have created a major effect on the commodities, the FeCr and Chrome ore markets specially on the demand side which diminished strongly due to the pandemic related lockdowns and measures.

The estimated stainless steel productions was rather stable due to China, but the rest of the world faced with a -14,6% growth rate Y-O-Y.

This generalized situation have further affected the performance of Afarak Group as well, keeping the profitability and cash flow positions strained which is again leading to a going concern situation.

H2 2020 COMPARED TO H2 2019

The ongoing Covid-19 pandemic continued to negatively affect the results during the second half of 2020. The lower demand for low carbon ferrochrome and the weaker selling prices during the second half of 2020 led for the Group revenue to drop by 42.9% to EUR 24.3 (42.6) million. The Group production also decreased by 48.3% mainly due to extended shutdowns throughout this period. Such factors had a negative impact on EBITDA, however the loss was lower than prior year at EUR -3.7 (-4.9) million. Results were also negatively impacted by an impairment write-down on long term assets in Stellite mine of EUR 6.6 (0.0) million. Financial income and expenditure during the second half of 2020 were EUR -1.9 (-3.3) million. During this period financials have been adjusted where Afarak Mogale (Pty) Ltd is now presented in discontinued operation and we stopped consolidating this company.

2020 COMPARED TO 2019

The Group revenue for the year decreased significantly by 38.9%. The adverse selling prices and the higher unabsorbed costs as a result of lower production during 2020 negatively affected EBITDA to EUR -4.1 (-5.4) million, however margins were kept at the same level as prior year. Results were also negatively impacted by an impairment write-down on long term assets in Stellite mine of EUR 6.6 (0.0) million. Financial income and expenditure during the quarter were EUR -4.3 (-3.8) million. The result of the discontinued operation was EUR 6.1 (-52.8) million, consisting of the result of the Mogale business no longer being consolidated in Afarak Group.

DISTRIBUTION PROPOSAL

The Board of Directors proposes to the Annual General Meeting which is scheduled to be held on 1st June 2021 that no distribution would be paid in 2020.

SEGMENT PERFORMANCE

SPECIALITY ALLOYS BUSINESS

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

Speciality Alloys key figures

		H2/20	H2/19	FY2020	FY2019
Revenue	EUR million	21.7	35.4	53.2	82.5
EBITDA	EUR million	-1.4	2.7	0.3	6.8
EBIT	EUR million	-2.0	1.5	-1.3	4.5
EBITDA margin	%	-6.3	7.6	0.6	8.3
EBIT margin	%	-9.2	4.3	-2.5	5.4
Sales	Tonnes	6,459	11,608	16,999	26,609
Total production	Tonnes	41,037	50,763	89,715	100,765
Mining	Tonnes	35,864	40,564	73,306	75,251
Processing	Tonnes	5,174	10,199	16,409	25,515
Personnel		516	534	516	534

PERFORMANCE COMPARED TO SECOND HALF 2019/2020

- Revenue decreased by 38.8%, to EUR 21.7 (35.4) million mainly due to lower demand resulting in significantly lower sales volumes of processed material and lower average selling prices during the period as well as the weakening of the US Dollar;
- Mining activity at TMS decreased for the first time after the positive trend of the past two years when compared to same period last year;
- EBITDA decreased markedly to a loss of EUR -1.4 (2.7) million, this was mainly driven by decrease in sales volumes, as well as the higher unabsorbed fixed overheads in the second half.

PERFORMANCE COMPARED TO FULL YEAR 2019/2020

- The adverse low carbon ferrochrome selling prices, together with lower sales volumes throughout 2020 resulted in a decrease in revenue for the full year by 35.5%, to EUR 53.2 (82.5) million;
- A marginal decrease in mining activity at both Turkish mines during the year when compared to prior year;
- The lower Ferrochrome production to address lower demand, has led to additional unabsorbed costs of EUR 2.4 (2.1) million in 2020;
- The positive EBITDA recorded during the first half of 2020 was offset by the losses incurred during the second half of 2020, due to the above factors and the negative impact of COVID-19 pandemic throughout the year, resulting in an EBITDA of EUR 0.3 (6.8) million.

