



**HALF YEAR
FINANCIAL REPORT
2020**

Enedo 
RESHAPING ELECTRICITY

Enedo Plc Half year financial report January 1 - June 30, 2020

January – June 2020 in brief, continuing business

- Net sales EUR 19,7 million (EUR 23,0 million)
- Operating profit EUR -1,9 million (EUR -1,1 million)
- Adjusted operating profit EUR -1,7 million (EUR -0,9 million)
- EBITDA EUR -0,1 million (EUR 0,9 million)
- Adjusted EBITDA EUR 0,1 million (EUR 1,0 million)
- Earnings per share EUR -0,28 (EUR -0,27)

Key indicators, EUR million	1-6/20 6 mo	1-6/19 6 mo	1-12/19 12 mo
Continuing operations			
Net Sales	19,7	23,0	43,3
Led Drivers	4,2	6,3	11,5
Power Supplies	12,7	14,6	27,5
Systems	2,7	2,1	4,4
Adjusted EBITDA	0,1	1,0	1,2
EBITDA	-0,1	0,9	1,1
Adjusted operating profit/loss	-1,7	-0,9	-2,4
Operating profit/loss	-1,9	-1,1	-2,6
Profit/loss before taxes	-2,4	-1,0	-2,7
Profit/loss for the period, continuing operations	-2,4	-1,0	-2,6
Profit/loss for the period, discontinued operations	0,0	-1,3	-2,4
Profit/loss for the period	-2,4	-2,3	-5,0
Earnings per share, continuing operations, EUR*	-0,28	-0,12	-0,31
Earnings per share EUR*	-0,28	-0,27	-0,60
Solvency ratio, %	4,1	15,4	11,5
Net Gearing, %	1182	155,2	342,1
Cash flow from operating activities	-1,9	2,1	-1,0

Key indicators Half year, EUR million	H1/2020	H2/2019	H1/2019
Continuing operations			
Net Sales	19,7	20,3	23,0
Adjusted EBITDA	0,1	0,2	1,0
EBITDA	-0,1	0,2	0,9
Adjusted operating profit/loss	-1,7	-1,5	-0,9
Operating profit/loss	-1,9	-1,5	-1,1

* The number of outstanding shares of comparison periods have been revised to correspond the number of outstanding shares after the reverse split.

	1-6/20	1-6/19	1-12/19
ADJUSTED OPERATING PROFIT/LOSS, EUR million	6 mo	6 mo	12 mo
Operating profit/loss	-1,9	-1,1	-2,6
Adjustments in operating profit/loss			
Resstructuring costs related to personnel	0,0	0,1	0,1
Production re-organisation	0,1	0,0	0,2
Provision release relating to a claim		0,0	-0,2
Enedo planning related expenses	0,1	0,0	0,1
Adjustments in operating profit/loss Total	0,2	0,1	0,2
Adjusted operating profit/loss Total	-1,7	-0,9	-2,4

	1-6/20	1-6/19	1-12/19
ADJUSTED EBITDA, EUR million	6 mo	6 mo	12 mo
EBITDA	-0,1	0,9	1,1
Adjustments in EBITDA			
Resstructuring costs related to personnel	0,0	0,1	0,1
Production re-organisation	0,1	0,0	0,2
Provision release relating to a claim		0,0	-0,2
Enedo planning related expenses	0,1	0,0	0,1
Adjustments in EBITDA Total	0,2	0,1	0,2
Adjusted EBITDA Total	0,1	1,0	1,2

Estimate of financial development in 2020 and 2021 financial period

Old Estimate:

Company estimates that continuing operations net sales, operating profit (adjusted for items affecting comparability) and EBITDA (adjusted for items affecting comparability) improve from 2019. However operating profit is estimated to still be negative in 2020. The 2021 profit for the period is estimated to be positive.

New Estimate:

The company estimates net sales from continuing operations to be EUR 40-44 million in 2020. Full year 2020 EBITDA (adjusted for items affecting comparability) is estimated to be EUR 0,0-1,5 million and operating profit (adjusted for items affecting comparability) negative EUR 2,1-3,6 million. At the moment, the company will not give guidance of financial development for 2021 due to increased uncertainties.

Vesa Leino, Enedo President and CEO

The first half of 2020 was full of events. In February, we launched the company's new Enedo name and visual identity, streamlined our product offering by dividing our products into three separate product categories, reorganized the company's sales organization and implemented a reduction in the number of shares. Since March, much of the focus has been on minimizing the effects of the COVID-19 and running a business in a new situation and environment.

Net sales for the first half of 2020 fell clearly short of our target and was EUR 19,7 million which has decrease of EUR 3,2 million from comparison period. The half year result was

negative as expected. The development in net sales was mainly caused by Tunisia's national measures to prevent the spread of the COVID-19. As a result of these measures, our Tunisian plant was completely closed or understaffed for more than two months. Production restrictions were almost completely lifted towards the end of the first half of the year, and despite the challenges of restarting the plant, June was the strongest month of the half year in terms of net sales. The target is to clear the delayed deliveries caused by the COVID-19 by the end of September. We estimate that the impact of the COVID-19 on net sales in the first half of the year was approximately EUR 3-4 million negative.

We reacted proactively to the temporary decline in net sales by initiating cost-saving measures in March, which included among others, temporary part-time lay-offs for most of the personnel in Italy and Finland during April, May and June. In addition, we cut the salaries of the management and the management team during the corresponding period.

Due to the reduced delivery capability, the development of the Power Supplies product category fell clearly short of our expectations during the review period. About 70 percent of our Italy Power Supplies are manufactured at the Tunisian plant. The negative impact was mitigated by two significant healthcare power supply orders for the European and US markets. Power supplies for ventilators and extracorporeal oxidizers (ECMO) are manufactured by our Asian partner. Most of these deliveries took place during the first half of the year. Net sales of our Finland Power Supply products increased slightly from the comparison period.

