FINANCIAL INTERIM RELEASE H1 2020

		H1/20	H1/19	2019
Revenue	EUR million	44.9	82.8	144.9
EBITDA	EUR million	-2.8	-12.9	-23.8
EBIT	EUR million	-9.6	-37.7	-63.2
Earnings before taxes	EUR million	-15.6	-31.8	-60.6
Profit	EUR million	-16.1	-29.2	-58.9
Earnings per share	EUR	-0.07	-0.11	-0.23
EBITDA margin	%	-6.3	-15.6	-16.4
EBIT margin	%	-21.3	-45.6	-43.6
Earnings margin	%	-34.7	-38.5	-41.8
Personnel (end of period)		770	1,035	905

FIRST HALF 2020 HIGHLIGHTS

- Revenue decreased by 45.7% to EUR 44.9 (H1/2019: 82.8) million;
- Processed material sold decreased by 46.1% to 23,356 (H1/2019: 43,334) tonnes;
- Tonnage mined decreased by 46.4% to 102,659 (H1/2019: 191,497) tonnes due to lower mining activity at Stellite mine and no mining activity at Mecklenburg mine;
- The Group's EBITDA increased to EUR -2.8 (H1/2019: -12.9) million and the EBITDA margin was -6.3% (H1/2019: -15.6%);
- An impairment write-down on other long term assets related to Mogale business of EUR 4.7 (H1/2019: 20.8) million;
- EBIT was EUR -9.6 (H1/2019: -37.7) million, with the EBIT margin at -21.3% (H1/2019: -45.6%);
- Profit for the period totalled EUR -16.1 (H1/2019: -29.2) million;
- Cash flow from operations stood at EUR -2.2 (H1/2019: -5.2) million;
- Net interest-bearing debt after deducting liquid funds amounted to EUR 54.7 (30.2) (31 December 2019: 55.1) million;
- Cash and cash equivalents at 30 June totalled EUR 6.1 (30 June 2019: 6.1) (31 December 2019: 5.4) million.

OUTLOOK FOR THE SECOND HALF OF 2020

The global economy has experienced an unprecedented turmoil due to COVID-19. We will continue to face a turbulent future with uncertainties throughout the globe on future expectation making forecasting future prices or volumes very difficult to predict.

The second half of the year is expected to continue on a weak tone until a vaccine for COVID-19 is found. The lower demand will have an impact on the Group's sales and production cycles. Our profitability and cash flow position are strained which is leading to going concern difficulties. The Group may need to raise further funds to meet its liquidity needs during this period.

CEO GUY KONSBRUCK

“In the beginning of the first half of 2020 we were on the right track of recovery where we have seen stronger performance in the Speciality Alloys segment and recovery in the FerroAlloys segment. Unfortunately the global economic downturn originated by COVID-19 halted this and showed to be the most challenging business environment that I have ever experienced in my professional career. Having said this, we have still managed to show good signs of recovery when compared to H1 2019. Our specialty segment remained profitable. We have reduced our overall EBITDA loss by 78.2%, we have reduced our working capital by 36.3%, we have further reduced our total inventory by 36.7% and our total cost by 26.1%. I express my sincere gratitude to all colleagues for their substantial personal contributions to make this happen.

The COVID-19 epidemy has caused a significant decrease in demand and market prices both in the FerroAlloys and Speciality Alloys segment. We have reduced our production in the Speciality Alloys segment to reflect that trend. We have also put the Mogale plant under care and maintenance, as the energy cost during the South African winter period is making profitable production impossible. We made good progress in the mining assets and hope to be producing PGM’s by end of the year. We are also continuing to prepare the Serbian mines and sintered magnesite plant for commercial production. We managed to maintain and preserve the group assets, by applying a strict and rigorous cash management. Nevertheless, the company is still in a critical situation, as can be seen in our cash flow statement. The company cannot count on any financial COVID-19 associated help from any government where we have production assets.

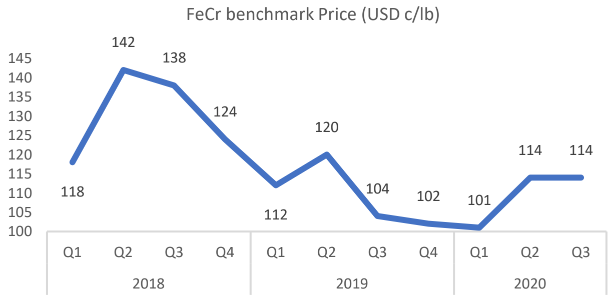
We have therefore been evaluating sources of incremental capital since some time. It has proven to be a difficult exercise as the company’s reputation was already severely damaged by the disputes that arose in 2015.

