ENEDO PLC

FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS

UNAUDITED TRANSLATION

1.1.2020 - 31.12.2020

Enedo Plc
Reg-ID: 0195681-3
Martinkyläntie 43
01720 Vantaa

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REPORT OF THE BOARD OF DIRECTORS 2020

Enedo Plc is an international Group that develops and produces demanding power products. In 2020, Enedo complied with the Insider Guidelines issued by Nasdaq Helsinki Ltd as well as the Finnish Corporate Governance Code 2020 for Listed Companies issued by the Securities Market Association.

The Corporate Governance Statement will be published as a separate report on the Group's website and in the Annual Report.

GROUP STRUCTURE

At the end the financial year Enedo Group consisted of the parent company Enedo Plc and its directly or indirectly wholly owned operational subsidiaries Enedo S.p.A. in Italy, Enedo Sarl in Tunisia, Enedo Inc. in the United States, Enedo Holding Oy and Enedo Finland Oy both in Finland. Other subsidiaries were Efore (USA) Inc. in United States, Efore (Suzhou) Automotive Technology Co., Ltd in China, Efore OU in Estonia and Enedo (Hongkong) Co. Ltd in China.

CONTINUING OPERATIONS' FULL-YEAR NET SALES, OPERATING PROFIT AND ADJUSTED OPERATING PROFIT

Despite the positive launch of the new sales organization changed at the beginning of 2020 and the growth of the Power Systems product category, full-year net sales were EUR 38,5 million and EUR 4,8 million below 2019. The adjusted operating profit for the financial year was negative EUR 3,9 million due to low net sales. The operating profit for the financial year was EUR -4,3. EUR (EUR -2,6 million). Adjusted operating profit for the financial year was EUR -3,9 million. EUR (EUR -2,4 million). Operating profit includes EUR 0,2 million of impairment of capitalized product development costs.

ADJUSTED OPERATING PROFIT/LOSS, EUR million	1-12/20 12 mo	1-12/19 12 mo
Operating profit/loss	**-4,3**	**-4,3**
Adjustments in operating profit/loss		
Resctructuring costs related to personnel		0,1
Production re-organisation	0,2	0,2
Provision release relating to a claim		-0,2
Enedo planning related expenses	0,2	0,1
Adjustments in operating profit/loss Total	**0,4**	**0,2**
Adjusted operating profit/loss Total	**-3,9**	**-4,1**

BUSINESS DEVELOPMENT

At the beginning of the year 2020, we renewed our business monitoring in accordance with the new product category division and present the development of net sales separately for these three product categories in the financial statements. Enedo's new product categories are Power Supplies, Led Drivers and Systems. The Power Supplies product category consists of industrial power supplies, the Led Drivers category of lighting solutions, and the Systems category includes DC system products and rail power supply solutions.

The net sales of the Power Supplies product category during the financial year were EUR 24,1 million, EUR 3,4 million weaker than at the same time last year. The net sales of the Led Drivers product category were MEUR 8,7, EUR 2,8 million weaker than in the last financial year. The Power Systems product category, on the other hand, saw growth. Net sales of Power Systems products during the financial year were EUR 5.7 million, EUR 1.3 million higher than in the last financial year.

The net sales of the Power Supplies product category in the second half of the year were EUR 11,4 million, EUR 1,5 million weaker than at the same time last year. The net sales of the Led Drivers product category was EUR 4,4 million, EUR 0,8 million weaker than in the comparison period of the previous year. The Systems product category, on the other hand, saw growth. The net sales of Systems products during the second half of the year were EUR 3,0 million, EUR 0,7 million higher than in the comparison period of the previous year. The most significant factors affecting business volume in the second half of the year were increased uncertainty and slow demand in the Led Drivers product category as a result of Covid-19, delivering delayed orders in the Power Supplies category and good growth in the Systems product category supported by MHE product.

MARKET OUTLOOK

In the industrial business, power supplies for LED lighting, measuring devices, healthcare equipment and infrastructure 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 developments may affect the company's business environment. Covid-19 has increased the level of uncertainty in the industry 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 postponement of demand for leisure and sports-related lighting systems when spectator capacity is underutilized. Opening of new retail stores e.g. in the clothing retail business has at least temporarily slowed down, which may affect the demand for new lighting solutions and the renewal of old ones.