The development of the net sales in Led Driver products also suffered from the same delivery challenges as about half of our Led Driver products are manufactured in Tunisia. With regards to Led Drivers, the development of net sales was also negatively affected by a more focused new strategy, as a result of which we abandoned the production of simple LED strips for one of our customers. Demand for the new higher-power Led Driver, launched last year, continued to develop positively, and we gained several significant new customers for the product, which we believe will have a positive impact partially already in the second half of the year.

The Systems product category grew by 29 percent compared to the comparison period. The growth was driven in particular by the launch of sales in the US market and new customers, mainly due to the new Modular High Efficiency (MHE) family of rectifiers. The transfer of Systems Module production from Tunisia to our contract manufacturer in Estonia, which began in autumn 2019, was completed during the first half of the year. The Tunisian plant will continue to focus entirely on the production of products designed in Italy. Demand for rail products picked up and was almost double the comparison period. The cooperation agreement made with a partner focusing purely on Central European train customers has started well.

Cash flow from operating activities during the first half of 2020 was negative at EUR 1,9 million. The weak cash flow from operating activities was mainly due to the limited production of the Tunisian plant and higher-than-average trade payables payments in the early part of the year. To prepare for the implementation of the strategy and the impact of the COVID-19, we have planned and partially completed financing arrangements in both our Italian subsidiary and the parent company.

Despite the positive start for the new sales organization and solid order book, the review period was disappointing for us in terms of financial development. The main factor contributing to this was delivery issues caused by COVID-19. On the other hand, we were able to anticipate and respond to these effects relatively well, which contributed to some mitigation of the overall effect. Moreover, due to our wide customer portfolio, the overall impact of the COVID-19 on our customer demand remained relatively limited during the first half of the year. Due to various social assembly restrictions, the demand for entertainment and culture-related Led Drivers decreased during the review period, but at the same time the demand for products and solutions related to, for example, healthcare and emergency supply, remained stable or even increased. However, cooperation projects and campaigns planned with customers in the United

States began to shift forward at the end of the half-year due to the limitations and market uncertainty caused by the COVID-19. To respond to the uncertainty in the U.S. market, distributors have also reduced their inventories.

In the second half of the year, we expect Systems products to continue to grow and also other products and total revenue to grow from the first half of the year. However, the uncertainty that began in the US market towards the end of the first half of the year is expected to continue in the coming months. If realized, this will have an impact on the magnitude of short-term revenue growth. Due to the uncertainties relating to the US market and clearing deliveries after production shutdown, we have updated the financial guidance for the financial year 2020.

We will continue taking active measures to develop supply capability, improve cost efficiency and profitability, and achieve new customer and sales synergies. The implementation of the strategy launched in February and the reversal of the company's direction, as well as the building of a healthy future, will continue even after the spring of COVID-19 restrictions.

January-June net sales, operating profit and adjusted operating profit for continuing operations

Net sales for was EUR 19,7 million (EUR 23,0 million).

The operating profit decreased from the comparison period to EUR -1,9 million (EUR -1,1 million). The decline in operating profit was mainly due to production restrictions due to the COVID-19 situation and the resulting decrease in net sales. Adjusted operating profit was EUR -1,7 million (EUR -0,9 million).

Business development

At the beginning of the year, we renewed our business reporting in accordance with the new product categorisation, and in the half-year report we have presented the development of net sales separately for these three product categories. Enedo's new product categories are Power Supplies, Led Drivers and Systems. The Power Supplies product category includes industrial power supplies, the Led Drivers category includes power supply for lighting solutions and the Systems category includes system products and rail power supply solutions.

The most significant factors affecting the result in the first half of the year due to the COVID-19 were the limited operations of the Tunisian plant, which had a significant impact on the performance of the Power Supplies and Led Drivers product categories as well as the good growth of the Systems product category supported by MHE. Net sales for the first half of the year were EUR 19,7 million and fell clearly short of our target.

The net sales of the Power Supplies product category during the review period was EUR 12,7 million which was EUR 1,9 million euros weaker than at the same time last year. The turnover of the Led Drivers product category was EUR 4,2 million which was EUR 2,1 million weaker than in the comparison period. The Systems product category, on the other hand, experienced growth. The net sales of Systems products during the review period was 2,7 million which was EUR 0,6 million higher than in the comparison period.

Market outlook

LED lighting, measuring devices, healthcare equipment and infrastructure related power supplies continue to provide many opportunities for growth. The company invests in customer segments where high reliability and long product life cycles are the determining factors.

Short-term risks and uncertainties

General economic development may affect the company's business environment. Due to the nature of the business, Enedo is subject to reclamations of which the final outcome cannot be predicted. Based on current information, these reclamations are not expected to have a material impact on the Group's financial position. Advancing to system products in the industrial business may mean an increase in product liability risk.

The most significant business risks are related to the success of key customers' products in the market. The progress of Enedo's product development projects depends in part on the schedules of customers' own projects. In addition, the fluctuations in demand typical for the market cause rapid changes in Enedo's business.

The COVID-19 has increased the level of uncertainty in the industrial market and, depending on the development of the pandemic, may have potential effects on our customers' ability to operate, the demand for their end products and the general industrial operating environment. In the Led Drivers and Power Supplies product categories, the effects of COVID-19 may be reflected in a shift in demand for leisure and sports-related lighting systems when spectator capacity is underutilized. Opening of new retail premises e.g. in the clothing business has slowed down at least temporarily, which may affect the demand for new lighting solutions and the renewal of old ones.

The delivery times of the components required by the company are partly long and there may be difficulties in obtaining certain components from time to time, which may affect the delivery capacity. The COVID-19 has also raised the level of country-specific uncertainty, which may affect our delivery capacity. The effects of the COVID-19 can be reflected in an unforeseen change in behavior in both supply chains and the company's customers. Examples of this can be e.g. changes in payment terms and orders. The company's high indebtedness, relatively low liquidity and the use of receivables financing increase the company's sensitivity to negative market changes.

The company's own production is concentrated in one factory in Tunisia. Tunisian production is subject to a general country risk. Tunisia's national COVID-19 measures, the political environment and other factors affecting the plant's viability are partly beyond the company's control.