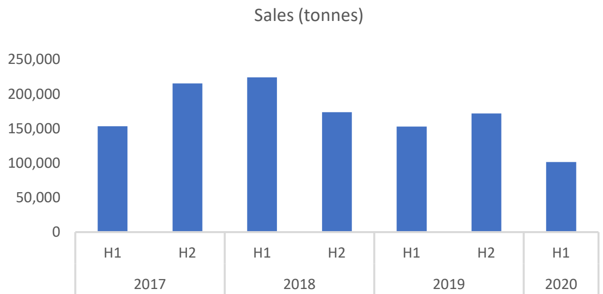
One year ago, a “special audit” was initiated by a group of minority shareholders. Even though the initiators eventually withdrew their demand, we had to go through this unnecessary and lengthy process. We have been ever since actively cooperating with the special auditors, but at this point, we cannot even get a commitment on when the process will be terminated. On 23/09/2019, a fine was issued against us by FIN-FSA, which we consider both unjustified and completely exaggerated. Our appeal is lying with the courts since months. It is also unfortunate that Afarak is still incorrectly associated to investigations against one of its stakeholders, although we have stated many times that the company is not a party to this at all.

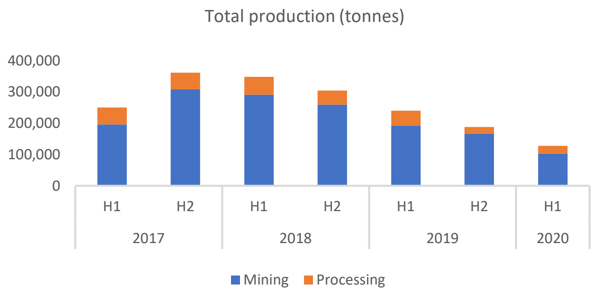
All this “corporate noise” does not encourage banks and other financial institutions. The management continues to explore further options, including fund raising via shareholders. We will keep all shareholders appraised of further developments.

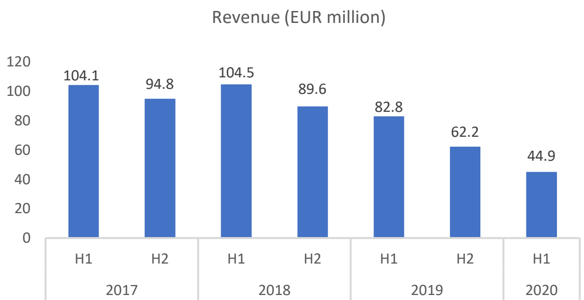
It is difficult to predict how the markets will evolve in the second half year 2020, but we are in a position to swiftly resume 100% production capacity, in case the global industrial activity recovers.”

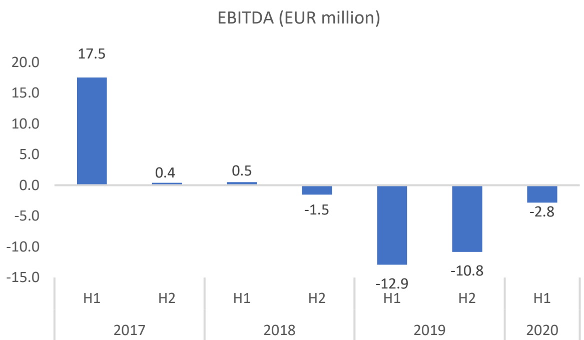
OVERVIEW OF RESULTS











MARKET OVERVIEW

Chrome ore and ferrochrome prices continue being under sharp downward pressure in 2020, reflecting the global economic downturn brought along by COVID-19. The decrease in the Stainless Steel production during H1 2020, reflects the lower demand for ferrochrome during the first half of 2020.

European Ferrochrome benchmark prices were increased by $0.13/lb, in the second quarter, to $1.14/lb. This gain was largely lost by very soft spot market prices and a weakening US Dollar.

Demand for low carbon ferrochrome significantly reduced during Q2 2020 mainly driven by uncertainty and lockdowns due to COVID-19. It is still unclear when the market will recover.

