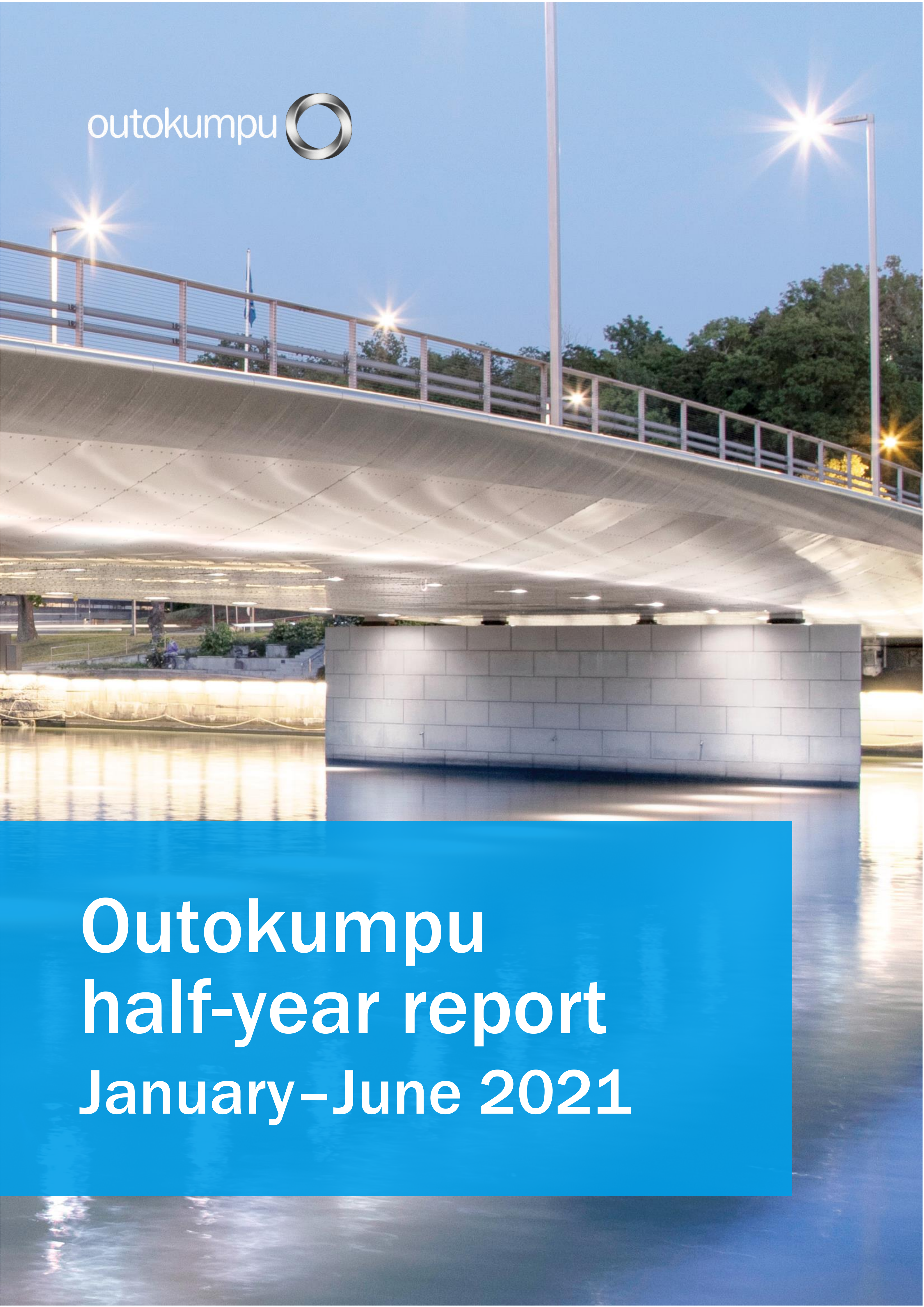


Outokumpu half-year report

January–June 2021

Contents

Outokumpu half-year report January–June 2021

Q2 adjusted EBITDA increased to EUR 223 million in a strong market environment

Highlights in Q2 2021

- Stainless steel deliveries were 626,000 tonnes (523,000 tonnes)[1].
- Adjusted EBITDA increased to EUR 223 million (EUR 45 million).
- EBITDA was EUR 223 million (EUR 45 million).
- Operating cash flow amounted to EUR 6 million (EUR 72 million).
- Net debt decreased to EUR 897 million (March 31, 2021: EUR 1,073 million).
- Gearing decreased to 31.9% (March 31, 2021: 43.7%).

Highlights in January-June 2021

- Stainless steel deliveries were 1,234,000 tonnes (1,111,000 tonnes).
- Adjusted EBITDA amounted to EUR 400 million (EUR 151 million).
- EBITDA was EUR 400 million (EUR 151 million).
- Operating cash flow amounted to EUR 33 million (EUR 40 million).
- Net result was EUR 212 million (EUR -15 million).

Group key figures		Q2/21	Q2/20	Q1/21	Q1–Q2/21	Q1–Q2/20	2020
Sales	EUR million	**1,873**	1,420	1,673	**3,546**	3,035	5,639
EBITDA	EUR million	**223**	45	177	**400**	151	191
Adjusted EBITDA 1)	EUR million	**223**	45	177	**400**	151	250
EBIT	EUR million	**163**	-16	116	**279**	29	-55
Adjusted EBIT 1)	EUR million	**163**	-16	116	**279**	29	4
Result before taxes	EUR million	**143**	-38	101	**244**	-16	-151
Net result for the period	EUR million	**129**	-37	82	**212**	-15	-116
Earnings per share 2)	EUR	**0.30**	-0.09	0.20	**0.50**	-0.04	-0.28
Diluted earnings per share 2)	EUR	**0.28**	-0.09	0.19	**0.46**	-0.04	-0.28
Return on capital employed	%	**5.2**	1.1	0.5	**5.2**	1.1	-1.4
Net cash generated from operating activities	EUR million	**6**	72	27	**33**	40	322
Net debt at the end of period	EUR million	**897**	1,243	1,073	**897**	1,243	1,028
Debt-to-equity ratio at the end of period	%	**31.9**	49.2	43.7	**31.9**	49.2	43.6
Capital expenditure 3)	EUR million	**37**	52	47	**84**	110	180
Stainless steel deliveries	1,000 tonnes	**626**	523	608	**1,234**	1,111	2,121
Personnel at the end of period, full-time equivalent 4)		**9,088**	9,903	9,256	**9,088**	9,903	9,602

1) Adjusted EBITDA or EBIT = EBITDA or EBIT – Items classified as adjustments.

2) Calculated based on the share-issue-adjusted weighted average number of shares. Comparative information is presented accordingly.

3) In Q4/2020, Outokumpu changed its capital expenditure definition from accrual-based to cash-based capital expenditure. Comparative information is presented accordingly.

4) In Q1/2021, Outokumpu changed its main personnel amount measure from headcount to full-time equivalent personnel. Comparative information is presented accordingly. On June 30, 2021 the Group employed, in addition, some 690 summer trainees (June 30, 2020: some 540).

[1] Figures in parentheses refer to the corresponding period for 2020, unless otherwise stated.

President & CEO Heikki Malinen

The stainless steel market has rebounded from the global COVID-19 pandemic across multiple segments. In this strong market environment, we increased our adjusted EBITDA to EUR 223 million in the second quarter. Our mills have been running at a high utilization rate and group stainless steel deliveries grew by 3% compared to previous quarter.

I am very pleased that we have achieved EUR 400 million of adjusted EBITDA in the first half of this year, which is markedly higher than last year's total.