There are risks associated with the adequacy of financing, which the company seeks to manage through the active planning and implementation of various alternatives. Due to the increased financial uncertainty caused by the COVID-19 pandemic, the Group has updated the information provided in the financial statements on 31 December 2019 related to liquidity risk and credit and counterparty risk, as well as business continuity.

COVID-19

Throughout the review period, we have continued to take active internal measures to ensure the health of our employees and continuity of business. We have implemented internal guidelines and followed the guidelines of the local authorities in each country. Enedo has operations in Tunis (production), Italy (product development, sales), Finland (headquarters, product development, sales) and the United States (sales). Our management team monitors the development of the COVID-19 in weekly calls and responds to changes immediately if necessary.

The estimated impact of the COVID-19 on net sales during the review period was negative EUR 3,0 – 4,0 million mainly due to the restrictions on Tunisian production. There were additional costs of COVID-19 prevention, especially in Italy and Tunisia. The layoffs of employees due to

the COVID-19 reduced the Group's costs during the review period. The impact of COVID-19 on the result as a whole was estimated to be negative at EUR 0,5 – 1,0 million.

Investments and product development

Investments in the Group's continuing operations during the review period were EUR 1,0 million (EUR 1,5 million), of which product development capitalizations accounted for EUR 0,6 million (EUR 0,8 million). At the end of the review period, capitalized product development costs in the balance sheet were EUR 5,1 million (EUR 8,9 million). The decrease is mainly due to the divestment of the Telecommunications business at the end of 2019.

During the review period, capitalized product development costs were impaired by a total of EUR 0,1 million mainly due to changes in the volume expectations of individual customers of some Italian products.

In total, product development costs for continuing operations during the review period were EUR 2,1 million (EUR 2,2 million). EUR 0,6 million (EUR 0,8 million) was capitalized in the balance sheet. EUR 1,5 million (EUR 1,4 million) was recognized as expenses for the review period thus 7,8% (6,0%) of net sales.

Financing

The net interest-bearing liabilities were EUR 15,5 million (EUR 11,0 million) at the end of the period under review. The net interest-bearing liabilities include EUR 1,1 million (EUR 1,8 million) of IFRS 16 lease liabilities.

The January – June cash flow from operating activities was EUR -1,9 million (EUR 2,1 million). Negative cash flow was caused by increased need for working capital as the sales volumes were lower than expected because of delivery issues caused by COVID-19 especially for Italy products sales. The cash flow after investing activities was EUR -2,7 million (EUR 0,6 million). The Group's solvency ratio was 4,1 % (15,4 %) and net gearing was 1181,9 % (155,2 %). The closing balance sheet was EUR 32,0 million (EUR 46,6 million).

The cash position without undrawn credit facilities totaled EUR 1,0 million (EUR 3,3 million) at the end of the period under review. At the end of the period, the Group had EUR 1,4 million (EUR 0,7 million) of undrawn credit facilities excluding factoring limits.

In the financial statement release and annual report of 2019, the group communicated plans to realign its debt financing by the summer 2020. The goal of the rearrangement is to create adequate resources for implementation of the new strategy and to increase efficiency of its capital utilization.

The planned and partially realized financial arrangement targets at additional EUR 4,3 million financing in Finland and Italy. The planned financing will be arranged with the current financiers of Enedo in Finland and Italy. In Italy, the financing consists mainly of refinancing of existing loans and additional financing as well as stand-still agreements where the loan capital will not be repaid for an agreed period. In Finland, the financing consists of additional debt financing and a new stand-still period to existing loans of the parent company with the main financier bank and Jussi Capital. The current stand still-agreement for the loans of the parent company ended on 30.6.2020.

EUR 2,3 million of the negotiated additional financing is directed for the Italian subsidiary company. Of the additional funding, EUR 1,2 million was realized in first half of the financial year. In this arrangement, a EUR 1,3 million loan was repaid in full and replaced by a new EUR 1,9 million loan. In addition to this further EUR 0,6 million loan was agreed with another bank. These loans have been partially guaranteed by Italy state backed Mediocredito Centrale. The

loans have maturities of 72 months of which first 12 months have no loan repayments. The loans are made on market terms. As part of the financial arrangement, an additional EUR 1,1 million financing is planned in Italy.

In Finland, the parent company is negotiating for an additional EUR 2,0 million financing with the main financier bank. The planned arrangement includes a new 12-month stand-still agreement to existing loans of the parent company.

The completed and planned financial arrangements are aimed at providing resources to continue Enedo's turnaround into a profitable producer of industrial power supplies and to strengthen the company's working capital. The aim is also to realign Italian subsidiary's loan terms and conditions with the parent company which in turn enables more efficient operations and liquidity management within the group. The board and management of the company believes in completion of the financial arrangement during the second half of the financial year and therefore, the half year financial report has been compiled based on going concern principle.

Structure of Enedo Group

The Group consists of the parent company Enedo Plc and its subsidiaries, which are owned 100% directly or indirectly by the parent company. The operative subsidiaries of the company are Enedo S.p.A. in Italy, Enedo Sarl in Tunisia, Enedo Inc. in USA, Enedo Holding Oy in Finland and Enedo Finland Oy in Finland. The other subsidiaries are Efore (USA) Inc. in USA, Efore (Suzhou) Automotive Technology Co., Ltd in China, Efore OU in Estonia and Enedo (Hongkong) Co. Ltd in China.

Personnel

Average number of the group's continuing operations personnel was 370 (375) and at the end of the period under review 378 (391).

Board of Directors and Executive Management Team

In the Annual General Meeting held on 24 April 2020, Antti Sivula, Tuomo Lähdesmäki, Taru Narvanmaa ja Matti Miettunen were re-elected as members of the Board of Directors and Michael Peter was elected as a new member of the Board of Directors. In its first meeting held after the Annual General Meeting, the Board of Directors elected Taru Narvanmaa as Chairman and Tuomo Lähdesmäki and Matti Miettunen as members of the Audit Committee.

The members of the Executive Management Team and their global responsibilities at the end of the period under review were as follows: Vesa Leino (President and CEO), Olli Mustonen (Finance and ICT), Carlo Rosati (Italy products and sales organization), Jussi Vanhanen (Finland sales organization), Vesa Leino (Finland products) ja Fabio Orlandini (USA sales organization).