FERROALLOYS BUSINESS

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

FerroAlloys key figures

		H2/20	H2/19 Restated	FY2020	FY2019 Restated
Revenue	EUR million	2.4	6.8	6.1	14.8
EBITDA	EUR million	-0.8	-3.6	-1.3	-5.3
EBIT	EUR million	-9.4	-4.1	-10.3	-6.2
EBITDA margin	%	-31.2	-53.3	-20.5	-35.6
EBIT margin	%	-388.6	-60.6	-168.6	-42.2
Sales	Tonnes	4,441	26,860	12,816	55,193
Total production	Tonnes	46,256	136,970	125,060	326,008
Mining	Tonnes	46,256	125,496	111,472	282,306
Processing	Tonnes	0	11,474	13,588	43,702
Personnel		83	307	83	307

PERFORMANCE COMPARED TO SECOND HALF 2019/2020

- Revenue during the second half of 2020 decreased to EUR 2.4 (6.8) million due to substantially lower sales volumes of mining material;
- Sales volume of processed material in the second half of 2020 are only accounted up to the demerge of Mogale business from Afarak Group;
- Mining activity decreased significantly due to minimal mining activity at the South African mines;
- Results were negatively affected by higher unabsorbed fixed overheads, however margins improved compared to last year due to the cost cutting made in the South African mines resulting in an EBITDA of EUR -0.8 (-3.6) million;
- Results were also negatively impacted by an impairment write-down on long term assets in Stellite mine of EUR 6.6 (0.0) million.

PERFORMANCE COMPARED TO FULL YEAR 2019/2020

- During 2020, Mogale has been reclassified to discontinued operation due to the loss of control and both the reported first half of 2020 and prior year has been restated and reclassified to discontinued operation;
- Revenue decreased significantly in 2020 when compared to prior year, mainly due to lower availability of saleable material, lower sales prices, as well as the impact of COVID-19 which restricted the Group to move material out of South Africa during the second quarter;
- Production within the FerroAlloys segment decreased significantly due to minimal mining activity at the South African mines;
- Despite profitability being negatively affected by the above factors, EBITDA margins improved when compared to previous year as a result of the cost cutting initiative that have been implemented.
- Results were also negatively impacted by an impairment write-down on long term assets in Stellite mine of EUR 6.6 (0.0) million.

UNALLOCATED ITEMS

For the second half of 2020, the EBITDA from unallocated items was EUR -1.6 (-4.0) million, while the full year EBITDA from unallocated items was EUR -3.1 (-7.0) million.

DISCONTINUED OPERATION

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

In the consolidated income statement, continuing and discontinued operations are presented separately. Discontinued operations are presented as their own line item and comparative information has been adjusted accordingly.

Profit from discontinued operations in 2020, amounted to EUR 6.1 (-52.8) million arising from the transaction. The balance sheet of 31 August 2020 was used in Mogale's demerger.

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

EUR '000	1.1.-31.12.2020	1.1.-31.12.2019
Revenue	16,628	51,768
Other operating income	228	1,225
Operating expenses	-17,810	-71,316
Depreciation and amortisation	-975	-3,831
Impairment	-4,537	-31,951
Operating loss	-6,466	-54,104
Financial income and expense	-5,625	-722
Loss before tax	-12,091	-54,827
Income tax	<u>145</u>	<u>2,014</u>
Loss on discontinued operations, restated	-11,946	-52,812
Net balance sheet impact of discontinued operation	6,385	0
Impact of internal items	-2,086	0
Circulation of translation difference	13,719	0
Results of the discontinued operation	6,073	-52,812
Earnings per share calculated from the review period profit for owners of the Company		
Basic earnings per share (EUR)	0.03	-0.21
Diluted earnings per share (EUR)	0.03	-0.21

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's total assets on 31 December 2020 stood at EUR 157.4 (223.6) (30 June 2020: 195.9) million and net assets totalled EUR 39.8 (74.5) (30 June 2020: 50.3) million. During the second half, the translation differences on conversion of foreign denominated subsidiaries was adjusted by EUR 13.7 million, which is the circulation of Mogale's translation reserve to discontinued operation. The Group's cash and cash equivalents, as at 31 December 2020, totalled EUR 1.1 (5.4) million (30 June 2020: 6.1). Operating cash flow in the second half was negative, standing at EUR -2.2 (3.1) million.

The equity ratio stood at 25.3% (33.3%) (30 June 2020: 25.7%). Afarak's gearing at the end of the year decreased to 121.0% (74.0%) (30 June 2020: 108.7%), due to lower interest-bearing debt of EUR 49.3 (60.5) (30 June 2020: 60.8) million.

Major changes in Balance sheet during the year related to the write off Mogale Balance sheet to discontinuing operation, as a result of Afarak Group loss of control in Afarak Mogale (Pty) Ltd.