All business areas improved their performance compared to the previous quarter. The favorable market environment supported business area Europe's profitability and adjusted EBITDA reached EUR 98 million with deliveries growing by 2%. In business area Americas, the upward trend continued in a strong market and we were also able to showcase the sustainable nature of all the improvement measures taken, especially in cost structure, commercial strategy and ways of working. In Americas, stainless steel deliveries were 9% higher compared to Q1, and adjusted EBITDA increased to EUR 65 million.

We have continued our diligent strategy execution and are fully on track to meet our target to achieve a EUR 200 million EBITDA run-rate improvement by the end of 2022. With our own measures, we reached a cumulative EUR 123 million realized EBITDA run-rate impact in the first half of the year.

In May, we launched a directed share issue to accelerate the strengthening of our balance sheet and reduce our net debt. With the proceeds of the equity raise, we prepaid our more expensive loans by EUR 210 million which means our interest costs on an annual run-rate decreased by EUR 18 million. As a result of our de-risking measures, rating agency Moody's upgraded our credit rating.

One of our key targets is to improve our net debt to EBITDA ratio to below 3.0. During the second quarter, we reached the net debt to EBITDA ratio of 1.8. Tailwinds from the market speeded up our ability to achieve our financial targets.

The second quarter was eventful in terms of trade regulation. We were pleased to see that the EU safeguard measures were extended for another three years until June 2024. In addition, the EU imposed provisional anti-dumping duties on cold rolled stainless steel from Indonesia and India. These regulatory measures are important steps to ensure a level playing field in Europe for sustainable stainless steel.

In our Capital Markets Update in May, we launched a holistic, more ambitious sustainability strategy aiming to become the sustainability benchmark for the stainless steel industry. We have committed to the SBTi 1.5 ºC climate ambition with an estimated greenhouse gas emission reduction of approximately 30% by 2030 compared to the company's 2020 level.

The first half of the year has been our strongest ever when it comes to safety performance. Our total recordable injury frequency rate was at 1.5. I would like to thank our employees and business partners for their continued commitment to improving safety at Outokumpu.

Outlook for Q3 2021

Group stainless steel deliveries in the third quarter are expected to decrease by 0–10% compared to the second quarter, in line with the seasonal pattern.

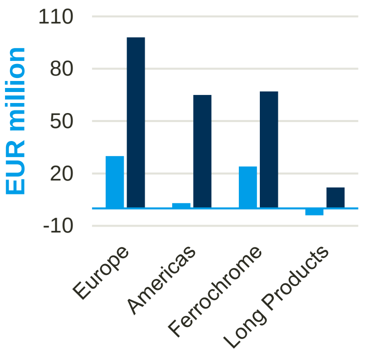
The European ferrochrome benchmark price remained stable at USD 1.56/lb for the third quarter.

Planned maintenance costs in the third quarter are expected to increase by approximately EUR 10 million compared to the second quarter.

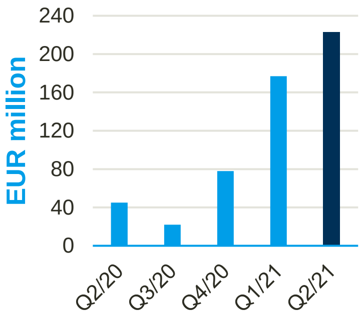
With current raw material prices and exchange rates, significant raw material-related inventory and metal derivative gains or losses are not expected in the third quarter.

Adjusted EBITDA in the third quarter of 2021 is expected to be at a similar level compared to the second quarter.

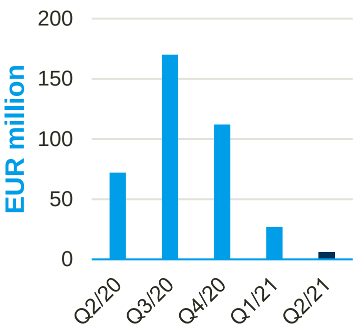
Adjusted EBITDA per business area



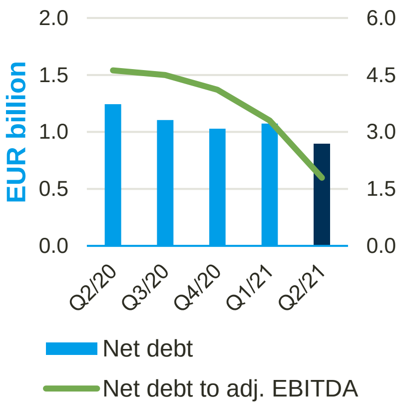
Group adjusted EBITDA



Operating cash flow



Net debt and leverage



Results

Q2 2021 compared to Q2 2020

Outokumpu's sales increased to EUR 1,873 million in the second quarter of 2021 (EUR 1,420 million) and adjusted EBITDA amounted to EUR 223 million (EUR 45 million). Total stainless steel deliveries were 20% higher as the reference period last year was heavily impacted by weakened global demand caused by the COVID-19 pandemic. Increased realized prices for stainless steel in both Europe and Americas and higher ferrochrome sales price contributed to profitability. Freight costs were at a higher level in Americas and the successful roll-out of the new ERP system in Avesta, Sweden also increased costs compared to the reference period. Raw material-related inventory and metal derivative gains amounted to EUR 7 million compared to the losses of EUR 16 million in the reference period. Other operations and intra-group items' adjusted EBITDA was EUR -19 million (EUR -7 million).

Q2 2021 compared to Q1 2021

Outokumpu's sales increased to EUR 1,873 million in the second quarter of 2021 (Q1/2021: EUR 1,673 million) and adjusted EBITDA amounted to EUR 223 million (Q1/2021: EUR 177 million). Demand for stainless steel continued to be strong. Total stainless steel deliveries grew by 3% and realized prices for stainless steel increased in all regions compared to the previous quarter. A higher ferrochrome sales price also impacted positively on profitability in the second quarter. Fixed costs increased, mainly due to EUR 10 million higher planned maintenance costs and the successful roll-out of the new ERP system in Avesta, Sweden. On a group level, inflationary pressure was not yet recognized in consumable prices during the second quarter, but freight costs increased in Americas. Raw material-related inventory and metal derivative gains were significantly lower compared to the previous quarter and amounted to EUR 7 million (Q1/2021: gains of EUR 42 million). Other operations and intra-group items' adjusted EBITDA amounted to EUR -19 million (Q1/2021: EUR -8 million).

January-June 2021 compared to January-June 2020

During the first half of 2021, Outokumpu's sales rose to EUR 3,546 million (EUR 3,035 million) and adjusted EBITDA stood at EUR 400 million (EUR 151 million). As the reference period was negatively impacted by the global COVID-19 pandemic, stainless steel deliveries in the first half of 2021 were 11% higher than the same period last year. In 2021, profitability was also positively impacted by the higher ferrochrome sales price and lower variable and fixed cost levels. Raw material-related inventory and metal derivative gains amounted to EUR 49 million in the first half of 2021 (losses of EUR 38 million), mainly due to positive timing impacts. Other operations and intra-group items' adjusted EBITDA amounted to EUR -27 million (EUR -13 million).

EBIT increased to EUR 279 million (EUR 29 million) and net result to EUR 212 million (EUR -15 million) in the first half of 2021.

Strategy execution

Outokumpu launched a new strategy in November 2020. The financial targets set by the end of 2022 are a EUR 200 million EBITDA run-rate improvement and reducing the net debt to EBITDA ratio to below 3.0. The strategy has three key focus areas: Lean & Agile Organization, Cost & Capital Discipline and Commercial Excellence.