FIRST HALF 2020 COMPARED TO FIRST HALF 2019

At the beginning of 2020, market started to recover and as a result both segments performed better than prior year during the first quarter of 2020, with margins being better than same period last year. However, the outbreak of COVID-19 pandemic impacted heavily on the recovery. Group revenue decreased by 45.7% to EUR 44.9 (82.8) million, mainly due to lower sales volumes as a result of lower demand and weaker selling prices in both segments during the second quarter. EBITDA margins improved during the first half of 2020 when compared to same period last year. Production decreased by 46.7%, mainly due to lower production in the FerroAlloys segment. Results were also negatively impacted by an impairment write-down on other long term assets related to Mogale business of EUR 4.7 (20.8) million. Financial income and expenditure during the first half of the year were EUR -6.0 (-1.2) million.

SEGMENT PERFORMANCE

SPECIALITY ALLOYS BUSINESS

The Speciality Alloys business consists of Türk Maadin 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

		H1/20	**H1/19**	**2019**
Revenue	EUR million	31.6	47.1	82.5
EBITDA	EUR million	1.7	4.2	6.8
EBIT	EUR million	0.7	2.9	4.5
EBITDA margin	%	5.3	8.8	8.3
EBIT margin	%	2.1	6.3	5.4
Sales	Tonnes	10,540	15,001	26,609
Total production	Tonnes	48,678	50,003	100,765
Mining	Tonnes	37,443	34,687	75,251
Processing	Tonnes	11,235	15,316	25,515
Personnel		522	518	534

PERFORMANCE COMPARED TO FIRST HALF 2019/2020

- Revenue during the first half of 2020 decreased by 32.9% to EUR 31.6 (47.1) million. The decrease is mainly attributable to the lower demand as a result of the global economic downturn driven by COVID-19;
- Processing levels at the EWW plant in Germany decreased by 26.6% when compared to same period last year as production levels had to be reduced to address the lower sales;
- The mining activity at TMS continued with its constant increase when compared to prior periods;
- The decline in revenue and increase in unabsorbed costs, due to the lower production of processed material, caused an EBITDA reduction of 59.8% when compared to the same period last year.

FERROALLOYS BUSINESS

The FerroAlloys business consists of the processing plant Mogale Alloys ("Mogale"), 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

		H1/20	H1/19	2019
Revenue	EUR million	13.1	35.5	61.8
EBITDA	EUR million	-3.0	-14.0	-23.6
EBIT	EUR million	-8.7	-37.7	-60.3
EBITDA margin	%	-22.6	-39.6	-38.2
EBIT margin	%	-66.5	-106.1	-97.6
Sales	Tonnes	12,816	28,333	55,193
Total production	Tonnes	78,804	189,038	326,008
Mining	Tonnes	65,216	156,810	282,306
Processing	Tonnes	13,588	32,228	43,702
Personnel		209	423	307

PERFORMANCE COMPARED TO FIRST HALF 2019/2020

- Revenue decreased significantly by 63.0% during the first half of 2020 when compared to same period last year. This was 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 and lower production of processed material at Afarak Mogale;
- Despite profitability being negatively affected by the above factors, EBITDA improved when compared to same period last year as a result of the cost cutting initiative that have been implemented during the last 12 months;
- The inability of Afarak to export, and the lack of sales price recovery despite increase in benchmark, created additional challenges during the first half of the year that led to Afarak Mogale being put in business rescue;
- Results were also negatively impacted by an impairment write-down on long term assets related to Mogale business of EUR 4.7 (20.8) million.

UNALLOCATED ITEMS

For the first half of 2020, the EBITDA from unallocated items improved by 49.4% compared with the same time last year EUR -1.5 (-3.0) million.

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's total assets on 30 June 2020 stood at EUR 195.9 (253.3) (31 December 2019: 223.6) million and net assets totalled EUR 50.3 (131.6) (31 December 2019: 74.5) million. During the first half of 2020, currency movements had an effect on Afarak's balance sheet, with the translation reserve moving by EUR -6.8 (1.6) million. The Group's cash and cash equivalents, as at 30 June 2020, totalled EUR 6.1 (6.1) million (31 December 2019: 5.4). Operating cash flow in the first half of the year was EUR -2.2 (-5.2) million.