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the second half of 2020 totalled EUR 0.6 (H2/2019 2.7) million and for the full year of 2020 totalled EUR 1.1 (5.0) million. Capital Expenditure was mainly incurred to sustain Group operations.

LITIGATION

During 2020 ABSA has called on a corporate guarantee amounting to ZAR 75.0 million, that was given as collateral for an overdraft facility at Mogale. Afarak's position is that all the obligations of Afarak Mogale in terms of the Facility Agreement were suspended by the business rescue practitioners for the duration of the business rescue. This guarantee can only be called in our opinion, in case the business rescue would end. Hence, because of the suspension concerning the liabilities of Afarak Mogale, Afarak Group had no immediate obligations owing to ABSA under the Guarantee.

IMPACT OF COVID-19

Impact	Expected effects	Company measures	Future impact
Strategic orientation	The 2020 has been disrupted by the COVID pandemic , which impacted both the Operations and the Demand	Despite all the safe working practices implemented in all the operations, the increase of COVID cases , the increase of the electricity costs during SA winter time and the sharp reduction in the Charge Chrome demand, the Group had to take extreme measures and put Afarak Mogale in business rescue. EWW production cycles had to be shortened to meet current demand, which resulted in extended regular stops of the plant. The SA mines were disrupted due to COVID regulations but were allowed to restart with reduced complements and the implementation of infection mitigation controls.	EWW will carefully plan the shutdown periods to keep stock piles at adapted levels, TMS will produce based on the EWW requirements and third parties demand.
Targets	Sales targets were hit by around 47.0% lower sales as	Production levels have been adjusted to meet current demand	If demand continues being low the Group will continue

	from May 2020 due to the Global slow down, and the lock down in South Africa.	and employees were put on short work where possible.	managing production cycles to meet demand, and hence unabsorbed fixed costs will be higher.
Operations	Operations reduced because of lower demand and lockdown. Employees were requested to follow strictly the guidelines prescribed by the local authorities.	Afarak adjusted operating activity to meet current environment, and has enforced necessary protection and sanitation on site for the well-being of our employees and has abided with local enforcements as they developed.	Operations will continue to be limited with new projects delayed until there is sign of recovery in the demand.
Financial performance	The market uncertainty and global economic slowdown caused by COVID-19 has affected Afarak's performance, with result being lower than originally planned and incur additional finance costs to sustain the shutdowns in the operations.	Management has done cost cutting initiatives to minimize as much as possible the economic impacts , and renegotiated contracts were possible.	If result will continue being negative, there will be a further strain on the financial position and cash flow. The weakening of the US Dollar will have a material impact on profitability as the majority of our revenue is in US Dollar.
Financial position	All assets are subject to reassessing their value and receivable and cash positions are expected to go down in line with lower sales. Banks became more reluctant to support due to global uncertainty.	Bothe the Speciality Alloys segment and the South African mining business have been tested for impairment, as well as the ability of customers to pay their debt has been assessed. Financial obligations have been renegotiated where possible. Alternative financing has been brought in to assist the Group to meet it's obligations.	If the market downturn persists the Group may face going concern difficulties and would need to raise further funds to meet its liquidity needs. This might result in evaluating the possibility to dispose some of the Group assets.
Cash flow	The cash flow of the Group has been affected with the limited liquidity from operations.	Focus on cash management and planning operations in line with availability of cash.	A prolonged weak market will continue straining the cash flow until additional funding through debt or capital is raised. As referred in the going concern section it must be noted that if failure to achieve additional funding cast significant doubt on the company's ability to continue as a going concern

IMPAIRMENT TESTING

Afarak Group has carried out impairment testing on goodwill and other assets as of 31 December 2020 for the Speciality Alloys business and the South African minerals processing business.

During H2 2020, there were no indication of impairment at the Speciality Alloys business, while an impairment of EUR 6.6 million was recognised at the Stellite mine on long term assets. The South African mining business did not have any goodwill on its statement of financial position at the end of the financial year 2020.

EUR million
Long-term assets and liabilities, net

H2/2020
26.7

Carrying amount	26.7
Recoverable amount	20.1
Impairment	6.6

The recoverable amount of this asset is valued at expected realisation value.

GOING CONCERN

Price and market recovery seems to be finally happening. As long as no major obstacles arise with a wide spread vaccination of the global population, both stainless steel and special steel producers seem to be filling up their order books LC FeCr prices have increased by 15% already, and Chrome Ore prices by more than 25% since beginning of the year.