During the second quarter of 2021, the company executed EUR 39 million in EBITDA run-rate impact, leading to a cumulative EBITDA run-rate impact of EUR 123 million. The Lean & Agile Organization stream was the main contributor, with 80% of initiatives now completed. Going forward, the Cost & Capital Discipline as well as the Commercial Excellence streams, which often have a longer execution time for initiatives, are expected to generate EBITDA run-rate improvements. One of the successes in the second quarter was identified through a melt shop benchmarking activity across Outokumpu, relating to raw material efficiency, with a new operating model allowing the company to optimize the use of raw material alloys in the melting process. The strong focus on the execution of already planned initiatives and continuous ideation ensures progress towards targets.

Financial position and cash flow

Operating cash flow amounted to EUR 33 million in the first half of 2021 (EUR 40 million). During the same period, net working capital increased by EUR 255 million, compared to EUR 13 million in the reference period. The net working capital increase includes EUR 21 million of payments on the 2020 VAT deferral in Finland. Inventories increased during the first half of 2021 and stood at EUR 1,431 million at end of June (December 31, 2020: EUR 1,177 million). The inventory increase in the second quarter was EUR 95 million and approximately 40% of the increase came from higher metal prices.

Capital expenditure amounted to EUR 84 million in the first half (EUR 110 million). In Q4/2020, Outokumpu changed its capital expenditure definition from accrual-based to cash-based capital expenditure. Comparative information is presented accordingly.

Net debt decreased to EUR 897 million during the first half of 2021 with the proceeds of the directed share issue (December 31, 2020: EUR 1,028 million) and gearing amounted to 31.9% (December 31, 2020: 43.6%). Net financial expenses were EUR 44 million (EUR 46 million) and interest expenses amounted to EUR 35 million (EUR 38 million).

Cash and cash equivalents were EUR 257 million on June 30, 2021 (December 31, 2020: EUR 376 million) and the overall liquidity reserves were EUR 0.9 billion (December 31, 2021: EUR 1.0 billion). In addition to these reserves, Outokumpu has an unutilized EUR 42 million short-term portion of the syndicated facility available and a EUR 34 million financing facility, which may be used to finance a certain part of the Kemi mine investment.

The issuance of commercial papers decreased during the first half of 2021 and the outstanding amount totaled EUR 151 million on June 30, 2021. (December 31, 2020: EUR 231 million). In the second quarter, Outokumpu successfully extended maturities of its revolving credit facilities. The SEK 1,000 million revolving credit facility was extended by one year until May 2023 and EUR 532 million revolving credit facility by one year until May 2024. Both revolving credit facilities are fully unutilized.

In May, Outokumpu successfully carried out a private placement of 40,500,000 new shares and raised gross proceeds of EUR 209 million. With the proceeds of the directed share issue Outokumpu prepaid EUR 210 million of its EUR 330 million term loan. The maturity for the remaining part of the loan was extended from June 2023 until May 2024.

Market development

According to CRU's latest estimates (May 2021), global apparent consumption of stainless steel flat products increased by 22.3% in the second quarter compared to the same period last year, when markets were heavily hit by the COVID-19 pandemic. APAC contributed growth of 21.7%, while demand in EMEA grew by 21.8% and by 30.1% in Americas.

In the second quarter of 2021, global apparent consumption of stainless steel flat products increased by just 0.5% compared to the first quarter of 2021, which was already remarkably strong. The development was driven by an increase of 1.8% in EMEA, while Americas and APAC grew by just 0.5% and 0.3% respectively.

In the third quarter of 2021, CRU expects the global apparent consumption of stainless steel flat products to fall by 0.4% compared to the second quarter. This is driven by a decrease of 10.5% and 0.7% in EMEA and Americas respectively, while APAC is expected to increase by 1.6%. Compared to last year's third quarter, when markets were beginning to recover from the COVID-19 pandemic, apparent consumption is expected to grow by 8.1%, driven by an increase of 19.8% in Americas, 7.7% in APAC and 4.6% in EMEA.

In 2021, total global apparent consumption of stainless steel flat products is estimated to grow by 13.5% compared to 2020.

Business area Europe

Europe key figures		Q2/21	Q2/20	Q1/21	Q1-Q2/21	Q1-Q2/20	2020
Stainless steel deliveries	1,000 tonnes	**410**	356	401	**811**	747	1,440
Sales	EUR million	**1,124**	900	1,025	**2,149**	1,925	3,568
Adjusted EBITDA	EUR million	**98**	30	78	**176**	97	142
Adjustments							
Restructuring costs	EUR million	**-**	-	-	**-**	-	-47
EBITDA	EUR million	**98**	30	78	**176**	97	95
Operating capital	EUR million	**1,732**	1,840	1,633	**1,732**	1,840	1,573

Results

Q2 2021 compared to Q2 2020

Sales increased to EUR 1,124 million (EUR 900 million).
Adjusted EBITDA increased to EUR 98 million
(EUR 30 million).

- Stainless steel deliveries increased by 15%, as the reference period was heavily impacted by the global COVID-19 pandemic.
- Realized prices for stainless steel increased slightly, but product mix was weaker.
- Profitability was positively impacted by reduced fixed costs and lower consumable costs.
- Raw material-related inventory and metal derivative losses were EUR 13 million, the same level as Q2/2020.

Q2 2021 compared to Q1 2021

Sales increased to EUR 1,124 million
(EUR 1,025 million).
Adjusted EBITDA increased to EUR 98 million
(EUR 78 million).

- Stainless steel deliveries increased by 2%.
- Realized prices for stainless steel continued to rise, but the positive impact on profitability was partly offset by the weaker product mix.
- Fixed costs increased, mainly due to higher maintenance costs and the succesful roll-out of the new ERP system in Avesta, Sweden.
- Raw material-related inventory and metal derivative losses amounted to EUR 13 million, compared to gains of EUR 18 million in Q1/2021.

Market

- During Q2/2021, apparent consumption in EMEA increased by 21.8% compared to Q2/2020, with an increase of 1.8% quarter on quarter.
- The share of EU cold-rolled imports from third countries stood at 25% in Q2/2021, the same level as in Q1/2021. (Source: EUROFER, July 2021).
- Distributor inventories in Q2/2021 were below the average level of both Q1/2021 and Q2/2020.

Business area Americas

Americas key figures		Q2/21	Q2/20	Q1/21	Q1–Q2/21	Q1–Q2/20	2020
Stainless steel deliveries	1,000 tonnes	**192**	134	176	**368**	303	588
Sales	EUR million	**476**	278	384	**861**	637	1,195
Adjusted EBITDA	EUR million	**65**	3	54	**119**	22	55
Restructuring costs	EUR million	**-**	-	-	**-**	-	-2
EBITDA	EUR million	**65**	3	54	**119**	22	53
Operating capital	EUR million	**874**	927	874	**874**	927	801

Results

Q2 2021 compared to Q2 2020

Sales amounted to EUR 476 million (EUR 278 million).
Adjusted EBITDA increased to EUR 65 million (EUR 3 million).

- Stainless steel deliveries increased by 43% as the reference period was heavily impacted by the global COVID-19 pandemic.
- Product mix improved and realized prices for stainless steel were higher.
- Fixed costs increased as a result of higher production; freight costs were also higher.
- Raw material-related inventory and metal derivative gains were EUR 17 million compared to losses of EUR 0 million Q2/2020.

Q2 2021 compared to Q1 2021

Sales amounted to EUR 476 million (EUR 384 million).
Adjusted EBITDA increased to EUR 65 million (EUR 54 million).

- Stainless steel deliveries increased by 9%.
- Realized prices for stainless steel continued to rise and the product mix improved.
- Higher production droved up fixed costs and freight costs were also higher.
- Raw material-related inventory and metal derivative gains amounted to EUR 17 million compared to gains of EUR 20 million in Q1/2021.