Share, share capital and shareholders

At the end of the period under review, the number of shares outstanding was 8 363 486 (8 363 486).

At the end of the period under review the number of the Enedo's own shares was 69 249 (69 249) pcs.

Enedo Plc completed a reverse split during the first half of the financial year and the reduced amount of shares was registered to the trade register on 28.2.2020.

The highest share price during the period under review was EUR 2,78 (3,44) and the lowest price was EUR 0,80 (1,85). The average price during the period under review was EUR 1,70 (2,86) and the closing price was EUR 1,60 (3,05). The market capitalization calculated at the final trading price at the end of the period under review was EUR 13,4 (25,5) million.

The total turnover value of Enedo shares traded on the Nasdaq Helsinki during the period under review was 0,8 (1,3) million pcs. This accounted for 9,6 % (14,9 %) of the total number of shares. The total number of fully paid-up shares was 8 432 735 (8 432 735) pcs and the number of shareholders totalled 4 371 (4 243) at the end of the period under review.

The numbers in brackets refer to end values of comparison period and the number of shares and share prices of comparison period have been adjusted to correspond the number of shares after the reverse split.

Flagging notifications

There have been no significant ownership changes during the period under review.

Decisions of the General Meetings

The Extraordinary General Meeting of Efore Plc was held on 25 February 2020 in Helsinki.

The Extraordinary General Meeting approved the proposal of the Board of Directors that the name of the company is Enedo Oyj and its parallel company name is Enedo Plc. The company's domicile is Vantaa.

The Extraordinary General Meeting resolved on the proposal of the Board of Directors to reduce the company's registered share capital from EUR 15,000,000 with EUR 14,900,000 to EUR 100,000 and that the reduced amount of EUR 14,900,000 is transferred to the invested unrestricted equity fund.

The Extraordinary General Meeting resolved on the proposal of the Board of Directors to decrease the quantity of shares without reducing the share capital. The company redeems from each shareholder without compensation a number of shares obtained by multiplying the number of shares held by each shareholder with a factor of 49/50 on the Transaction Day as defined below, i.e., for every existing 50 shares, 49 shares shall be redeemed (the "Redemption Ratio").

The Annual General Meeting of Enedo Plc was held on 24 April 2020 in Vantaa. The Annual General Meeting adopted the financial statements of Enedo Group and Enedo Plc for the financial year 1 January 2019 - 31 December 2019 and discharged the Board of Directors and the CEO from liability for their actions in the past financial year. Further, the Annual General Meeting approved the Remuneration Policy.

The Annual General Meeting approved the proposal of the Board of Directors not to distribute any dividend for the financial period that ended on 31 December 2019.

The Annual General Meeting resolved on the proposal of the Board of Directors to authorize the Board of Directors to, in one or more transactions, decide on the issuance of shares and the issuance of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Companies Act as follows:

The number of shares to be issued based on the authorization may in total amount to a maximum of 1,686,500 shares, corresponding to approximately 20 % of all the shares in the company.

The Board of Directors decides on all the terms and conditions of the issuances of shares, options and other special rights entitling to shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares and special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorization cancels the authorization given by the Annual General Meeting on 11 April 2019 to decide on the issuance of shares and special rights entitling to shares.

The authorization is valid until the close of the following Annual General Meeting.

Authorized Public Accountants KPMG Oy Ab was re-elected as the company's auditor. KPMG Oy Ab has informed that Authorized Public Accountant Henrik Holmbom will act as the responsible auditor.

Events after the end of the period under review

12.8.2020 - As part of the planned financial arrangement, company has agreed on a new stand-still period regarding parent company loans until 30.6.2021 with its main financier bank and Jussi Capital. The previous stand-still agreement period ended on 30.6.2020.

**CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (unaudited)**

EUR million	1–6/20	1–6/19	1–12/19
	6 mo	6 mo	12 mo
Continuing operations			
Net sales	19,7	23,0	43,3
Change in inventories of finished goods and work in progress	-0,9	0,7	-0,1
Work performed for own purposes and capitalised	0,2	0,0	0,3
Other operating income	0,1	0,2	0,4
Materials and services	-12,3	-15,5	-28,4
Employee benefits expenses	-4,4	-4,8	-9,5
Depreciation and amortization	-1,8	-1,8	-3,5
Impairment	-0,1	-0,2	-0,2
Other operating expenses	-2,4	-2,7	-4,9
Operating profit/loss	-1,9	-1,1	-2,6
Financing income	0,3	0,8	1,5
Financing expenses	-0,8	-0,7	-1,6
Profit/loss before taxes	-2,4	-1,0	-2,7
Tax on income from operations	0,1	0,0	0,2
Profit/loss of from continuing operations	-2,4	-1,0	-2,6
Profit/loss of discontinued operations	0,0	-1,3	-2,4
Profit/loss for the period	-2,4	-2,3	-5,0
Other comprehensive income			
Items that will not be reclassified to statement of income			
Remeasurements of the net defined benefit liability	0,0	0,0	-0,1
Items that may be reclassified subsequently to profit or loss			
Translation differences, continuing operations	0,0	0,0	-0,1
Translation differences, discontinued operations	0,0	0,0	-0,5
Total comprehensive income	-2,4	-2,3	-5,7
Net profit/loss attributable, continuing operations to:			
Owners of the parent company	-2,4	-1,0	-2,6
Non-controlling interests	0,0	0,0	0,0
Net profit/loss attributable, discontinued operations to:			
Owners of the parent company	0,0	-1,3	-2,4
Non-controlling interests	0,0	0,0	0,0
Net profit/loss attributable to:			
Owners of the parent company	-2,4	-2,3	-5,0
Non-controlling interests	0,0	0,0	0,0
Total comprehensive income attributable to:			
Owners of the parent company	-2,4	-2,8	-5,7
Non-controlling interest	0,0	0,0	0,0