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 of the market cause rapid changes in Enedo's business.

Due to the nature of the business, Enedo is subject to claims, of which the final solution cannot be predicted. Based on current information, these claims are not expected to have a material impact on the Group's financial position.

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. Covid-19 has also increased the level of uncertainty in each country, which may affect our delivery capacity. The effects of 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 exposed to a general country risk. Tunisia's national corona actions, the political environment and other factors affecting the plant's viability are partly beyond the company's control.

There are risks relating to the adequacy of funding, that the company seeks to manage through active planning and implementation of various alternatives. Due to the increased financial uncertainty caused by the Covid-19 pandemic, the Group has updated its estimates on uncertainties relating to liquidity risk, credit and counterparty risk as well as business continuity.

Share issues announced on 16.2.2021 involve uncertainty, with the exception of irrevocable subscription commitments. The development of the general stock market and the activity of investors have a material effect on the completion of the rights issue.

Covid-19

Throughout the financial year, we have continued to take active internal measures to ensure the health of our employees and continuity 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 Covid-19 in weekly calls and responds to changes immediately if necessary.

The estimated impact of Covid-19 on net sales during the financial year was negative EUR 3,0 – 4,0 million mainly due to the restrictions on Tunisian production by Tunisian government. There were additional costs associated with Covid-19 prevention, particularly in Italy and Tunisia. The temporary lay-offs of employees due to Covid-19 reduced the Group's operating costs during the financial year. The impact of Covid-19 on the result as a whole was estimated to be negative EUR 0,6 – 1,1 million. As a result of Covid-19 economic stimulus measures, the company raised loans guaranteed by the state-owned MCC in Italy. In Finland and Italy, the company has agreed to postpone certain taxes and employment pension contributions.

Investments and product development

Investments in the Group's continuing operations during the financial year were EUR 1,9 million (EUR 3,2 million), of which product development capitalizations accounted for EUR 1,3 million (EUR 2,1 million). At the end of the financial year, capitalized product development costs in the balance sheet were EUR 4,9 million (EUR 5,4 million).

During the financial year, capitalized product development costs were impaired by a total of EUR 0,2 million (EUR 0,2 million) mainly due to changes in the volume expectations of individual customers of some Italian products.

In total, product development costs during the financial year were EUR 4,2 million (EUR 4,5 million), of which EUR 1,3 million (EUR 2,1 million) were capitalized in the balance sheet and EUR 2,9 million (EUR 2,4 million) were recognized as expenses for the financial year thus 7,6 % (5,5 %) of net sales respectively.

Taking into consideration the short-term and mid-term effects of the Covid-19 pandemic to the business environment, the impairment testing has been conducted using lower net sales and profitability growth estimates than previous tests. As a result of the impairment testing, the parent company’s investment into the Italian subsidiary has been impaired by EUR 5,3 million. The impairment does not effect group result but does weaken the parent company’s equity. In addition, the deferred tax asset related to losses in Italian subsidiary has been amortisized by EUR 0,8 million.

Financing

The net interest-bearing liabilities were EUR 16,8 million (EUR 12,6 million) at the end of the financial year. The net interest-bearing liabilities include EUR 1,1 million (EUR 1,1 million) of IFRS 16 lease liabilities.

The cash flow from operating activities during the financial year EUR -2,3 million (EUR -0,5 million). In addition to generated loss, the negative cash flow was caused by increased need for working capital as the sales volumes were lower than expected. The cash flow after investing activities was EUR -3,7 million (EUR -1,3 million). The Group's solvency ratio was -7,4 % (11,5 %) and the closing balance sheet was EUR 29,2 million (EUR 32,1 million).

The cash position without undrawn credit facilities totaled EUR 1,1 million (EUR 1,1 million). At the end of the period, the Group had EUR 1,3 million (EUR 2,2 million) of undrawn credit facilities excluding factoring limits.

In the stock market announcement of 29th December 2020, the Group announced that the financial arrangements in Italy have been concluded and as a result, Enedo has drawn in total EUR 2,7 million of new loans in Italy during the financial year. All loans in Italy include a stand-still agreement until summer 2021. The loans have been guaranteed by state backed MCC institution. One of the loans includes covenants that the company breached as of 31st December 2020. However, the company received a waiver from the financier and the loan receivables were not claimed.