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

We are in the process of restructuring a short-term commercial debt into a longer-term arrangement. The company is also actively pursuing new funding opportunities via some divesting opportunities. Both should lead to balanced cash flows in the foreseeable future. Whereas the management is positive about debt restructuring and further funding opportunities, there is no certainty that the Company will be successful in these matters. It must be noted that a failure to achieve these goals may cast significant doubt on the company's ability to continue as a going concern.

The COVID-19 epidemic could create further damage that cannot be forecasted at this moment. The company is presently doing all efforts to manage the situation.

PERSONNEL

At the end of the second half 2020, Afarak had 621 (905) employees. The average number of employees during the year 2020 was 747 (1,022).

PLEDGES AND CONTINGENT LIABILITIES

On 31 December 2020, the Group had loans from financial institutions totalling EUR 2.9 (15.0) million. The Group has provided real estate mortgages and other assets as collateral, and corporate guarantees for a combined total carrying value of EUR 9.6 (25.3) million.

SUSTAINABILITY

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

During 2020, the world has encountered very difficult times due to the spread of COVID-19 pandemic. Consequently Afarak has implemented measures to have the main part of the office based employees working from home. Thanks to all the precautions implemented in all Afarak Group units very limited amount of cases has been reported which did not materially impact the production.

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

SHARES & SHAREHOLDERS

On 31 December 2020, the registered number of Afarak Group Plc shares was 252,041,814 (252,041,814) and the share capital was EUR 23,642,049.60 (23,642,049.60).

On 31 December 2020, the Company had 13,162,599 (13,677,599) own shares in treasury, which was equivalent to 5.22% (5.43%) of the issued shares. The total number of shares outstanding, excluding the treasury shares held by the Company on 31 December 2020, was 238,879,215 (238,364,215).

At the beginning of the period under review as at December 2019, the Company's share price was EUR 0.53 on NASDAQ Helsinki and GBP 0.20 on the London Stock Exchange. At the end of the review period as at December 2020, the share price was EUR 0.23 and GBP 0.20 respectively. During the second half of 2020, the Company's share price on NASDAQ Helsinki ranged from EUR 0.15 to 0.38 per share and the market capitalisation, as at 31 December 2020, was EUR 56.96 (1 January 2020: 133.83) million. For the same period on the London Stock Exchange, the share ranged from GBP 0.05 to 0.30 per share and the market capitalisation was GBP 50.4 (1 January 2020: 94.5) million, as at 31 December 2020.

As at 31 December 2020, the Company had 2,123,343 shares pending to be transferred to the subscribers, which related to the acquisition of additional ownership in South African mining assets.

RISKS & UNCERTAINTIES

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

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

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

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

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

CORPORATE GOVERNANCE

ANNUAL GENERAL MEETING

The Company's Annual General Meeting ("AGM") was held on 22 June 2020. 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 2019.

The AGM resolved that no dividend would be paid for 2019.

The AGM resolved that the Chairman of the Board shall be paid EUR 4,500 per month, the Chairman of the Audit and Risk Management Committee shall be paid EUR 5,550 per month and all Non-Executive Board Members are paid EUR 3,500 per month. Non-Executive Board Members who serve on the Board's Committees shall be paid additional EUR 1,500 per month for committee work. Those members of the Board of Directors that are executives of the Company are not entitled to receive any remuneration for Board membership. Board Members shall be compensated for travel and accommodation expenses as well as other costs directly related to Board and Committee work in accordance with the company's travel rules.

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

Audit and Risk Management Committee
Thorstein Abrahamsen, chairperson
Jelena Manojlovic

Remuneration and Nomination Committee
Jelena Manojlovic, chairperson
Thorstein Abrahamsen

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

The AGM resolved that authorised public accountant firm Ernst & Young Oy is re-elected as the Auditor of the Company for the year 2020.

The AGM resolved to authorize the Board of Directors to issue shares and stock options and other special rights that entitle to shares in one or more tranches up to a maximum of 50,000,000 new shares or shares owned by the Company. The authorisation replaces all previous authorisations and is valid for two (2) years from the decision of the AGM.