**EARNINGS PER SHARE CALCULATED ON PROFIT
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT:**

Earnings per share, basic,eur, continuing operations *	-0,28	-0,12	-0,31
Earnings per share, basic,eur, discontinued operations *	0,00	-0,16	-0,29
Earnings per share, basic,eur *	-0,28	-0,27	-0,60

* The number of outstanding shares of comparison periods have been revised to correspond the number of outstanding shares after the reverse split.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(unaudited)

EUR million	June 30, 2020	June 30, 2019	Dec. 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6,4	10,9	7,0
Goodwill	4,3	4,3	4,3
Tangible assets	3,6	5,4	3,7
Other receivables, non-current	0,3	0,4	0,3
Other long-term investments	0,0	0,0	0,0
Deferred tax asset	2,4	3,7	2,4
Total non-current assets	17,0	24,6	17,7
CURRENT ASSETS			
Inventories	7,4	10,1	7,6
Trade receivables and other receivables	6,5	8,6	5,6
Tax receivable, income tax	0,1	0,1	0,1
Cash and cash equivalents	1,0	3,3	1,1
Total current assets	15,0	22,1	14,4
TOTAL ASSETS	32,0	46,6	32,1
EQUITY AND LIABILITIES			
EQUITY			
Share capital	0,1	15,0	15,0
Treasury shares	-2,4	-2,4	-2,4
Other reserves	53,8	38,9	38,9
Translation differences	2,7	3,3	2,7
Retained earnings	-52,8	-47,6	-50,5
Equity attributable to equity holders of the parent	1,3	7,1	3,7
Equity attributable to non-controlling interests	0,0	0,0	0,0
Total equity	1,3	7,1	3,7
NON-CURRENT LIABILITIES			
Deferred tax liabilities	0,2	0,3	0,3
Interest-bearing liabilities	7,8	7,4	6,5
Other liabilities	0,1		0,0
Pension provisions	1,2	1,2	1,3
Provisions	0,2	0,5	0,2
Total non-current liabilities	9,5	9,4	8,2
CURRENT LIABILITIES			
Interest-bearing liabilities	8,7	6,9	7,2
Trade payables and other liabilities	12,1	22,9	12,6
Tax liabilities	0,2	0,2	0,3
Provisions	0,2	0,2	0,2
Total current liabilities	21,2	30,1	20,2
Liabilities	30,7	39,5	28,4
TOTAL EQUITY AND LIABILITIES	32,0	46,6	32,1

**CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS (unaudited)**

	1-6/20	1-6/19	1-12/19
EUR million	6 mo	6 mo	12 mo
Cash flows from operating activities			
Cash receipts from customers	17,7	36,7	63,9
Cash paid to suppliers and employees	-18,9	-33,8	-62,9
Cash generated from operations	-1,2	2,9	1,0
Interest paid	-0,2	-0,2	-0,5
Interest received	-0,0	0,0	0,0
Other financial items	-0,4	-0,5	-1,0
Income taxes paid	-0,1	-0,1	-0,1
Net cash from operating activities (A)	-1,9	2,1	-0,5
Cash flows from investing activities			
Purchase of tangible and intangible assets	-0,9	-2,0	-3,1
Proceeds from sale of tangible and intangible assets	-0,0	0,1	0,0
Payment for acquisition of subsidiary deducted by acquisition-related costs	0,1		
Disposal of subsidiary deducted by disposal related costs	-0,0		1,8
Proceeds from sale of investments	-0,0	0,4	0,4
Net cash used in investing activities (B)	-0,8	-1,5	-0,8
Cash flows from financing activities			
Proceedings from short-term borrowings	8,2	1,2	3,8
Repayment of short-term borrowings	-7,5	-1,9	-4,4
Proceeds from long-term borrowings	2,3		
Repayment of lease liabilities	-0,2	-0,4	-0,7
Net cash used in financing activities (C)	2,7	-1,0	-1,2
Net increase/decrease in cash and cash equivalents (A+B+C)	-0,1	-0,4	-2,6
Cash and cash equivalents at beginning of period	1,1	3,7	3,7
Net increase/decrease in cash and cash equivalents	-0,1	-0,4	-2,6
Effects of exchange rate fluctuations on cash held	0,0	-0,0	0,0
Cash and cash equivalents at end of period	1,0	3,3	1,1

The cash flows of comparison periods include cash flows from discontinued operations. The impact of discontinued operations on cash flows are illustrated below.

Cash flow from discontinued operations	1-6/20	1-6/19	1-12/19
EUR million	6 mo	6 mo	12 mo
Net cash from operating activities	0,0	2,3	-0,5
Net cash used in investing activities	0,0	-0,2	-0,3
Net cash used in financing activities	0,0	-0,1	-0,3

Notes to the H1/2020 report

Accounting principles

The condensed half-year report has been prepared in accordance with IAS 34 Interim Financial Reporting standard and the Group's accounting principles presented in financial statements 2018. In addition, Enedo Plc has complied with changes in the IFRS Standards that have entered into force and have been introduced after this. The condensed half-year report has been prepared in accordance with going concern. The information in the condensed report is unaudited.

The preparation of the condensed half-year report in accordance with the IFRS Standards requires the Group's management to make discretion-based decisions concerning the choice of the accounting principles and their application. Furthermore, the management is required to use such assessments and assumptions that affect the amount of group assets and liabilities as well as income and expenses.

The most significant parts of this condensed report where management has used discretion and made critical assumptions concerning the future, and the factors of uncertainty associated with estimates made on the final day of the reporting period, which cause a significant risk to the stability of the Group's book value of assets and liabilities during the following financial year are, similarly to those presented in financial statements 2018, capitalized development expenses, deferred tax assets, trade receivables and inventory valuation and the adequacy of financing.

The COVID-19 pandemic and the restrictions put in place by national governments have effect on the groups' business environment. The duration and impact of the pandemic cannot be estimated and as such, its impact on net result, financial position and cash flow may differ from current estimates made by the management.

Due to the unusual circumstances, the group has disclosed maturities of financial liabilities, impairment testing, liquidity risk, credit risk and other counterparty risk from accounts receivables, in the notes.