The equity ratio was 25.7% (51.9%) (31 December 2019: 33.3%). Afarak's gearing at the end of June 2020 increased to 108.7% (22.8%) (31 December 2019: 74.0%), driven by the expansion in the interest-bearing debt to EUR 60.8 (36.4) (31 December 2019: 60.5) million and the reduction in equity due to the devaluation of the South African Rand.

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the first half of 2020 was limited to EUR 0.5 (2.3) million to sustain Group operations.

LITIGATION

During the period 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	Before COVID-19 the group had been experiencing challenges due to the South African operations, the main focus was to turnaround that business. COVID-19 has further impacted the SA Operation with the inability of export material during lock down. Demand was also affected in the Speciality Alloy segment as a result of Global slowdown due to COVID-19.	The Group had to take extreme measures and put Afarak Mogale in business rescue. Despite all our efforts, we saw a spike in infections in the plant. This combined with the prolonged economic slowdown and high cost during South African winter period, led us to decide to put the plant on care and maintenance. EWW production cycles had to be shortened to meet current demand, which resulted in more regular stops of the plant.	As recovery may take long, Afarak Mogale could extend the care and maintenance; and EWW will increase the shutdown periods to keep stock piles at adapted levels.
Targets	Sales targets were hit by around 47.0% lower sales as from May 2020 due to the Global slow down, and the lock down in South Africa	Production levels have been adjusted to meet current demand and employees were put on short work where possible.	If demand continues being low the Group will continue 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 the social distancing guidelines issued by the local authorities.	Afarak adjusted operating activity to meet current environment, and has enforced necessary clothing 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.
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 operations	Management has done cost cutting initiatives to minimize costs, 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. The weak South African Rand will assist the Group results by limiting the cost in South Africa in Euro term.
Financial position	COVID-19 has led the South African rand to weaken, this had a material impact on the balance sheet where all our South African Assets have been consolidated at a lower value. 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.	All assets 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.
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.

IMPAIRMENT TESTING

Afarak Group has carried out impairment testing on goodwill and other assets as of 30 June 2020 for the Speciality Alloys business and the South African minerals processing business.

The South African minerals processing business did not have any goodwill at the end of June 2020.

With the prolonged negative trends affecting the South African FerroAlloys market, Afarak Group has updated the impairment test on long-term assets for the South African minerals processing business being Mogale Alloys as a cash generating unit.

During H1 2020, there were no indication of impairment at the Speciality Alloys business, while an impairment of EUR 4.7 million was recognised at the South African minerals processing business.

EUR million	**H1/20**
Long-term assets and liabilities, net	15.0
Carrying amount	15.0
Recoverable amount	10.3
Impairment	4.7

The pre-tax discount rates applied in the impairment testing was of 20.5%.

Key background and assumptions used in the cash flow forecasts of the impairment testing process are summarised in the following table:

Cash generating unit	**Sales volume**	**Sales prices**	**Costs**
South African minerals processing	Metal alloys: 28,000 t in 2020 75,000 t/a as from 2021 Assumption made: P1 will operate throughout the period; P2 and P3 will start to operate as from 2021; P4 will not be operating during the period	Forecast based on Roskill nominal prices average adjusted for Rand devaluation For 2020 it was assumed that the Benchmark price will remain at the same level of 2019 benchmark price, that is $1.08/lb	Raw material costs generally change in line with sales price; Electricity cost was assumed to be higher than inflation, while other costs growing at inflation rate

Moreover, the USD/ZAR foreign exchange rate affects significantly the testing of the South African minerals business. The foreign exchange rate used in the test was 15.34 for the year 2020.

GOING CONCERN

The company is expecting a longer period of subdued markets. We have cut maximum cost in the loss-making assets in South Africa and will do all that is necessary to achieve a break-even point. We have reduced headcount in both Stellite and Mogale. We have temporarily discontinued operations in the mines Mecklenburg, Zeerust and partially in Stellite. Mogale was put in business rescue due to the current subdued market conditions. Due to COVID-19, price recovery seems to take longer than originally expected, hence there was no option but to discontinue charge chrome production temporarily.

The Specialty Alloys segment performance has also been affected with the impact of COVID-19 and it is not clear whether it will be able to generate adequate cash flows for the next 18 months. We continue to enjoy a much greater flexibility in this segment, when it comes to right-sizing production output and matching it with market requirements, but the specialty markets (aeronautics, etc.) are facing strong headwinds at present.