BOARD OF DIRECTORS

On 22 June 2020, the Board of Directors would comprise of three (3) members: Dr Jelena Manojlovic (UK citizen), Mr Thorstein Abrahamsen (Norwegian citizen) and Mr Guy Konsbruck (Luxembourg citizen) were re-elected as Board members

Audit and Risk Management Committee
Thorstein Abrahamsen, chairperson
Jelena Manojlovic

Remuneration and Nomination Committee
Jelena Manojlovic, chairperson
Thorstein Abrahamsen

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

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

REPORTING

EVENTS DURING THE REVIEW PERIOD

On 28 January 2020, the company announced changes regarding Afarak Group Plc's treasury shares, where a total of 115,000 treasury shares has been transferred to subscribers.

On 30 January 2020, Afarak Group announced that it has received a notification of managers transactions in connection with pledging of Afarak shares.

On 26 February 2020, the company announced that, due to further worsening market conditions for Mogale, the Q4 2019 results will show a higher than expected loss.

On 28 February 2020, the company published the financial statements release for 2019.

On 05 March 2020, the company received notification of manager's transaction relating to the disposal of shares.

On 09 March 2020, the company received notification of manager's transaction relating to the disposal of shares.

On 24 March 2020, Afarak Group Plc released information regarding measures to combat COVID-19 epidemic. In order to combat the COVID-19 epidemic, The South African National Coronavirus Command Council had decided to enforce a nation-wide lockdown for 21 days with effect from midnight on Thursday 26 March, ending on April 16th, 2020.

On 31 March 2020, the company published the financial statements and Annual report for 2019.

On 31 March 2020, the company published the auditor's report for the annual financial statements for 2019.

On 24 April 2020, Afarak Group Plc announced that, the High Administrative Court made two decisions on the matter that is related to the decision rendered by FIN-FSA on October 7, 2018. The High Administrative Court decided not to give rights to appeal.

On 27 April 2020, Afarak Group Plc announced that, The Supreme Administrative Court delivered two decisions on the matters which were originally related to the decisions rendered by FIN-FSA. These FIN-FSA decisions had been under appeal process in the Helsinki Administrative Court as a first instance and then in the Supreme Administrative Court.

On 30 April 2020, the company published the production report for Q1 2020.

On 08 May 2020, the Company announced that, as a consequence of the imposed restrictions relating to COVID-19 and the relevant economic impacts, Afarak informed its shareholders that, based on Chapter 6 of the South African Companies Act which allows financially distressed South African companies an opportunity to reorganise and restructure their financial affairs, to voluntarily file Afarak Mogale and Afarak South Africa for a business rescue process.

On 11 May 2020, Afarak Group Plc issued information in relation to Mogale Business Rescue.

On 27 May 2020, Afarak Group Plc announced that, the business rescue practitioners in Mogale informed all stakeholders that the request to postpone the publication date for the proposed business rescue plan, in terms of the provisions of Section 150 (5)(b) of the Companies Act, has been supported by the requisite majority of creditors.

On 29 May 2020, the company one of the two agreements signed on 29 May 2019 was terminated. The other agreement has been resolved on a direct share issue without consideration for additional ownership of mining assets in South Africa.

On 29 May 2020, Afarak Group Plc invited the shareholders of Afarak Group Plc (“Afarak”) to the Annual General Meeting to be held on 22 June 2020

On 22 June 2020, the company released the resolutions regarding the Annual General Meeting.

On 21 August 2020, the company publishes the Interim Report for H1 2020.

On 24 August 2020, the company provided a FIN-FSA release in the matter against Dr Danko Koncar.

On 10 September 2020, the company announced that the date of the meeting regarding the proposed business rescue plan will be held on 16 September 2020.

On 18 September 2020, the company informs that following the meeting held on 16 September 2020 the Mogale business rescue plan was accepted.

On 22 September 2020, the company receives a claim from ABSA Bank regarding a guarantee given by the company on behalf of Afarak Mogale.

On 19 October 2020, the company published the production report for Q3 2020.

On 09 November 2020, the company announced that Melvin Grima, CFO has resigned from his post and will leave the company at the end of the year.

23 November 2020, the company released new comparative financial information for 2019 and H1 2020.

On 16 December 2020, the Company announced that it had completed a share-based compensation to Guy Konsbruck as part of the CEO’s contract.

EVENTS SINCE THE END OF THE REVIEW PERIOD

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

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

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

FLAGGING NOTIFICATIONS

There were no flagging notifications during the year.