On 16th of February 2021 the group announced planning of EUR 12 million rights and directed issue and a related EUR 8,6 million loan arrangement in which the company repays EUR 5,3 million of debts and EUR 3,3 million of debts will be cancelled. The group has received irrevocable subscription commitments in the amount of EUR 9,6 million (assuming full subscription of share rights issue) which is 80% of the planned size of the share issue. The Company intends to execute a financial turn-around program, with which it seeks to achieve a significant positive change in its financial result by the end of 2023. The key elements of the turn-around program are estimated permanent annual savings exceeding EUR 4 million in direct and indirect costs over the period 2021–2023 compared to the 2020 cost level (excluding temporary layoffs and other temporary savings), an annual increase in sales from 5 to 10 percent, and a clear improvement of the balance sheet and financing structure.

If the share issues and debt arrangements are realized as planned, it will have a significant positive impact on group's solvency and liquidity. The company estimates the expenses of the share issues to be EUR 0,7 million and therefore, net proceeds are estimated at EUR 11,3 million. The proceeds of the share issues would be used to pay-off a EUR 5,3 million debt to financiers and further EUR 3,3 million of debts would be cancelled. Cancellation of debts and the share issues would have a positive impact on company's equity. The remaining EUR 6,0 million would be used to execute the financial turn-around plan and for general working capital needs.

ENVIRONMENTAL POLICY AND RESPONSIBILITIES

The development and maintenance of the Group's environmental systems are based on the international ISO 14001: 2004 standard. Certification in accordance with the standard is valid in all of the Group's product development and production units.

The products are designed to meet the recyclability requirements of the European Union's WEEE (Waste Electrical and Electronic Equipment) Directive. The design applies the recommendations of the EuP (Energy using Products) Directive to minimize product-related resource use.

The Group's production units are ready for lead-free production in accordance with the European Union's RoHS (Restriction Of Certain Hazardous Sub-stances) Directive. The lead soldering process is also used if required by the product requirements.

The recycling of electronic and metal waste generated in production and product development is handled with companies that specialize in operations. Chemical waste generated in the processes is collected and delivered to companies specializing in the treatment of harmful substances.

At the time of publishing the financial statements, no environmental risks or liabilities had arisen that would have an impact on the company's financial position.

PERSONNEL

Average number of the group's continuing operations personnel was 371 (388). At the end of the financial year group's personnel was 354 (394).

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 financial year were as follows: Vesa Leino (President and CEO), Olli Mustonen (Finance and ICT), Carlo Rosati (Italy products), Jussi Vanhanen (Global sales), Vesa Leino (Finland products) ja Fabio Orlandini (USA sales).

AUDITOR

Authorized Public Accountants KPMG Oy Ab was re-elected as the company's auditor in the annual general meeting 24th April 2020. KHT Henrik Holmbom acts as the responsible auditor.

SHARES, SHARE CAPITAL AND SHAREHOLDERS

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

The figures in brackets refer to the end of the corresponding period in the previous year and the share prices of the corresponding period in the previous year are adjusted to correspond the number of shares after the reverse split.

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.

The highest share price during the financial year was EUR 2,78 (3,50) and the lowest price was EUR 0,80 (1,85). The average price during the period under review was EUR 1,45 (2,85) and the closing price was EUR 0,90 (2,60). The market capitalization calculated at the final trading price at the end of the financial year was EUR 7,6 (21,9) million.

The total turnover value of Enedo shares traded on the Nasdaq Helsinki during the financial year was 2,9 (1,6) million pcs. This accounted for 33,8 % (19,3 %) 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 totaled 4 336 (4 261) at the end of the financial year.

FLAGGING NOTIFICATIONS

4Capes Oy's share of ownership and votes in Enedo Plc exceeded 5 per cent threshold on 2nd of November 2020.

DECISIONS OF THE GENERAL MEETINGS

The Extraordinary General Meeting of the company 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.