We are in the process of restructuring a short-term commercial debt into a longer-term arrangement and secured further short-term facilities. We would still need to raise additional funding if the global economic slowdown generated by COVID-19 persists.

The recent developments with 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 first half 2020, Afarak had 770 (1,035) employees. The average number of employees during the first half of 2020 was 806 (1,060). The decrease in workforce is due to the reduced headcount in South Africa.

SUSTAINABILITY

The health and safety of our employees across business units remains a key central focus. No fatalities were recorded during the quarter under review.

The improvement process that was spearheaded by local management at Mogale is continuing and has led to tangible improvements as no injuries were reported during the quarter. Despite of all our efforts, we could not avoid COVID-19 infections in Mogale. During the care and maintenance, very few employees will be in the plant, so that this situation will be resolved. In the Ilitha mine, our infection-avoidance strategy worked out and we had no reports about infections.

The management continues to focus on improving health and safety practices in the TMS mines in Turkey, given the fast expansion of the unit in terms of employees and assets. In TMS , we managed to avoid any COVID-19 infections so far. The same applies for EWW.

Our efforts with local communities continues also this quarter, with the subvention of funds to support local projects and infrastructural development. Our aim remains to improve the daily lives of the communities where our investments resides. Our community relationship team continues with its mission to invest directly in such communities.

From the environmental perspective, investments were made in the plants in Turkey in terms of water conservation and management.

SHARES & SHAREHOLDERS

On 30 June 2020, the registered number of Afarak Group Plc shares was 252,041,814 (261,155,695) and the share capital was EUR 23,642,049.60 (23,642,049.60).

On 30 June 2020, the Company had 13,562,599 (2,494) own shares in treasury, which was equivalent to 0.05% (0.00%) of the issued shares. The total number of shares outstanding, excluding the treasury shares held by the Company on 30 June 2020, was 238,479,215 (261,153,201).

At the beginning of the period under review, the Company's share price was EUR 0.53 on NASDAQ Helsinki and GBP 0.38 on the London Stock Exchange. At the end of the review period, the share price was EUR 0.34 and GBP 0.30 respectively. During the first half of 2020, the Company's share price on NASDAQ Helsinki ranged from EUR 0.21 to 0.98 per share and the market capitalisation, as at 30 June 2020, was EUR 85.7 (1 January 2020: 133.8) million. For the same period on the London Stock Exchange, the share ranged from GBP 0.25 to 0.75 per share and the market capitalisation was

GBP 75.6 (1 January 2020: 94.5) million, as at 30 June 2020.

As at 30 June 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. 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 Africa 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.

Since the outbreak of the COVID-19 pandemic, significant disruptions in production and lower demand negatively affected the business as a whole. 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 Jun 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 also adopted the Remuneration Policy for the Company's governing bodies.

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

The AGM resolved that the 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.

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. This equates to approximately 19.8 % of the Company's currently registered shares.

The authorization may be used among other things to raise additional finance and enabling corporate and business acquisitions or other arrangements and investments of business activity or for employee incentive and commitment schemes. By virtue of the authorization, the Board of Directors can decide both on share issues against payment and on share issues without payment. The payment of the subscription price can also be made with consideration other than money. The authorization contains the right to decide on derogating from shareholders' pre-emptive right to share subscriptions provided that the conditions set in the Finnish Companies' Act are fulfilled. The authorization replaces all previous authorizations and is valid two (2) years from the decision of the Annual General Meeting.

BOARD OF DIRECTORS

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

Audit and Risk Management Committee
Thorstein Abrahamsen (Chair) and Jelena Manojlovic

Nomination and Remuneration Committee
Jelena Manojlovic (Chair) and Thorstein Abrahamsen

Safety, Health and Environment 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.

REPORTING

EVENTS DURING THE REVIEW PERIOD

On 30 January 2020, Afarak Group Plc released information regarding managers’ transactions in relation to disposal of shares.

On 26 February 2020, Afarak Group Plc´s ("Afarak" or 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, Afarak Group Plc published the Financial Statements of 2019.

On 5 March 2020, Afarak Group Plc released information regarding managers’ transactions in relation to disposal of shares.