Market

- During Q2/2021, US real demand increased by 32% compared to Q2/2020 and by 12% compared to Q1/2021.
- The share of cold-rolled imports into the US was at 17% in Q2/2021 and increased by 34% compared to Q1/2021 and by 46% compared to Q2/2020 (Source: American Iron & Steel Institute, July 2021).
- Distributor inventories in Q2/2021 were below the average and Q2/2020 level (Source: Metals Service Center Institute, July 2021).

Business area Ferrochrome

Ferrochrome key figures		Q2/21	Q2/20	Q1/21	Q1-Q2/21	Q1-Q2/20	2020
Ferrochrome production	1,000 tonnes	**131**	123	131	**262**	260	498
Sales	EUR million	**155**	95	121	**276**	207	411
Adjusted EBITDA	EUR million	**67**	24	42	**109**	49	91
Restructuring costs	EUR million	**-**	-	-	**-**	-	-1
EBITDA	EUR million	**67**	24	42	**109**	49	90
Operating capital	EUR million	**850**	744	793	**850**	744	766

Results

Q2 2021 compared to Q2 2020

Sales increased to EUR 155 million (EUR 95 million).
Adjusted EBITDA increased to EUR 67 million (EUR 24 million).

- Ferrochrome production was 6% higher.
- The positive impact from the higher ferrochrome sales price was partly offset by a stronger EUR/USD FX rate.
- Both the European ferrochrome benchmark price and Chinese spot market prices increased.
- Fixed costs were at a higher level.

Q2 2021 compared to Q1 2021

Sales increased to EUR 155 million (EUR 121 million).
Adjusted EBITDA increased to EUR 67 million (EUR 42 million).

- Ferrochrome production remained at the same level.
- Profitability was supported by the higher ferrochrome sales price, as both the European ferrochrome benchmark price and Chinese spot market prices were at a higher level.
- Fixed costs and maintenance costs increased.

Market

- For Q2/2021, the European benchmark price for ferrochrome increased significantly to USD 1.56/lb.
- For Q3/2021, the published European benchmark price for ferrochrome was stable at USD 1.56/lb.
- Chinese spot market prices have recently increased.
- Recently, there have been several issues in the global ferrochrome supply.

Business area Long Products

Long Products key figures		Q2/21	Q2/20	Q1/21	Q1–Q2/21	Q1–Q2/20	2020
Stainless steel deliveries	1,000 tonnes	**67**	40	65	**132**	101	175
Sales	EUR million	**200**	119	184	**383**	289	493
Adjusted EBITDA	EUR million	**12**	-4	11	**23**	-5	-8
Restructuring costs	EUR million	**-**	-	-	**-**	-	-3
EBITDA	EUR million	**12**	-4	11	**23**	-5	-11
Operating capital	EUR million	**143**	172	131	**143**	172	133

Results

Q2 2021 compared to Q2 2020

Sales increased to EUR 200 million (EUR 119 million).
Adjusted EBITDA increased to EUR 12 million (EUR -4 million).

- Total stainless steel deliveries increased by 67% across all products.
- Total fixed costs were higher due to significantly higher volumes and maintenance, and variable costs were impacted by the increased cost of consumables.
- Raw material-related inventory and metal derivative gains were EUR 3 million compared to losses of EUR 2 million in Q2/2020.

Q2 2021 compared to Q1 2021

Sales amounted to EUR 200 million (EUR 184 million).
Adjusted EBITDA increased to EUR 12 million (EUR 11 million).

- Total stainless steel deliveries increased by 3% as external deliveries increased and internal deliveries to business area Europe decreased.
- Profitability was negatively impacted by increased fixed costs.
- Raw material-related inventory and metal derivative gains amounted to EUR 3 million compared to gains of EUR 4 million in Q1/2021.

Market

- Demand has remained robust throughout Q2/2021.
- Market strength is broad-based, with only the heavy forgers that rely on oil and gas related demand yet to recover.

Sustainability

Outokumpu's vision is to be customer's first choice in sustainable stainless steel. Sustainability at Outokumpu is based on three aspects: environmental, economic and social, which all need to be in balance. The company is a signatory of the United Nations Global Compact. Outokumpu is committed to the United Nations' Sustainable Development Goals, with a focus on the following six objectives: clean water and sanitation, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, responsible consumption and production, and climate action.

Outokumpu is globally the only stainless steel producer that publishes its stainless steel carbon footprint including all direct (scope 1) and indirect (scope 2, electricity) emissions as well as emissions from the production of raw materials (scope 3) and transportation (scope 3). Outokumpu is also the only stainless steel company to have an approved 2 °C Science-Based Target with the aim of reducing greenhouse gas emissions by 20% per tonne of stainless steel by 2023 compared to the 2014-2016 baseline. Outokumpu is well on track to achieve this current target.

As part of the new sustainability strategy, Outokumpu increased its greenhouse gas emission reduction target and committed to the Science-Based Target initiative (SBTi) 1.5 °C climate ambition. This is expected to translate into a greenhouse gas emission reduction of approximately 30% by 2030 compared to the company's 2020 level. Outokumpu is now in the process of establishing the greenhouse gas emission reduction target together with SBTi for 2030.

Outokumpu's long-term target is to achieve carbon neutrality by 2050 in scope 1 and 2 emissions. Outokumpu's other sustainability targets include improved organizational health, improved safety, increased energy efficiency, zero environmental incidents and high material recycling. All Outokumpu production sites are certified according to ISO 14001.

In the second quarter of 2021, Outokumpu was selected as the sustainability champion by Worldsteel. In May, Outokumpu also established an external ESG advisory council to support ESG strategy implementation. Additionally, in the second quarter, a new materiality analysis was initiated to confirm the priorities of sustainability work at Outokumpu for different stakeholders and the results are expected in the third quarter.

Energy efficiency has been on a high level in the second quarter, and it has been supported by good volumes and development projects within production. The rolling last 12-month average for the recycled material content has remained above 90%. An extensive policy review was conducted in the second quarter, leading to several policies being brought into line with the United Nations Guiding Principles on Business & Human rights. During the quarter, there were 4 environmental incidents on Outokumpu operations, 4 of which were permit breaches – all incidents were reported to the relevant authorities.

Safety performance remained strong across the second quarter and this has resulted in Outokumpu's strongest ever first half performance with 17 recordable accidents occurring. The total recordable injury frequency rate (TRIFR) was 1.5 for the first half of 2021 (H1/2020: 2.5).

During the second quarter of 2021, the sites worked on the quarterly safety theme "Control of Contractors". The aim has been to learn from good practices around the business and fully implement the company standard on this subject for contractors and sub-contractors. As this is such a large and important subject, and the summer months moreover tend to be when there are large maintenance jobs and shutdowns requiring large numbers of contractors, this quarterly theme will continue in the third quarter.

The COVID-19 pandemic has now moved into a third or fourth wave of infections in most of the countries in which Outokumpu operates and vaccination programs are progressing at different rates between countries and with varying effects. Outokumpu continues to operate under strict rules and instructions issued by the local governments to protect our employees and our business.

Personnel

In Q1/2021, Outokumpu changed its main personnel number measure from headcount to full-time equivalent personnel. Headcount also continues to be reported. Outokumpu's full-time equivalent personnel was reduced by 514 during the first half of 2021, totaling 9,088 at the end of June (December 31, 2020: 9,602). Headcount was 9,521 on June 30, 2021 (December 31, 2020: 9,915). Outokumpu is aiming for a full-time equivalent number of personnel of below 9,000 during 2022.

Shares

In May, Outokumpu successfully carried out a private placement of 40,500,000 new shares to accelerate the de-leveraging of the company. The company raised gross proceeds of EUR 209 million and used these to repay loans from financial institutions by EUR 210 million. The total amount of Outokumpu's shares after the private placement is 456,874,448.