Going concern

The half year financial report has been prepared on the going concern basis. In assessing the going concern principle, the management has taken into account the Group's strategy, related forecasts, sources of financing and risks related to the adequacy of funding. The management is basing its assessment on 12 month cash flow forecast. The company monitors and updates the cash flow forecast on monthly basis. The forecast is based on the assumption that stand-still periods and additional financing will be realized as planned and described in financial position chapter. Majority of the group's working capital funding comes from factoring and therefore, net sales development and delivery capability are significant factors in cash flow of the group.

In the event that the planned additional financing or the stand-still periods would be materially smaller or would not be realized, and/or the cash flow from operating activities would be significantly less than estimated, the execution of the company's strategy would be negatively impacted and liquidity risk during the following 12 months would be increased. The company manages financial risks through active planning and implementation of operative and financial alternatives. Financial and liquidity risk management has been described in more detail in the notes.

The management has taken the uncertainties into account when assessing going concern. The Enedo management has diligently assessed the group's situation as a whole in relation to

required working capital for execution of the strategy and the additional need of liquidity caused by Covid-19 pandemic as well as the probability of receiving additional financing currently under negotiation. The assessment supports adequacy of financing and therefore, the half year report has been compiled according to the going concern principle.

Impairment testing

As a result of the increased uncertainty in the market environment caused by the COVID-19 pandemic, the group has included impairment tests of goodwill and capitalized development expenses to the half year financial report.

The Development of EBITDA is based on long-term forecasts by the management. Starting from 2019, the impairment testing has included, in addition to the goodwill related Enedo SpA, the goodwill arising from the acquisition of Powernet International Oy. The discount rate has been determined by means of weighted average cost of capital (WACC). Enedo SpA's discount rate, 15,87 % and Enedo Finland's (previously Powernet) rate 11,40 %, are pre-tax rates. Enedo SpA's WACC has increased from the annual report 2019 mainly due to increase in country specific risk. The long-term growth factor is 2 %.

Based on the impairment testing, Enedo SpA's value in use exceeds the balance sheet value of the tested net assets by 30 % and Enedo Finland's 29%.

According to the sensitivity analysis, the present value of discounted cash flow would equal the carrying amount of the tested assets if EBITDA would be 13 % lower for Enedo SpA and 21 % lower for Enedo Finland during the years 2020-2025, or if the discount rate would be 5,26 % higher for Enedo SpA and 3,69% higher for Enedo Finland.

The impairment test of capitalized development expenses resulted in impairment of EUR 0,1 million of development expenses mainly due to changes in volume expectations of some products for customers of Italy products.

	1-6/20	1-6/19	1-12/19
	6 mo	6 mo	12 mo
NET SALES BY AREAS, EUR million			
Americas	3,6	5,9	11,1
EMEA	14,0	13,4	26,3
APAC	2,1	3,7	5,9
Total	19,7	23,0	43,3
NET SALES BY PRODUCT CATEGORIES, EUR million			
Led Drivers	4,2	6,3	11,5
Power Supplies	12,7	14,6	27,5
Systems	2,7	2,1	4,4
Total	19,7	23,0	43,3
GROUP KEY FIGURES, EUR million			
Earnings per share, basic, Continuing operations, eur **	-0,28	-0,12	-0,31
Earnings per share, basic, eur **	-0,28	-0,27	-0,60
Equity per share, eur **	0,16	0,85	0,44
EBITDA, Continuing operations	-0,1	0,9	1,1
Adjusted EBITDA, Continuing operations	0,1	1,0	1,2
Operating profit/loss for the period, Continuing operations	-1,9	-1,1	-2,6
Adjusted operating profit/loss for the period, Continuing operations	-1,7	-0,9	-2,4
Return on equity (ROE), % *	-95,3	-12,0	-39,2
Return on investment (ROI), % *	-11,4	-3,0	-9,2
Net interest-bearing liabilities, MEUR **	15,5	11,0	12,6
Solvency ratio, % **	4,1	15,4	11,5
Gearing, % **	1181,9	155,2	342,1
Current ratio **	0,7	0,7	0,7
Investments (intangible and tangible assets), Continuing operations	1,0	1,5	3,2
% of net sales	4,8	6,6	7,3
Average personnel	370	454	452
Average personnel, Continuing operations	370	375	388
Average number of outstanding shares (1000 pcs) **	8 363	8 363	8 363
Number of outstanding shares as at end of financial year (1000 pcs) **	8 363	8 363	8 363

* The key figures of financial year 2019 are calculated by using the result figures of Continuing operations and the financial position at the end of the financial year instead of average.

** The number of outstanding shares of comparison periods have been revised to correspond the number of outstanding shares after the reverse split.

Financial position

The net interest-bearing liabilities were EUR 15,5 million (EUR 11,0 million) at the end of the period under review. The net interest-bearing liabilities include EUR 1,1 million (EUR 1,8 million) of IFRS 16 lease liabilities. The Group's solvency ratio was 4,1 % (15,4 %) and net gearing was 1181,9 % (155,2 %).

The cash flow from operating activities was EUR -1,9 million (EUR 2,1 million). Negative cash flow was due to increased need of new working capital as the sales volumes were lower than expected because of delivery issues caused by COVID-19 especially for Italy sales. The cash flow after investing activities was EUR -2,7 million (EUR 0,6 million). The cash position at the end of the period under review was EUR 1,0 million (EUR 3,3 million). The liquidity reserves of the group consist of undrawn credit facilities in the amount of EUR 1,4 million (EUR 0,7 million).

At the end of the period under review, the group had EUR 10,8 million of loans from financial institutions of which EUR 3,6 million will be repaid within the following 12 months. Since the stand-still agreement of the parent company loans expired on 30.6.2020, EUR 2,7 million has been classified as short-term loans which are under negotiation as part of the financial agreement. After the reporting period, the company has agreed on a new 12 month stand still period for parent company loans until 30.6.2021. As a consequence of the new agreed stand-still period, EUR 2,7 million loan amortizations in the following 12 months presented in the loan maturities table are considered long-term liabilities. In addition, the group had utilized EUR 4,7 million of credit limits and factoring which will be repaid during the second half of the financial year. The limits and factoring are reusable as they are cleared. The parent company loans do not have active covenants. The Italian subsidiary has active yearly covenant conditions on one loan. In the event that the Italian subsidiary would not fulfill the covenant conditions at the end of the financial year, the management believes that the financier would not exercise their right to recall the loan.