ESTIMATE OF FINANCIAL DEVELOPMENT IN 2021

The company estimates net sales from continuing operations to exceed EUR 40 million in 2021. EBITDA (adjusted for items affecting comparability) for 2021 is estimated to be positive and operating profit (adjusted for items affecting comparability) to improve from 2020 but to remain negative.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF DIVIDEND

The Board of Directors will propose to the Annual General Meeting on April 29th, 2021 that no dividend will be distributed.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

16.2.2021 - Enedo Plc has agreed conditionally on cancellation of its debts totalling MEUR 3,3, is planning a directed issue and a rights issue totalling approximately MEUR 12, and intends to execute a turnaround program in order to improve its result.

16.2.2021 - Notice is given to the shareholders of Enedo Plc ("Enedo" or the "company") to the Extraordinary General Meeting to be held on Tuesday,9 March 2021 at 10.00 a.m. at the head office of the company, address Martinkyläntie 43, Vantaa.

8.3.2021 – The Finnish Financial Supervisory Authority has granted Inission AB (publ) a permanent exemption from obligation to launch a mandatory bid

9.3.2021 - The Extraordinary General Meeting of Enedo Plc (the "Company") was held on 9 March 2021 at 10 a.m. in Vantaa.

GROUP FINANCIAL STATEMENTS, IFRS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1000	Note	1.1.2020-31.12.2020	1.1.2019-31.12.2019
Continuing operations			
NET SALES	1	**38 491**	**43 312**
Change in inventories of finished goods and work in progress		-710	-114
Work performed for own purposes and capitalised		374	298
Other operating income	4	361	370
Materials and services	5	-25 453	-28 381
Employee benefits expenses	6	-9 087	-9 545
Depreciation and amortization	7	-3 307	-3 457
Impairment	7	-171	-195
Other operating expenses	8	-4 768	-4 878
Operating profit/loss		**-4 270**	**-2 590**
Financing income	9,11	692	1 453
Financing expenses	10,11	-1 809	-1 611
Profit/loss before taxes		**-5 387**	**-2 747**
Tax on income from operations	12	-796	187
Profit/loss of from continuing operations		**-6 183**	**-2 560**
Discontinued operations			
Profit/loss of discontinued operations	3	**350**	**-2 436**
PROFIT/LOSS FOR THE PERIOD		**-5 833**	**-4 997**

EUR 1000	Note	1.1.20120-31.12.2020	1.1.2019-31.12.2019
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		13	-109
		13	**-109**
Items that may be reclassified subsequently to profit or loss			
Translation differences, continuing operations		11	-135
Translation differences, discontinued operations			-476
		11	**-611**
Total comprehensive income from continuing operations		-6 159	-2 804
Total comprehensive income from discontinued operations		350	-2 912

TOTAL COMPREHENSIVE INCOME	**-5 809**	**-5 717**
Profit/loss from continuing operations, attributable to:		
Owners of the parent company	-6 182	-2 560
Non-controlling interests	-1	0
Profit/loss from discontinued operations, attributable to:		
Owners of the parent company	350	-2 436
Non-controlling interests	0	0
Profit/loss, attributable to:		
Owners of the parent company	-5 832	-4 996
Non-controlling interests	-1	0
	-5 833	**-4 997**
Total comprehensive income from continuing operations, attributable to:		
Owners of the parent company	-6 158	**-2 804**
Non-controlling interests	-1	**0**
Total comprehensive income from discontinued operations, attributable to:		
Owners of the parent company	350	-2 912
Non-controlling interests	0	0
Total comprehensive income attributable to:		
Owners of the parent company	-5 808	-5 716
Non-controlling interests	-1	0
	-5 809	**-5 717**

EUR 1000	**Note**	**1.1.20120-31.12.2020**	**1.1.2019-31.12.2019**
EARNINGS PER SHARE CALCULATED ON PROFIT/LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Earnings per share from continuing operations, eur*		-0,74	-0,31
Earnings per share from discontinued operations, eur *		0,04	-0,29
Earning per share, undiluted, eur*		-0,70	-0,60
Earning per share, diluted, eur*		-0,70	-0,60