On 9 March 2020, Afarak Group Plc released information regarding managers’ transactions in relation to 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, Afarak Group Plc published its Financial Statements and Annual Report for the year ended 31 December 2019.

On 31 March 2020, Afarak Group Plc published the Auditor’s Report for the financial period 1 January - 31 December 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 24 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, Afarak Group Plc issued the production report for Q1 2020. The overall production during the first quarter of 2020 contracted by 42.6% when compared to the same period of the prior year.

On 8 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 voluntary 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, 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 published a resolution relating to the Group’s AGM.

FINANCIAL INFORMATION

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

H1/2020 6 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	31,573	13,142	843	-616	44,942
EBITDA	1,668	-2,963	-1,522	0	-2,817
EBIT	652	-8,742	-1,479	0	-9,569
Segment's assets	169,541	89,256	18,398	-81,294	195,901
Segment's liabilities	90,757	99,375	35,966	-80,543	145,555

H1/2019 6 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	47,064	35,496	1,101	-898	82,763
EBITDA	4,151	-14,041	-3,011	0	-12,901
EBIT	2,946	-37,665	-3,014	0	-37,733
Segment's assets	145,478	133,525	17,144	-42,816	253,331
Segment's liabilities	60,076	99,699	4,961	-43,009	121,727

FY 2019 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	82,464	61,809	2,124	-1,479	144,918
EBITDA	6,846	-23,581	-7,019	0	-23,754
EBIT	4,478	-60,342	-7,290	0	-63,154
Segment's assets	166,670	115,023	17,409	-75,505	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	H2/19	H1/20
Sales (tonnes)							
Mining	93,399	153,037	164,935	116,415	105,012	128,651	78,084
Processing	48,689	52,909	49,213	51,354	43,334	38,468	23,356
Trading	11,025	9,404	9,942	5,642	4,500	4,821	28
Total	**153,113**	**215,350**	**224,090**	**173,411**	**152,846**	**171,940**	**101,468**
Average rates*							
EUR/USD	1.083	1.175	1.210	1.152	1.129	1.109	1.102
EUR/ZAR	14.306	15.785	14.891	16.328	16.043	16.302	18.311
Euro (million)							
Revenue	104.1	94.8	104.5	89.6	82.8	62.2	44.9
EBITDA	17.5	0.4	0.5	-1.5	-12.9	-10.8	-2.8
EBITDA margin	16.8%	0.4%	0.5%	-1.7%	-15.6%	-17.4%	-6.3%
EBIT	14.4	-3.0	-2.8	-11.3	-37.7	-25.5	-9.6
EBIT margin	13.8%	-3.2%	-2.7%	-12.6%	-45.5%	-41.0%	-21.3%

*Average rates in the respective half year

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	**H1/20**	**H1/19**	**FY2019**
Revenue	**44,942**	**82,763**	**144,918**
Other operating income	634	1,211	2,378
Operating expenses	-48,393	-96,007	-170,182
Depreciation and amortisation	-2,102	-4,081	-7,449
Impairment	-4,650	-20,751	-31,951
Share of profit from joint ventures*	0	-868	-868
Operating profit	**-9,569**	**-37,733**	**-63,154**
Gain on acquisition of Synergy Group	0	7,069	7,069
Financial income and expense	-6,021	-1,168	-4,497
Profit before tax	**-15,590**	**-31,832**	**-60,582**
Income tax	-559	2,648	1,705
Profit for the period	**-16,149**	**-29,184**	**-58,877**
Profit attributable to:			
Owners of the parent	-15,892	-28,460	-57,576
Non-controlling interests	-257	-724	-1,301
Total	-16,149	-29,184	-58,877
Earnings per share for profit attributable to the shareholders of the parent company, EUR			
Basic earnings per share, EUR	-0.07	-0.11	-0.23
Diluted earnings per share, EUR	-0.07	-0.11	-0.23

*The joint venture has been acquired and the results were consolidated as from Q2 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR ‘000	**H1/20**	**H1/19**	**FY2019**
Profit for the period	**-16,149**	**-29,184**	**-58,877**
Other comprehensive income			
Remeasurement of defined benefit pension plans	0	0	-2,740
Exchange differences on translating foreign operations – Group	-8,101	1,761	2,166
Exchange differences on translating foreign operations – Associate and JV	0	-174	0
Other comprehensive income, net of tax	**-8,101**	**1,587**	**-574**
Total comprehensive income for the period	**-24,250**	**-27,597**	**-59,451**
Total comprehensive income attributable to:			
Owners of the parent	-22,646	-26,877	-58,123
Non-controlling interests	-1,604	-720	-1,328