In the financial statement release and annual report of 2019, the group communicated plans to realign its debt financing by the summer 2020. The planned and partially realized financial rearrangement targets at additional EUR 4,3 million financing in Finland and Italy. In Italy, the financing consists mainly of refinancing of existing loans and EUR 2,3 million additional financing as well as stand-still agreements where the loan capital will not be repaid for an agreed period. Of the Italian additional funding, EUR 1,2 million was realized in first half of the financial year. In Finland, the financing consists of additional EUR 2,0 million debt financing and a new stand-still period to existing loans of the parent company with the main financier bank and Jussi Capital.

The financial arrangements are aimed at providing resources to continue Enedo's turnaround into a profitable manufacturer of industrial power supplies and to strengthen the company's working capital. The aim is also to realign Italian subsidiary's loan conditions with the parent company which in turn enables more efficient operations and liquidity management within the group. The board and management of the company believes in finalization of the financial arrangement during the second half of the financial year.

Maturities of financial liabilities

Maturities of financial liabilities, June 30 2020, EUR million	Carrying amount	Amount contractual cash flows	Maturities		
			< 6 mo	6–12 mo	> 12 mo
Trade payables and advances received	9,6	9,6	9,4	0,1	0,1
Loans from financial institutions	10,8	12,4	2,0	2,2	8,3
Lease liabilities	1,1	1,2	0,3	0,2	0,7
Overdraft and Factoring	4,7	4,8	4,8		
Total	26,1	28,0	16,4	2,5	9,0

Maturities of financial liabilities, Dec 31 2019, EUR million	Carrying amount	Amount contractual cash flows	Maturities		
			< 6 mo	6–12 mo	> 12 mo
Trade payables and advances received	10,6	10,6	10,2	0,3	0,1
Loans from financial institutions	8,9	10,6	1,5	2,2	6,9
Lease liabilities	1,1	1,2	0,2	0,2	0,7
Overdraft and Factoring	3,6	3,7	3,7		
Total	24,3	26,1	15,7	2,8	7,7

Credit risk and other counterparty risks, accounts receivable

The management of credit risk is primarily the responsibility of the operating units. The management of credit risk is based on the Group's credit policy and the aim is to obtain security when the customer's creditworthiness requires it. Impairment related to trade receivables is evaluated for significant receivables on a counterparty-specific basis to estimate impairment losses. Credit risks related to the investment of liquid assets and the signing of derivative agreements are minimized by establishing credit limits on counterparties and only signing agreements with leading domestic and international banks and financial institutions. Due to the COVID-19 pandemic, credit risk monitoring has been intensified to identify risky customers and to ensure that credit decisions are based on up to date information of customers liquidity and recent changes in liquidity. The group has not had credit losses during the period under review. Majority of the receivables are within factoring agreements.

Fair values of derivative financial instruments

Enedo did not hold any derivative financial instruments in the end of financial periods.

GROUP, CHANGES IN INTANGIBLE ASSETS

Jan. 1, 2019 – June 30, 2019

EUR million	Development costs	Immaterial rights	Intangible assets, finance lease	Other intangible assets	Advance payments for intangible assets	Goodwill	Total
Cost on 1 Jan.2019	21,7	3,4	1,7	4,7	0,1	4,3	35,8
Translation differences	0,0	0,0		0,0			0,0
Additions	1,2	0,0		0,0	0,0		1,2
Disposals	-2,5				0,0		-2,5
Reclassifications	-0,1						-0,1
Cost on 30 June 2019	20,3	3,4	1,7	4,7	0,1	4,3	34,5
Cumulative amortisation and impairment on 1 Jan 2019	-12,3	-2,9	-1,7	-3,0	0,0	0,0	-19,8
Translation differences	0,0	0,0		0,0			0,0
Cumulative amortisation on disposals and reclassifications	2,5						2,5
Amortisation	-1,5	-0,2		-0,2			-1,8
Impairment	-0,2						-0,2
Cumulative amortisation and impairment on 30 June 2019	-11,4	-3,1	-1,7	-3,2	0,0	0,0	-19,3
Carrying amount on 1 Jan 2019	9,4	0,5	0,0	1,7	0,1	4,3	16,0
Carrying amount on 30 June 2019	8,9	0,3	0,0	1,5	0,1	4,3	15,1

Jan. 1, 2020 – June 30, 2020

EUR million	Development costs	Immaterial rights	Other intangible assets	Advance payments for intangible assets	Goodwill	Total
Cost on 1 Jan.2020	14,7	3,2	4,7	0,1	4,3	26,9
Translation differences			0,0			0,0
Additions	0,6		0,0	0,0		0,6
Disposals	-0,1	0,0	0,0			-0,1
Reclassifications						0,0
Cost on 30 June 2020	15,2	3,2	4,7	0,1	4,3	27,4
Cumulative amortisation and impairment on 1 Jan 2020	-9,3	-3,0	-3,3	0,0	0,0	-15,7
Translation differences			0,0			0,0
Cumulative amortisation on disposals and reclassifications	0,1	0,0	0,0			0,1
Amortisation	-0,8	-0,2	-0,2			-1,1
Impairment	-0,1					-0,1
Cumulative amortisation and impairment on 30 June 2020	-10,1	-3,2	-3,5	0,0	0,0	-16,7
Carrying amount on 1 Jan 2020	5,4	0,2	1,3	0,1	4,3	11,3
Carrying amount on 30 June 2020	5,1	0,0	1,2	0,1	4,3	10,7