FINANCIAL INFORMATION

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

FY 2020 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	53,234	6,126	1,924	-1,479	59,805
EBITDA	305	-1,256	-3,098	0	-4,050
EBIT	-1,335	-10,328	-3,080	0	-14,744
Segment's assets	127,059	71,477	15,811	-56,954	157,393
Segment's liabilities	78,548	58,211	38,374	-57,583	117,551

FY 2019 (Restated) 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	82,464	14,785	2,124	-1,479	97,894
EBITDA	6,846	-5,258	-7,020	0	-5,432
EBIT	4,478	-6,238	-7,290	0	-9,050
Segment's assets	166,670	115,023	17,409	-75,504	223,597
Segment's liabilities	82,786	107,856	33,403	-74,984	149,061

RESULTS DEVELOPMENT

	H1/17	H2/17	H1/18	H2/18	H1/19 Restated	H2/19 Restated	H1/20 Restated	H2/20
Sales (tons)								
Mining	93,399	153,037	164,935	116,415	105,012	128,651	78,084	118,797
Processing	48,689	52,909	49,213	51,354	43,334	38,468	23,356	10,900
Trading	11,025	9,404	9,942	5,642	4,500	4,821	28	0
Total	153,113	215,350	224,090	173,411	152,846	171,940	101,468	129,697
Average rates*								
EUR/USD	1.083	1.175	1.210	1.152	1.129	1.109	1.102	1.181
EUR/ZAR	14.306	15.785	14.891	16.328	16.043	16.302	18.311	19.206
Euro (million)								
Revenue	104.1	94.8	104.5	89.6	55.3	42.6	35.5	24.3
EBITDA	17.5	0.4	0.5	-1.5	-12.9	-10.8	-2.8	-3.7
EBITDA margin	16.8%	0.4%	0.5%	-1.7%	-23.3%	-25.4%	-7.9%	-15.2%
EBIT	14.4	-3.0	-2.8	-11.3	-37.7	-25.5	-9.6	-13.0
EBIT margin	13.8%	-3.2%	-2.7%	-12.6%	-68.2%	-59.9%	-27.0%	-53.7%

*Average rates in the respective half year

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	H2/20	H2/19 Restated	FY/20	FY/19 Restated
Revenue	24,310	42,636	59,805	97,894
Other operating income	794	659	1,333	1,216
Operating expenses	-28,808	-48,231	-65,188	-103,674
Depreciation and amortisation	-1,272	-1,925	-2,626	-3,618
Impairment	-8,067	0	-8,067	0
Share of profit from joint ventures	0	0	0	-868
Operating profit	-13,044	-6,860	-14,744	-9,050
Acquisition of Synergy Group	0	0	0	7,069
Financial income and expense	-1,902	-3,272	-4,256	-3,775
Profit before tax	-14,946	-10,132	-18,999	-5,756
Income tax	<u>1,690</u>	<u>499</u>	<u>1,131</u>	<u>-309</u>
Profit for the period from continuing operations	-13,257	-9,633	-17,869	-6,065
Discontinued operations				
Loss on discontinued operations, investments	<u>17,609</u>	<u>-20,061</u>	<u>6,073</u>	<u>-52,812</u>
Profit for the period	4,353	-29,693	-11,796	-58,877
Profit attributable to				
Owners of the parent	6,253	-29,116	-9,639	-57,576
Non-controlling interests	<u>-1,901</u>	<u>-577</u>	<u>-2,158</u>	<u>-1,301</u>
Total	4,353	-29,693	-11,796	-58,877
Earnings per share for profit attributable to the shareholders of the parent company, EUR				
Basic earnings per share, EUR	0.02	-0.12	-0.05	-0.23
Diluted earnings per share, EUR	0.02	-0.12	-0.05	-0.23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	H2/20	H2/19	FY2020	FY2019
Profit/(loss) for the period	4,353	-29,693	-11,797	-58,877
Other comprehensive income				
Remeasurement of defined benefit pension plans	-1,308	-2,740	-1,308	-2,740
Exchange differences on translating foreign operations – Group	99	405	-8,001	2,166
Exchange differences on translating foreign operations – Associate and JV	0	174	0	0
Circulation of translation difference	-13,719	0	-13,719	0
Other comprehensive income, net of tax	-14,928	-2,161	-23,029	-574
Total comprehensive income for the period	-10,576	-31,854	-34,826	-59,451
Total comprehensive income attributable to:				
Owners of the parent	-9,032	-31,246	-31,678	-58,123
Non-controlling interests	-1,544	-608	-3,148	-1,328