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	**30.6.2020**	**30.6.2019**	**31.12.2019**
ASSETS			
Non-current assets			
Goodwill	44,466	44,689	45,414
Other intangible assets	5,841	8,033	7,010
Property, plant and equipment	85,975	119,262	110,798
Deferred tax asset	3,052	3,568	3,419
Other non-current assets	813	1,068	1,047
Non-current assets total	**140,147**	**176,620**	**167,688**
Current assets			
Inventories	28,588	45,185	29,964
Trade receivables	12,240	17,090	12,378
Other receivables	8,813	8,316	8,178
Cash and cash equivalents	6,113	6,120	5,389
Current assets total	**55,754**	**76,711**	**55,909**
Total assets	**195,901**	**253,331**	**223,597**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	23,642	23,642	23,642
Share premium reserve	25,740	25,740	25,740
Paid-up unrestricted equity reserve	207,922	233,143	207,850
Legal Reserve	77	90	89
Translation reserves	-26,371	-20,228	-19,618
Retained earnings	-186,290	-138,459	-170,397
Equity attributable to owners of the parent	**44,720**	**123,928**	**67,306**
Non-controlling interests	**5,626**	**7,676**	**7,230**
Total equity	**50,346**	**131,604**	**74,536**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	17,386	20,675	21,573
Provisions	16,547	16,541	19,052
Pension liabilities	22,249	19,919	22,475
Financial liabilities	18,986	20,083	20,958
Non-current liabilities total	**75,168**	**77,218**	**84,058**
Current liabilities			
Trade payables	12,850	14,884	12,538
Other current liabilities	57,537	29,625	52,465
Current liabilities total	**70,387**	**44,509**	**65,003**
Total liabilities	**145,555**	**121,727**	**149,061**
Total equity and liabilities	**195,901**	**253,331**	**223,597**

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

EUR '000	30.6.2020	30.6.2019	31.12.2019
Cash and cash equivalents	**6,113**	**6,120**	**5,389**
Interest-bearing receivables			
Current	0	0	0
Non-current	248	328	372
Interest-bearing receivables	**248**	**328**	**372**
Interest-bearing liabilities			
Current	43,962	19,022	42,220
Non-current	16,869	17,384	18,290
Interest-bearing liabilities	**60,831**	**36,406**	**60,510**
NET TOTAL	**-54,470**	**-29,958**	**-54,749**

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	217,556
Additions	429	89
Disposals	-225	0
Reclass between items	-93	0
Effect of movements in exchange rates	-39,236	-89
Acquisition cost 30.6.2020	131,660	217,556
Acquisition cost 1.1.2019	82,556	213,169
Additions	4,510	467
Disposals	-490	-27
Business combinations	82,598	3,958
Right-of-use asset (IFRS 16)	499	0
Reclass between items	262	0
Effect of movements in exchange rates	850	-11
Acquisition cost 31.12.2019	170,785	217,556

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000	**H1/20**	**H1/19**	**FY2019**
Profit for the period	-16,149	-29,184	-58,877
Adjustments to profit for the period	13,769	9,953	24,196
Changes in working capital	142	14,068	32,573
Net cash from operating activities	**-2,238**	**-5,163**	**-2,108**
Acquisition of subsidiaries and associates, net	0	684	684
Acquisition of non-controlling interest	0	-111	-398
Capital expenditure on non-current assets, net	-265	-1,931	-2,068
Other investments, net	81	-141	-193
Proceeds from repayments of loans and loans given	0	413	398
Net cash used in investing activities	**-184**	**-1,086**	**-1,577**
Acquisition of own shares	0	0	-26,389
Proceeds from borrowings	1,895	3,140	33,440
Repayment of borrowings, and other financing activities	-1,315	-3,871	-7,203
Movement in short-term financing activities*	2,851	919	-3,088
Net cash used in financing activities	**3,431**	**188**	**-3,240**
Net increase in cash and cash equivalents	**1,009**	**-6,061**	**-6,925**

*This includes bank overdrafts, factoring and other 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