GROUP, CHANGES IN TANGIBLE ASSETS

Jan. 1, 2019 – June 30, 2019

EUR million	Buildings and structures	Buildings, right-of-use assets	Machinery and equipment	Machinery, right-of-use assets	Other tangible assets	Advance payments and work in progress	Total
Cost on 1 Jan.2019	0,0		18,9	0,8	4,7	0,1	24,5
IFRS 16 effect 1 Jan 2019		1,8		0,4			2,2
Translation differences		0,0	0,0		0,0		0,0
Additions	0,0		0,8		0,0	0,1	0,9
Disposals			-0,3		0,0	-0,1	-0,4
Reclassifications			0,1			-0,1	0,0
Cost on 30 June 2019	0,0	1,8	19,5	1,1	4,7	0,0	27,3
Cumulative amortisation and impairment on 1 Jan 2019	0,0		-16,1	-0,8	-4,4		-21,2
Translation differences		0,0	0,0		0,0		0,0
Cumulative amortisation on disposals and reclassifications			0,2		0,0		0,2
Amortisation	0,0	-0,3	-0,4	-0,1	0,0		-0,8
Impairment							0,0
Cumulative amortisation and impairment on 30 June 2019	0,0	-0,3	-16,3	-0,8	-4,5		-21,9
Carrying amount on 1 Jan 2019	0,0	0,0	2,9	0,0	0,3	0,1	3,3
Carrying amount on 30 June 2019	0,0	1,5	3,2	0,3	0,3	0,0	5,4

Jan. 1, 2020 – June 30, 2020

EUR million	Buildings and structures	Buildings, right-of-use assets	Machinery and equipment	Machinery, right-of-use assets	Other tangible assets	Advance payments and work in progress	Total
Cost on 1 Jan.2020	0,0	1,3	15,0	1,1	1,1	0,0	18,6
Translation differences		0,0	0,0		0,0		0,0
Additions		0,1	0,4	0,1		0,0	0,6
Disposals		-0,2	-0,1	-0,8	0,0	0,0	-1,1
Reclassifications							0,0
Cost on 30 June 2020	0,0	1,2	15,2	0,5	1,1	0,0	18,1
Cumulative amortisation and impairment on 1 Jan 2020	0,0	-0,5	-12,5	-0,9	-0,9		-14,9
Translation differences		0,0	0,0		0,0		0,0
Cumulative amortisation on disposals and reclassifications		0,2	0,1	0,8	0,0		1,0
Amortisation	0,0	-0,2	-0,4	-0,1	0,0		-0,6
Impairment							0,0
Cumulative amortisation and impairment on 30 June 2020	0,0	-0,5	-12,8	-0,2	-1,0		-14,5
Carrying amount on 1 Jan 2020	0,0	0,8	2,4	0,2	0,2	0,0	3,7
Carrying amount on 30 June 2020	0,0	0,7	2,4	0,3	0,1	0,0	3,6

GROUP CONTINGENT LIABILITIES

EUR million	June 30, 2020	June 30, 2019	Dec. 31, 2019
Contingent liabilities			
Security given on own behalf			
Business mortgages	15,2	15,2	15,2
Other contingent liabilities	0,0	0,3	0,1
Liabilities guaranteed by business mortgages			
Loans from financial institutions *)	7,4	5,7	5,7
Factoring in use	1,3	4,1	0,8
Total	8,7	9,8	6,5
* Subsidiary shares with the carrying amount of EUR 3.6 million has been given on behalf of parent company's loans from credit institutions			
Own liability for credit risk insurance in factoring, not realised	0,0	0,2	0,0

Events after the end of the period under review

12.8.2020 - As part of the planned financial arrangement, company has agreed on a new stand-still period regarding parent company loans until 30.6.2021 with its main financier bank and Jussi Capital. The previous stand-still agreement period ended on 30.6.2020.

Calculation of key figures

EBITDA	=	Operating Profit/loss + amortisations and depreciations of tangible and intangible assets + impairments
Adjusted EBITDA	=	EBITDA adjusted by items affecting comparability eg. acquisitions
Adjusted operating profit/loss	=	Operating profit/loss adjusted by items affecting comparability
Return on investment (ROI), %	=	$\frac{\text{Profit before taxes + interest and other financing expenses}}{\text{Equity + interest bearing liabilities (average)}} \times 100$
Return on Equity (ROE), %	=	$\frac{\text{Profit/loss for the period}}{\text{Equity (average)}} \times 100$
Current ratio	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Solvency ratio, %	=	$\frac{\text{Equity}}{\text{Total assets – advance payments received}} \times 100$
Net interest-bearing liabilities	=	Interest bearing liabilities – financial assets at fair value through profit or loss – cash and cash equivalents
Gearing, %	=	$\frac{\text{Net interest-bearing liabilities}}{\text{Equity}} \times 100$
Earnings per share	=	$\frac{\text{Profit or loss attributable to ordinary equity holders of the parent entity}}{\text{The weighted average number of shares outstanding}}$
Earnings per share (diluted)	=	$\frac{\text{Profit or loss attributable to ordinary equity holders of the parent entity}}{\text{The weighted average number of shares outstanding including dilutive effect}}$
Equity per share	=	$\frac{\text{Equity}}{\text{Number of shares at balance sheet date}}$
Market capitalization	=	Adjusted share price at balance sheet date x outstanding number of shares at balance sheet date
Average personnel	=	The average number of employees at the end of each calendar month during the accounting period

All share-specific figures are based on the outstanding number of shares.

Equity is the equity attributable to the shareholders of the parent company.

Result for the period is the result attributable to the shareholders of the parent company.

ENEDO PLC

Board of Directors

For further information please contact Mr. Vesa Leino, CEO, tel. +358 40 759 8956,
On 13th of August at 13:00–14:00

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Enedo

Enedo is a European designer and producer of high-quality electronic power supplies and systems for critical equipment even in the most demanding environments. Enedo's mission is to make electricity better – more reliable, more secure, more energy efficient – and just right to fit its purpose. Enedo's three main product categories are Led Drivers, Power supplies and Power Systems. In 2019 the group's revenue was EUR 43,3 million. Enedo has 394 employees and its main functions are located in Finland, Italy, Tunisia and USA. The group's head office is in Finland and parent company Enedo Oyj is listed on Nasdaq Helsinki Oy.

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