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

	31.12.2020	31.12.2019
ASSETS		
Non-current assets		
Goodwill	42,105	45,414
Other intangible assets	6,232	7,010
Property, plant and equipment	75,620	110,798
Deferred tax	2,916	3,419
Other non-current assets	260	1,048
Non-current assets total	127,132	167,688
Current assets		
Inventories	13,464	29,964
Trade receivables	7,656	12,378
Other receivables	8,043	8,178
Cash and cash equivalents	<u>1,098</u>	5,389
Current assets total	30,261	55,909
Total assets	157,393	223,597
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	23,642	23,642
Share premium reserve	25,740	25,740
Paid-up unrestricted equity reserve	208,006	207,850
Legal Reserve	65	89
Translation reserves	-40,349	-19,618
Retained earnings	<u>-181,344</u>	<u>-170,397</u>
Equity attributable to owners of the parent	35,760	67,306
Non-controlling interests	<u>4,082</u>	<u>7,230</u>
Total equity	39,842	74,536
Liabilities		
Non-current liabilities		
Deferred tax liabilities	16,202	21,573
Provisions	11,390	19,052
Pension liabilities	23,359	22,475
Financial liabilities	<u>34,622</u>	<u>20,958</u>
Non-current liabilities total	85,573	84,058
Current liabilities		
Trade payables	8,705	12,538
Other current liabilities	<u>23,273</u>	<u>52,465</u>
Current liabilities total	31,978	65,003
Total liabilities	117,551	149,061
Total equity and liabilities	157,393	223,597

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

EUR '000	31.12.2020	31.12.2019
Cash and cash equivalents	1,098	5,389
Interest-bearing receivables		
Current	0	0
Non-current	<u>232</u>	<u>372</u>
Interest-bearing receivables	232	372
Interest-bearing liabilities		
Current	14,725	42,220
Non-current	<u>34,589</u>	<u>17,884</u>
Interest-bearing liabilities	49,314	60,104
NET TOTAL	-47,985	-54,343

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

EUR '000	Property, plant and equipment	Intangible assets
Acquisition cost 1.1.2020	170,785	217,555
Additions	989	166
Disposals	-438	-2
Discontinued operation	-29,419	0
Reclass between items	-237	0
Effect of movements in exchange rates	-22,113	-18,780
Acquisition cost 31.12.2020	119,567	198,939
Accumulated depreciation and impairment 1.1.2020	-59,987	-165,133
Depreciation	-3,492	-107
Impairment	-8,400	0
Discontinued operation	19,136	0
Disposals	327	1
Effect of movements in exchange rates	8,470	14,635
Accumulated depreciation and impairment at 31.12.2020	-43,947	-150,604
Carrying amount at 1.1.2020	110,798	52,423
Carrying amount at 31.12.2020	75,620	48,336
Acquisition cost 1.1.2019	82,556	213,169
Additions	4,510	467
Business combination	82,598	3,958
Rights-of-use-assets (IFRS 16)	499	0
Disposals	-490	-27
Reclass between items	262	0
Effect of movements in exchange rates	849	-12
Acquisition cost 31.12.2019	170,785	217,555
Accumulated depreciation and impairment 1.1.2019	-37,573	-143,449
Depreciation	-6,365	-1,084
Impairment	-10,875	-21,076
Business combinations	-4,678	0
Disposals	51	-1,486
Effect of movements in exchange rates	-547	1,962
Accumulated depreciation and impairment at 31.12.2019	-59,987	-165,133
Carrying amount at 1.1.2019	44,983	69,720
Carrying amount at 31.12.2019	110,798	52,423

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000	FY2020	FY2019
Profit for the period	-11,796	-58,877
Adjustments to profit for the period	14,122	24,196
Changes in working capital	10,522	32,573
Discontinued operations	-17,262	0
Net cash used in operating activities	-4,415	-2,108
Acquisition of subsidiaries and associates, net	0	684
Acquisition of non-controlling interest	0	-398
Capital expenditure on non-current assets, net	-958	-2,068
Other investments, net	47	-193
Proceeds from repayments of loans and loans given	48	398
Net cash used in investing activities	-863	-1,577
Acquisition of own shares	0	-26,389
Proceeds from borrowings	3,215	33,440
Repayment of borrowings, and other financing activities	-3,942	-7,203
Movement in short-term financing activities*	2,002	-3,088
Net cash from / used in financing activities	1,275	-3,240
Net increase/(decrease) in cash and cash equivalents	-4,002	-6,925
Cash at the beginning of the period	5,389	12,132
Translation differences	-289	182
Cash at the end of the period	1,098	5,389
Change in the statement of financial position	-4,002	-6,926