On June 30, 2021, Outokumpu's share capital was EUR 311 million and the total number of shares was 456,874,448. At the end of June, Outokumpu held 4,313,421 treasury shares. The average number of shares outstanding was 435,674,916 in the second quarter. The closing share price at the end of the period, on June 30, was EUR 5.05.

Risks and uncertainties

Outokumpu continues to focus on mitigating its exposure to risks which present uncertainties to its business and operations, including but not limited to: impacts from the COVID-19 pandemic; environmental-social-governance risk; cyber security and information technology; risk of business interruption at Outokumpu's production and distribution locations due to extreme weather conditions and other factors; weakened outlook in demand for stainless steel and consequently Outokumpu's expected product deliveries; delays or failures in Outokumpu's supply chain, such as impacts on personnel resources at critical suppliers; dependencies on certain critical suppliers; overall price and availability of critical raw materials and supplies; impacts on payment terms with suppliers; increased overdues and the realization of credit losses from customer receivables; liquidity and refinancing risks; changes in the prices of ferrochrome, nickel, electrical power, and CO2 emission allowances; currency developments affecting the euro, US dollar, Swedish krona, and pound sterling; negative impacts on the amount of defined pension benefit assets and liabilities; changes in interest margins applicable to Outokumpu; risks related to the fair value of shareholdings, such as investment in the Fennovoima project as well as general project and investment implementation risks, including the ongoing project in the Kemi mine.

Possible further adverse changes in the global political and economic environment, including severe and lengthened impacts from the vaccine deployment process, variants, and uncertainty surrounding the US economic recovery and inflation may have an impact on Outokumpu's overall business and access to financial markets.

Events after the reporting period

On July 21, Outokumpu informed that severe flooding caused by heavy thunderstorms and record rainfall in Germany have affected the company's operations. The impact is limited to Outokumpu's cold rolling mill in Dahlerbrück, which produces precision strip, employs some 160 people, and represents less than 1% of the Group's total production.

Helsinki, August 5, 2021

Outokumpu Oyj
Board of Directors

Financial information

Condensed statement of income (EUR million)	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Jan–Dec 2020
Sales	**1,873**	1,420	**3,546**	3,035	5,639
Cost of sales	**-1,638**	-1,372	**-3,148**	-2,866	-5,403
Gross margin	**235**	48	**398**	168	236
Other operating income	**5**	10	**17**	10	22
Sales, general and administrative costs	**-69**	-67	**-128**	-138	-285
Other operating expenses	**-9**	-7	**-7**	-12	-28
EBIT	**163**	-16	**279**	29	-55
Share of results in associated companies	**3**	1	**9**	1	2
Interest expenses	**-17**	-18	**-35**	-38	-78
Net other financial income and expenses	**-6**	-4	**-9**	-8	-20
Total financial income and expenses	**-23**	-23	**-44**	-46	-98
Result before taxes	**143**	-38	**244**	-16	-151
Income taxes	**-14**	1	**-33**	1	34
Net result for the period	**129**	-37	**212**	-15	-116
Earnings per share for result attributable to the equity holders of the Company					
Earnings per share, EUR	**0.30**	-0.09	**0.50**	-0.04	-0.28
Diluted earnings per share, EUR	**0.28**	-0.09	**0.46**	-0.04	-0.28

Earnings per share figures are calculated based on the share-issue-adjusted weighted average number of shares. Comparative information is presented accordingly.

Statement of comprehensive income (EUR million)	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Jan–Dec 2020
Net result for the period	**129**	-37	**212**	-15	-116
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations					
Change in exchange differences	**-11**	-22	**38**	-12	-86
Reclassification adjustments from other comprehensive income to profit or loss	**-**	-	**-**	-	-
Cash flow hedges					
Fair value changes during the financial year	**5**	4	**-1**	3	-8
Reclassification adjustments from other comprehensive income to profit or loss	**-0**	-0	**5**	-9	-5
Reclassification adjustments from other comprehensive income to inventory	**3**	-2	**4**	-1	4
Income tax relating to cash flow hedges	**-4**	0	**-2**	0	0
Items that will not be reclassified to profit or loss:					
Remeasurements on defined benefit obligation plans					
Changes during the accounting period	**4**	-23	**6**	21	-12
Income tax relating to remeasurements	**4**	6	**2**	-3	4
Equity investments at fair value through other comprehensive income	**16**	-6	**-21**	-22	4
Share of other comprehensive income in associated companies	**0**	0	**-0**	-0	-0
Other comprehensive income for the period, net of tax	**18**	-44	**31**	-23	-101
Total comprehensive income for the period	**147**	-81	**243**	-37	-217

Net result for the period and total comprehensive income for the period are fully attributable to the equity holders of the company.

Condensed statement of financial position (EUR million)	June 30 2021	June 30 2020	Dec 31 2020
ASSETS			
Non-current assets			
Intangible assets	**599**	611	610
Property, plant and equipment	**2,626**	2,739	2,631
Investments in associated companies	**42**	38	38
Other financial assets	**38**	29	54
Deferred tax assets	**244**	228	264
Defined benefit plan assets	**69**	83	64
Trade and other receivables	**1**	1	1
Total non-current assets	**3,620**	3,729	3,663
Current assets			
Inventories	**1,431**	1,145	1,177
Other financial assets	**59**	20	44
Trade and other receivables	**822**	625	537
Cash and cash equivalents	**257**	399	376
Total current assets	**2,569**	2,190	2,134
TOTAL ASSETS	**6,189**	5,919	5,797
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company	**2,809**	2,525	2,360
Non-current liabilities			
Non-current debt	**968**	1,293	1,153
Other financial liabilities	**1**	0	-
Deferred tax liabilities	**5**	14	7
Defined benefit and other long-term employee benefit obligations	**314**	325	329
Provisions	**59**	69	84
Trade and other payables	**26**	28	45
Total non-current liabilities	**1,373**	1,729	1,618
Current liabilities			
Current debt	**186**	348	251
Other financial liabilities	**23**	10	32
Provisions	**11**	6	31
Trade and other payables	**1,788**	1,300	1,505
Total current liabilities	**2,007**	1,665	1,820
TOTAL EQUITY AND LIABILITIES	**6,189**	5,919	5,797

Condensed statement of cash flows (EUR million)	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Jan–Dec 2020
Net result for the period	**129**	-37	**212**	-15	-116
Adjustments					
Depreciation, amortization and impairments	**60**	61	**120**	122	246
Other non-cash adjustments	**25**	13	**37**	33	93
Change in working capital	**-176**	93	**-255**	-13	247
Provisions, and defined benefit and other long-term employee benefit obligations paid	**-15**	-34	**-49**	-46	-71
Dividends and interests received	**3**	0	**3**	0	2
Interests paid	**-20**	-20	**-33**	-32	-69
Income taxes paid	**0**	-3	**-2**	-8	-10
Net cash from operating activities	**6**	72	**33**	40	322
Purchases of assets	**-37**	-52	**-84**	-110	-180
Proceeds from the sale of assets	**0**	0	**0**	0	15
Other investing cash flow	**2**	1	**2**	1	-10
Net cash from investing activities	**-34**	-51	**-81**	-109	-175
Cash flow before financing activities	**-28**	22	**-49**	-68	147
Directed share issue	**205**	-	**205**	-	-
Borrowings of non-current debt	**24**	22	**29**	341	496
Repayment of non-current debt	**-219**	-9	**-227**	-389	-721
Change in current debt	**-55**	-48	**-79**	191	130
Net cash from financing activities	**-45**	-34	**-71**	143	-94
Net change in cash and cash equivalents	**-73**	-13	**-120**	75	53
Cash and cash equivalents at the beginning of the period	**330**	411	**376**	325	325
Net change in cash and cash equivalents	**-73**	-13	**-120**	75	53
Foreign exchange rate effect	**0**	0	**1**	-1	-1
Cash and cash equivalents at the end of the period	**257**	399	**257**	399	376