1.000 EUR	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 1-6/2019 + comprehensive income				1,583	-28,460		**-26,877**	-724	**-27,601**
Translation differences							**0**	3	**3**
Share-based payments			291				**291**		**291**
Acquisition of non-controlling interest			1,559		-1,514		**45**	8,024	**8,069**
Other changes in equity						-8	**-8**		**-8**
Equity at 30.06.2019	**23,642**	**25,740**	**233,142**	**-20,228**	**-138,459**	**90**	**123,927**	**7,676**	**131,603**
Profit/(loss) for the period 7-12/2019 + comprehensive income				610	-29,116		**-28,506**	-577	**-29,083**
Translation differences							**0**	-30	**-30**
Share-based payments			314				**314**		**314**
Rights Issue			783				**783**		**783**
Acquisition on own share			-26,389				**-26,389**		**-26,389**
Remeasurements of defined benefit pension plans					-2,740		**-2,740**		**-2,740**
Acquisition of non-controlling interest					-82		**-82**	161	**79**
Other changes in equity					0	-1	**-1**		**-1**
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 1-6/2020 + comprehensive income				-6,754	-15,892		**-22,646**	-257	**-22,903**
Translation differences							**0**	-1,347	**-1,347**
Share-based payments			-23				**-23**		**-23**
Acquisition of non-controlling interest			95				**95**		**95**
Other changes in equity						-11	**-11**		**-11**
Equity at 30.06.2020	**23,642**	**25,740**	**207,922**	**-26,371**	**-186,290**	**77**	**44,720**	**5,626**	**50,346**

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	**H1/20**	**H1/19**	**FY2019**
Sales to joint ventures	0	122	122
Sales to other related parties	-16	12	18
Purchases from joint ventures	0	-1,344	-1,333
Purchases from other related parties	0	0	0
Financing income from joint ventures	0	115	115
Loan receivables from joint ventures	0	0	0
Loan receivables from other related parties	0	8	0
Trade and other receivables from joint ventures	0	0	0
Trade and other receivables from other related parties	42	80	82
Loan payables from other related parties	14,878	15,141	15,956
Trade and other payables to joint ventures	0	0	0

FINANCIAL INDICATORS

	H1/20	**H1/19**	**FY2019**
Return on equity, % p.a.	-51.7%	-41.1%	-52.2%
Return on capital employed, % p.a.	-13.6%	-33.9%	-33.0%
Equity ratio, %	25.7%	52.1%	33.3%
Gearing, %	108.7%	22.8%	74.0%
Personnel at the end of the period	770	1,035	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

	H1/20	**H1/19**	**FY2019**
TRY	7.1492	6.3562	6.3578
USD	1.1020	1.1298	1.1195
ZAR	18.3112	16.0434	16.1757

Balance sheet rates

	30.6.2020	**30.6.2019**	**31.12.2019**
TRY	7.6761	5.5655	6.6843
USD	1.1198	1.1380	1.1234
ZAR	19.4425	16.1218	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.

SHARE-RELATED KEY FIGURES

		H1/20	H1/19	FY2019
Share price development in London Stock Exchange				
Average share price*	EUR	0.38	0.78	0.72
	GBP	0.33	0.68	0.63
Lowest share price*	EUR	0.29	0.72	0.43
	GBP	0.25	0.63	0.38
Highest share price*	EUR	0.86	0.83	0.88
	GBP	0.75	0.73	0.78
Share price at the end of the period**	EUR	0.33	0.81	0.44
	GBP	0.30	0.73	0.38
Market capitalisation at the end of the period**	EUR million	82.87	211.2	111.1
	GBP million	75.61	189.3	94.5
Share trading development				
Share turnover	thousand shares	24.38	96	249
Share turnover	EUR thousand	12	73	167
Share turnover	GBP thousand	11	64	147
Share turnover	%	0.0 %	0.0 %	0.1 %
Share price development in NASDAQ Helsinki				
Average share price	EUR	0.41	0.85	0.90
Lowest share price	EUR	0.21	0.74	0.40
Highest share price	EUR	0.98	0.96	0.97
Share price at the end of the period	EUR	0.34	0.92	0.53
Market capitalisation at the end of the period	EUR million	85.69	240.26	133.83
Share trading development				
Share turnover	thousand shares	27,377	7,496	42,305
Share turnover	EUR thousand	11,154	6,341	37,961
Share turnover	%	10.9 %	2.9 %	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.