*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 31.12.2018	23,642	25,740	231,292	-21,811	-108,485	98	150,476	372	150,848
Profit/(loss) for the period 1-12/2019 + comprehensive income				2,193	-57,576		-55,383	-1,301	-56,684
Translation differences							0	-27	-27
Share-based payments			605				605		605
Share Issue			783				783		783
Acquisition of own shares			-26,389				-26,389		-26,389
Acquisition of non-controlling interest			1,559		-1,596		-37	8,186	8,149
Remeasurements of defined benefit pension plans					-2,740		-2,740		-2,740
Other changes in equity						-9	-9		-9
Equity at 31.12.2019	23,642	25,740	207,850	-19,618	-170,397	89	67,306	7,230	74,536
Profit/(loss) for the period 1-12/2020 + comprehensive income				-7,012	-9,639		-16,650	-2,158	-18,809
Translation differences								-990	-990
Share-based payments			60				60		60
Acquisition of non-controlling interest			95				95		95
Remeasurements of defined benefit pension plans					-1,308		-1,308		-1,308
Circulation of translation difference				-13,719			-13,719		-13,719
Other changes in equity						-24	-24		-24
Equity at 31.12.2020	23,642	25,740	208,006	-40,349	-181,344	65	35,760	4,082	39,842

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	FY2020	FY2019
Sales to joint ventures	0	122
Sales to other related parties	-15	18
Purchases from joint ventures	0	-1,333
Financing income from joint ventures	0	115
Trade and other receivables from other related parties	48	82
Loan payable to other related party	15,100	15,956

FINANCIAL INDICATORS

	FY2020	FY2019 Restated
Return on equity, % p.a.	-31.2%	-5.4%
Return on capital employed, % p.a.	-5.5%	0.9%
Equity ratio, %	25.3%	33.3%
Gearing, %	121.0%	74.0%
Personnel at the end of the period	621	905

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

	FY2020	FY2019
TRY	8.0547	6.3578
USD	1.1422	1.1195
ZAR	18.7655	16.1757

Balance sheet rates

	31.12.2020	31.12.2019
TRY	9.1131	6.6843
USD	1.2271	1.1234
ZAR	18.0219	15.7773

FORMULAS FOR FINANCIAL INDICATORS

Financial ratios and indicators have been calculated with the same principles as applied in the 2019 financial statements. These principles are presented below.

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

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES

This Interim Report is prepared in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with Afarak's financial statements for 2019. Afarak has applied the same accounting principles in the preparation of this Interim Report as in its financial statements for 2019, except for the adoption of new standards and interpretations that become effective in 2020. 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.

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 managements' best knowledge of current events

and actions, actual results may differ from the estimates.

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

The Interim Report data is unaudited.

SHARE-RELATED KEY FIGURES

		H2/2020	H2/2019	FY 2020	FY 2019
Share price development in London Stock Exchange					
Average share price*	EUR	0.26	0.67	0.32	0.72
	GBP	0.24	0.59	0.28	0.63
Lowest share price*	EUR	0.06	0.43	0.06	0.43
	GBP	0.05	0.38	0.05	0.38
Highest share price*	EUR	0.33	0.88	0.84	0.88
	GBP	0.30	0.78	0.75	0.78
Share price at the end of the period**	EUR	0.22	0.44	0.22	0.44
	GBP	0.20	0.38	0.20	0.38
Market capitalisation at the end of the period**	EUR million	56.07	111.09	56.1	111.1
	GBP million	50.41	94.52	50.4	94.5
Share trading development					
Share turnover	thousand shares	310	147	334	249
Share turnover	EUR thousand	82	89	96	167
Share turnover	GBP thousand	75	79	85	146
Share turnover	%	0.1%	0.1%	0.1 %	0.1 %
Share price development in NASDAQ Helsinki					
Average share price	EUR	0.23	0.91	0.33	0.90
Lowest share price	EUR	0.15	0.40	0.15	0.40
Highest share price	EUR	0.38	0.97	0.98	0.97
Share price at the end of the period	EUR	0.23	0.53	0.23	0.53
Market capitalisation at the end of the period	EUR million	56.96	133.83	56.96	133.83
Share trading development					
Share turnover	thousand shares	19,754	34,809	47,131	42,305
Share turnover	EUR thousand	4,533	31,620	15,687	37,961
Share turnover	%	7.8 %	13.8 %	18.7 %	16.8 %

* 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.