Statement of changes in equity
(EUR million)

Attributable to the equity holders of the parent

	Share capital	Premium fund	Invested unrestricted equity reserve	Misc. other reserves	Fair value reserve from equity investments at fair value through OCI	Fair value reserve from derivatives	Cumulative translation differences	Remeasurements of defined benefit plans	Treasury shares	Other retained earnings	Total equity
Equity on Jan 1, 2020	**311**	**714**	**2,103**	**3**	**-49**	**6**	**-27**	**-116**	**-33**	**-350**	**2,562**
Net result for the period	-	-	-	-	-	-	-	-	-	-15	-15
Other comprehensive income	-	-	-	-	-22	-6	-12	18	-	-0	-23
Total comprehensive income for the period	-	-	-	-	-22	-6	-12	18	-	-15	-37
Transactions with equity holders of the Company											
Contributions and distributions											
Share-based payments	-	-	-	-	-	-	-	-	0	-0	0
Equity on June 30, 2020	**311**	**714**	**2,103**	**3**	**-71**	**-0**	**-39**	**-98**	**-32**	**-365**	**2,525**
Equity on Jan 1, 2021	**311**	**714**	**2,103**	**3**	**-45**	**-4**	**-113**	**-124**	**-31**	**-454**	**2,360**
Net result for the period	-	-	-	-	-	-	-	-	-	212	212
Other comprehensive income	-	-	-	-	-21	6	38	8	-	-0	31
Total comprehensive income for the period	-	-	-	-	-21	6	38	8	-	212	243
Transactions with equity holders of the Company											
Contributions and distributions											
Share-based payments	-	-	-	-	-	-	-	-	1	1	1
Directed share issue	-	-	205	-	-	-	-	-	-	-	205
Equity on June 30, 2021	**311**	**714**	**2,308**	**3**	**-66**	**2**	**-75**	**-116**	**-30**	**-241**	**2,809**

Adjustments to EBITDA and EBIT (EUR million)	Q2/2021	Q2/2020	Q1–Q2/21	Q1–Q2/20	2020
Restructuring costs	**-**	-	**-**	-	-59
Adjustments to EBITDA and EBIT	**-**	-	**-**	-	-59

Group key figures		Q2/2021	Q2/2020	Q1–Q2/21	Q1–Q2/20	2020
Scope of activity						
Capital employed at the end of period	EUR million	**3,851**	3,939	**3,851**	3,939	3,543
Capital expenditure [1]	EUR million	**37**	52	**84**	110	180
Depreciation and amortization	EUR million	**-59**	-61	**-118**	-122	-243
Impairments	EUR million	**-1**	-0	**-2**	-0	-3
Personnel at the end of period, full-time equivalent [2]		**9,088**	9,903	**9,088**	9,903	9,602
- average for the period		**9,473**	10,196	**9,458**	10,121	10,000
Personnel at the end of period, headcount		**9,521**	10,213	**9,521**	10,213	9,915
Profitability						
Adjusted EBITDA	EUR million	**223**	45	**400**	151	250
Adjustments to EBITDA	EUR million	**-**	-	**-**	-	-59
EBITDA	EUR million	**223**	45	**400**	151	191
Earnings per share [3]	EUR	**0.30**	-0.09	**0.50**	-0.04	-0.28
Diluted earnings per share [3]	EUR	**0.28**	-0.09	**0.46**	-0.04	-0.28
Adjusted average number of shares [4, 5]	1,000 shares	**435,675**	413,907	**424,954**	413,891	413,908
Return on equity	%	**4.4**	-2.2	**4.4**	-2.2	-4.7
Return on capital employed	%	**5.2**	1.1	**5.2**	1.1	-1.4
Financing and financial position						
Non-current debt	EUR million	**968**	1,293	**968**	1,293	1,153
Current debt	EUR million	**186**	348	**186**	348	251
Cash and cash equivalents	EUR million	**-257**	-399	**-257**	-399	-376
Net debt at the end of period	EUR million	**897**	1,243	**897**	1,243	1,028
Net debt to Adjusted EBITDA		**1.8**	4.6	**1.8**	4.6	4.1
Equity-to-assets ratio at the end of period	%	**45.5**	42.7	**45.5**	42.7	40.8
Debt-to-equity ratio at the end of period	%	**31.9**	49.2	**31.9**	49.2	43.6
Equity per share at the end of period [3, 5]	EUR	**6.21**	6.10	**6.21**	6.10	5.70

[1] In Q4/2020, Outokumpu changed its capital expenditure definition from accrual-based to cash-based capital expenditure. Comparative information is presented accordingly.

[2] In Q1/2021, Outokumpu changed its main personnel amount measure from headcount to full-time equivalent personnel. Comparative information is presented accordingly.
On June 30, 2021 the Group employed, in addition, some 690 summer trainees (June 30, 2020: some 540)

[3] Calculated based on the share-issue-adjusted number of shares. Comparative information is presented accordingly.

[4] Adjusted by the share-issue impact. Comparative information is presented accordingly.

[5] Excluding treasury shares.

Sales by segment (EUR million)	Q2/2021	Q2/2020	Q1–Q2/21	Q1–Q2/20	2020
Europe total	**1,124**	900	**2,149**	1,925	3,568
of which intra-group	**25**	12	**41**	44	83
Americas total	**476**	278	**861**	637	1,195
of which intra-group	**25**	0	**34**	0	1
Ferrochrome total	**155**	95	**276**	207	411
of which intra-group	**105**	39	**190**	120	260
Long Products total	**200**	119	**383**	289	493
of which intra-group	**37**	12	**84**	45	78
Other operations total	**180**	163	**363**	327	665
of which intra-group	**69**	71	**137**	142	271
Group total sales	**1,873**	1,420	**3,546**	3,035	5,639

Adjusted EBITDA by segment (EUR million)	Q2/2021	Q2/2020	Q1–Q2/21	Q1–Q2/20	2020
Europe	**98**	30	**176**	97	142
Americas	**65**	3	**119**	22	55
Ferrochrome	**67**	24	**109**	49	91
Long Products	**12**	-4	**23**	-5	-8
Other operations and intra-group items	**-19**	-7	**-27**	-13	-29
Group total adjusted EBITDA	**223**	45	**400**	151	250

Adjustments to EBITDA and EBIT by segment (EUR million)	Q2/2021	Q2/2020	Q1–Q2/21	Q1–Q2/20	2020
Europe	**-**	-	**-**	-	-47
Americas	**-**	-	**-**	-	-2
Ferrochrome	**-**	-	**-**	-	-1
Long Products	**-**	-	**-**	-	-3
Other operations	**-**	-	**-**	-	-6
Group total adjustments	**-**	-	**-**	-	-59

EBITDA by segment (EUR million)	Q2/2021	Q2/2020	Q1–Q2/21	Q1–Q2/20	2020
Europe	**98**	30	**176**	97	95
Americas	**65**	3	**119**	22	53
Ferrochrome	**67**	24	**109**	49	90
Long Products	**12**	-4	**23**	-5	-11
Other operations and intra-group items	**-19**	-7	**-27**	-13	-36
Group total EBITDA	**223**	45	**400**	151	191

Adjusted EBIT by segment (EUR million)	Q2/2021	Q2/2020	Q1–Q2/21	Q1–Q2/20	2020
Europe	**64**	-5	**108**	27	-0
Americas	**51**	-12	**91**	-6	0
Ferrochrome	**58**	15	**92**	32	57
Long Products	**9**	-7	**18**	-10	-19
Other operations and intra-group items	**-20**	-8	**-29**	-15	-34
Group total adjusted EBIT	**163**	-16	**279**	29	4

EBIT by segment (EUR million)	Q2/2021	Q2/2020	Q1–Q2/21	Q1–Q2/20	2020
Europe	**64**	-5	**108**	27	-47
Americas	**51**	-12	**91**	-6	-1
Ferrochrome	**58**	15	**92**	32	56
Long Products	**9**	-7	**18**	-10	-21
Other operations and intra-group items	**-20**	-8	**-29**	-15	-40
Group total EBIT	**163**	-16	**279**	29	-55

Depreciation and amortization by segment (EUR million)	Q2/2021	Q2/2020	Q1–Q2/21	Q1–Q2/20	2020
Europe	**-33**	-35	**-68**	-70	-140
Americas	**-13**	-14	**-26**	-28	-54
Ferrochrome	**-9**	-8	**-18**	-17	-34
Long Products	**-3**	-2	**-5**	-5	-10
Other operations	**-1**	-1	**-2**	-2	-4
Group total depreciation and amortization	**-59**	-61	**-118**	-122	-243

Capital expenditure by segment (EUR million)	Q2/2021	Q2/2020	Q1–Q2/21	Q1–Q2/20	2020
Europe	**3**	9	**11**	21	34
Americas	**1**	3	**2**	8	16
Ferrochrome	**27**	27	**55**	50	92
Long Products	**0**	0	**2**	2	3
Other operations	**5**	13	**14**	30	35
Group total capital expenditure	**37**	52	**84**	110	180

In Q4/2020, Outokumpu changed its capital expenditure definition from accrual-based to cash-based capital expenditure.
Comparative information is presented accordingly.

Operating capital by segment (EUR million)	Q2/2021	Q2/2020	Q1–Q2/21	Q1–Q2/20	2020
Europe	**1,732**	1,840	**1,732**	1,840	1,573
Americas	**874**	927	**874**	927	801
Ferrochrome	**850**	744	**850**	744	766
Long Products	**143**	172	**143**	172	133
Other operations and intra-group items	**11**	42	**11**	42	13
Group total operating capital	**3,611**	3,724	**3,611**	3,724	3,286

Personnel at the end of period by segment, full-time equivalent	Q2/2021	Q2/2020	Q1–Q2/21	Q1–Q2/20	2020
Europe	**5,710**	6,379	**5,710**	6,379	6,196
Americas	**1,851**	1,879	**1,851**	1,879	1,810
Ferrochrome	**470**	468	**470**	468	467
Long Products	**728**	830	**728**	830	784
Other operations	**329**	347	**329**	347	346
Group total personnel at the end of period	**9,088**	9,903	**9,088**	9,903	9,602

In Q1/2021, Outokumpu changed its main personnel amount measure from headcount to full-time equivalent personnel.
Comparative information is presented accordingly. On June 30, 2021 the Group employed, in addition, some 690 summer trainees (June 30, 2020: some 540)

Geographical information – Sales by destination (EUR million)	Jan–June 2021	Jan–June 2020	Jan–Dec 2020
Finland	**134**	128	208
Other Europe	**2,070**	1,745	3,240
North America	**940**	724	1,337
Asia and Oceania	**123**	210	373
Other countries	**278**	228	481
Group total sales	**3,546**	3,035	5,639

Sales to other countries include the parent company's nickel warrant sales.

Total external sales by segment			
Europe	**2,108**	1,881	3,485
of which to Finland	**126**	120	196
of which to other Europe	**1,840**	1,567	2,940
of which to North America	**26**	27	47
of which to Asia and Oceania	**91**	144	262
of which to other countries	**25**	24	41
Americas	**827**	637	1,194
of which to North America	**798**	615	1,144
of which to Asia and Oceania	**2**	3	5
of which to other countries	**27**	19	45
Ferrochrome	**86**	87	151
of which to Finland	**6**	6	10
of which to other Europe	**49**	38	66
of which to North America	**18**	-	2
of which to Asia and Oceania	**12**	43	73
of which to other countries	**1**	0	0
Long Products	**299**	244	415
of which to Finland	**1**	1	2
of which to other Europe	**182**	140	235
of which to North America	**98**	83	144
of which to Asia and Oceania	**19**	20	33
Other operations	**226**	185	394
of which to other countries	**226**	185	394
Group total sales	**3,545**	3,035	5,639

Sales of Other operations include the parent company's nickel warrant sales.

Property, plant and equipment (EUR million)	Jan–June 2021	Jan–June 2020	Jan–Dec 2020
Carrying value at the beginning of the period	**2,631**	2,767	2,767
Translation differences	**24**	-2	-61
Additions	**86**	88	169
Disposals	**-0**	-0	-11
Reclassifications	**-1**	1	-1
Depreciation and impairments	**-112**	-114	-231
Other	**-2**	-0	-0
Carrying value at the end of the period	**2,626**	2,739	2,631

Commitments (EUR million)	June 30 2021	June 30 2020	Dec 31 2020
Mortgages	**3,201**	3,175	3,203
Other pledges	**13**	13	13
Guarantees			
On behalf of subsidiaries for commercial and other commitments	**27**	28	29
On behalf of associated companies for finaning	**0**	2	2
Other commitments	**8**	11	10

Mortgages relate mainly to securing the Group's financing. A major part of Outokumpu's borrowings are secured partly by mortgage against the real property of the Group's main production plants. Mortgages also include a business mortgage note to secure a loan for the DeepMine project.

Outokumpu has provided a guarantee and a pledge of shares of a subsidiary as a security for the AvestaPolarit pension scheme.

Other pledges include Outokumpu's shares in Manga LNG Oy of EUR 13 million to secure certain liabilities of Manga LNG Oy. Outokumpu's total liability on June 30, 2021 amounted to EUR 21 million (June 30, 2020: EUR 26 million, Dec 31, 2020: EUR 24 million), and the part exceeding the share pledge and guarantee is presented under other commitments. Other commitments include also Outokumpu's liabilities for the net debt in Tornion Voima Oy.

Outokumpu’s share of the Fennovoima investment is appr. EUR 250 million, of which EUR 98 million has been paid by the end of the reporting period. Annual capital expenditure related to the project is expected to be on average around EUR 15–20 million in the coming years, and approximately half of the investment is expected to be paid at the end of the construction phase.

The Group's other off-balance sheet investment commitments totaled EUR 43 million on June 30, 2021 (June 30, 2020: EUR 74 million, Dec 31, 2020: EUR 51 million).

Outokumpu has a long-term energy supply contract that includes a minimum purchase quantity. There is uncertainty as to whether the company will be able to utilize this minimum purchase quantity in full by the end of 2028 or whether there will be additional costs to the company from this contract.

Related party transactions (EUR million)	Jan–June 2021	Jan–June 2020	Jan–Dec 2020
Transactions and balances with related companies			
Sales and other operating income	**48**	39	69
Purchases	**-25**	-20	-37
Dividends received	**2**	-	-
Trade and other receivables	**12**	17	21
Trade and other payables	**3**	2	3

Fair values and nominal amounts of derivative instruments (EUR million)	June 30 2021 Net fair value	Dec 31 2020 Net fair value	June 30 2021 Nominal amounts	Dec 31 2020 Nominal amounts
Currency and interest rate derivatives				
Currency forwards	**5**	-12	**1,911**	1,273
Interest rate swaps	**4**	6	**325**	325
			Tonnes	Tonnes
Metal derivatives				
Forward nickel contracts, hedge accounted	**4**	-4	**28,048**	26,417
Forward nickel contracts	**-0**	1	**20,461**	19,132
Forward scrap contracts	**-0**	-	**20,000**	-
	12	-8		

Hierarchy of financial assets and liabilities measured at fair value on June 30, 2021 (EUR million)	Level 1	Level 2	Level 3	Total
Assets				
Equity investments at fair value through OCI	-	-	33	33
Investments at fair value through profit or loss	28	-	-	28
Derivatives	-	36	-	36
	28	36	33	96
Liabilities				
Derivatives	-	23	-	23

Reconciliation of changes on level 3 (EUR million)	Equity investments at fair value through other comprehensive income
Carrying value on Jan 1, 2021	48
Additions	6
Fair value changes	-21
Carrying balance on June 30, 2021	33

A major part of equity investments at fair value through other comprehensive income at hierarchy level 3 relate to investments in unlisted energy producing companies. Valuation model of energy producing companies is based on discounted cash flow model, which takes into account the market prices of electricity, discount rate, inflation rate, the estimated amount of electricity to be received and estimated production costs.

Outokumpu has invested in Voimaosakeyhtiö SF, giving Outokumpu around a 14% indirect share of the Fennovoima Oy nuclear power plant project. Voimaosakeyhtiö SF's additional valuation parameters include e.g. expected purchase price of electricity under the Mankala principle, expected project completion date and cost of debt in Fennovoima Oy. The fair value of Voimaosakeyhtiö SF shares is highly sensitive to the valuation parameters and especially to the long-term market price of electricity, Fennovoima's capacity utilization rate, discount rates for cash flows and the terminal value, inflation rates for costs and market price of electricity, and project completion date.

The long-term market price for electricity for the expected commissioning time of the plant has been estimated by the management, and the estimate assumes an increase compared to the current market price level. However, the long lead times to complete the project and commission the plant impact upon the reliability of this estimate, and reasonable changes in the electricity price estimate or other valuation parameters may significantly impact the fair value of the investment. The project risk is considered to be high with estimated project completion no earlier than 2029, and a wide range of potential fair values.

The fair value of non-current debt is EUR 1,079 million (carrying amount EUR 968 million). The fair value of non-current debt is determined by using quoted prices for listed instrument. The fair value of loans is determined using the discounted cash flow method, which uses the yields observed on the reporting date. The fair value of the convertible bonds includes the value of the conversion rights.

Definitions of financial key figures

EBITDA	=	EBIT before depreciation, amortization and impairments
Adjustments to EBITDA or EBIT	=	Material income and expense items which affect the comparability between periods because of their unusual nature, size or incidence resulting for example from group-wide restructuring programs or disposals of assets or businesses.
Adjusted EBITDA or EBIT	=	EBITDA or EBIT – items classified as adjustments
Capital employed	=	Total equity + net debt + net defined benefit and other long-term employee benefit obligations + net interest rate derivative liabilities + net accrued interest expenses – net assets held for sale – loans receivable – equity investments at fair value through other comprehensive income – investments at fair value through profit or loss – investments in associated companies
Operating capital	=	Capital employed – net deferred tax asset
Capital expenditure	=	Purchases of property, plant and equipment and intangible assets, other than emission allowances; and investments in equity at fair value through other comprehensive income and in associated companies and acquisitions of businesses
Return on capital employed (ROCE)	=	$\frac{\text{EBIT (4-quarter rolling)}}{\text{Capital employed (4-quarter rolling average)}} \times 100$
Return on equity (ROE)	=	$\frac{\text{Net result for the financial period (4-quarter rolling)}}{\text{Total equity (4-quarter rolling average)}} \times 100$
Net debt	=	Non-current debt + current debt – cash and cash equivalents
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$
Debt-to-equity ratio	=	$\frac{\text{Net debt}}{\text{Total equity}} \times 100$
Net debt to adjusted EBITDA	=	$\frac{\text{Net debt}}{\text{Adjusted EBITDA (4-quarter rolling)}}$
Earnings per share	=	$\frac{\text{Net result for the financial period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=	$\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$
Personnel, full-time equivalent	=	Headcount adjusted to full time equivalent number of personnel, excluding personnel on sick leave or parental leave of more than 6 months and excluding personnel whose employment has been terminated and who are on notice period without requirement to work

Basis of preparation

This half-year report is unaudited, and was drawn up in accordance with IAS 34 Interim Financial Reporting. It has been prepared on a going concern basis, and the same accounting policies and methods of computation have been followed when preparing the financial information as in the financial statements for 2020, with exception of new and amended standards applied as of the beginning of 2021. These amendments have had no material impact on Outokumpu's consolidated financial statements.

All presented figures in this report have been rounded and consequently, the sum of individual figures may deviate from the presented figure. Key figures have been calculated using exact figures.

The sales, earnings, and working capital of Outokumpu are subject to seasonal variations as result of, for example, industry demand, the number of working days and vacation periods.

Management judgment and the use of estimates

The preparation of the financial statements in accordance with IFRSs requires management to make judgments, as well as estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and contingent liabilities at the reporting date, as well as the reported amounts of income and expenses during the reporting period.

As COVID-19 continues to impact the global economy and Outokumpu's operating environment, when estimating the future cash flows from impairment indication purposes, the management estimates include assumptions relating to the severity of the outbreak's impact on market and financial development as well as the timing and pace of the recovery.

Although these estimates are based on management's best knowledge of the circumstances at the end of the reporting period, actual outcomes may differ from the estimates and assumptions.

Impairment of intangible assets and Property, Plant and equipment

Outokumpu's practice is to assess impairment indication on a quarterly basis, and no impairment indications were identified during January–June 2021.

Share-based payments

Outokumpu's share-based payment programs include Performance Share Plan (Plans 2019–2021, 2020–2022 and 2021–2023) and Restricted Share Plan (Plans 2019–2021, 2020–2022 and 2021–2023).

The Performance Share Plan 2018–2020 ended and as the targets were not achieved, no shares were awarded to the participants. Regarding the Restricted Share Plan 2018–2020, after deductions for applicable taxes, in total 58,815 shares were delivered to the participants based on the conditions of the plan. Outokumpu used its treasury shares for the reward payments.

In December 2020, the Board of Directors approved the commencement of the new periods (plans 2021–2023) of the Performance Share Plan and the Restricted Share Plan as of the beginning of 2021. The maximum number of gross shares (taxes included) that can be allocated from the Performance Share Plan is 3,700,000 and at the end of the reporting period, 115 key employees were participating in the plan. The maximum number of gross shares (taxes included) that can be allocated from the Restricted Share Plan is 250,000 and at the end of the reporting period, 61 key employees were participating in the plan.

Directed share-issue

Based on the authorization granted by the Annual General Meeting on March 31, 2021, Outokumpu Oyj carried out an issue of 40,500,000 new shares in a private placement to institutional investors on May 10, 2021, in deviation from the pre-emptive subscription right of the shareholders.

The subscription price of the new shares was EUR 5.15 per share, corresponding to a discount of appr. 5.7% to the closing price of the Company's share on May 10, 2021, immediately prior to the commencement of the bookbuilding process. The gross proceeds of EUR 209 million were recorded in their entirety to the invested unrestricted equity reserve of Outokumpu Oyj. In the consolidated financial statements, the proceeds are presented net of transaction costs, the net proceeds amounting to EUR 205 million.

The main purpose of the share issue was to accelerate the de-leveraging of Outokumpu by using the proceeds to reduce gross debt and thus strengthen its balance sheet. As a result of the share issue, the total number of shares in Outokumpu increased to 456,874,448. New shares were registered on May 12, 2021. The subscribed shares are included in the number of shares reported in this half-year report and taken into account when calculating the share-related key figures.