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1 000	Note	Dec. 31, 2020	Dec. 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	14	**5 990**	6 999
Goodwill	14	**4 275**	4 275
Tangible assets	15	**3 497**	3 718
Other non-current financial assets	16	**4**	6
Non-current trade and other receivables	19	**259**	327
Deferred tax asset	17	**1 544**	2 391
NON-CURRENT ASSETS		**15 569**	**17 717**
CURRENT ASSETS			
Inventories	18	**6 586**	7 608
Trade receivables and other receivables	19	**5 754**	5 626
Tax receivable, income tax		**108**	95
Cash and cash equivalents	20	**1 136**	1 076
CURRENT ASSETS		**13 584**	**14 405**
ASSETS		**29 153**	**32 122**

	Note	Dec. 31, 2020	Dec. 31, 2019
EQUITY AND LIABILITIES			
Owners of the parent company			
Share capital	21	**100**	15 000
Reserve for invested unrestricted equity	21	**53 087**	38 187
Treasury shares	21	**-2 425**	-2 427
Other reserves	21	**702**	702
Translation differences	21	**2 674**	2 663
Retained earnings		**-56 273**	-50 453
Owners of the parent company		**-2 135**	**3 673**
Non-controlling interests		**0**	**1**
EQUITY		**-2 135**	**3 674**
NON-CURRENT LIABILITIES			
Deferred tax liability	17	**179**	270
Non-current liabilities, interest-bearing	22,23	**9841**	6 467
Other non-current liabilities	24	**42**	0
Pension obligations	25	**1211**	1 271
Provisions	26	**199**	211
NON-CURRENT LIABILITIES		**11 472**	**8 219**
CURRENT LIABILITIES			
Current interest-bearing liabilities	22,23	**8 099**	7 175
Trade payables and other liabilities	24,27,28	**11 304**	12 613
Tax liability, income tax		**260**	275
Provisions	26	**153**	166
CURRENT LIABILITIES		**19 816**	**20 230**
Liabilities		**31 288**	**28 449**
EQUITY AND LIABILITIES		**29 153**	**32 122**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	Note	Dec. 31, 2020	Dec. 31, 2019
Cash flow from operating activities			
Customer payments received		**37 604**	63 898
Cash paid to suppliers and employees		**-38 729**	-62 878
Cash generated from operations		**-1 125**	1 020
Interest paid		**-494**	-524
Interest received		**2**	38
Other financing items		**-603**	-958
Income taxes paid		**-67**	-92
Net cash from operating activities (A)		**-2 287**	-515
Cash flows from investing activities			
Purchase of tangible and intangible assets		**-1 904**	-3 073
Proceeds from sale of tangible and intangible assets		**126**	37
Acquisition of subsidiaries		**112**	0
Disposal of subsidiaries less cash and cash equivalents		**326**	1 766
Proceeds from sale of investments		**0**	440
Net cash used in investing activities (B)		**-1 340**	-830
Cash flows from financing activities			
Proceeds from short-term borrowings		**679**	1 600
Repayment of short-term borrowings		**-1 611**	-2 642
Working capital financing and credit limits		**1 592**	496
Proceeds from long-term borrowings		**5 021**	0
Repayments from long-term borrowings		**-1 500**	0
Payment of lease liabilities		**-485**	-693
Rahoituksen rahavirta (C)		**3 696**	-1 239
Net decrease (-)/increase (+) in cash and cash equivalents (A+B+C)		**69**	-2 584
Cash and cash equivalents at the beginning of the period		**1 076**	3 653
Net increase/decrease in cash and cash equivalents		**69**	-2 584
Effects of exchange rate fluctuations on cash held		**-9**	7
Cash and equivalents at the end of the period	20	**1 136**	1 076

The effect of discontinued operations on the cash flow is presented in note 3.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000	Note	Share capital	Reserve for invested unrestricted equity	Treasury shares	Other reserves	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
EQUITY Jan. 1, 2019		**15 000**	**38 187**	**-2 427**	**702**	**3 274**	**-45 348**	**9 390**	**1**	**9 391**
Profit/loss for the period							-4 996	-4 996	0	-4 997
Other comprehensive income:										
Remeasurement of defined benefit plan							-109	-109		-109
Translation differences						-611		-611		-611
TOTAL COMPREHENSIVE INCOME						**-611**	**-5 105**	**-5 716**	**0**	**-5 717**
TOTAL EQUITY Dec. 31, 2019		**15 000**	**38 187**	**-2 427**	**702**	**2 663**	**-50 453**	**3 673**	**1**	**3 674**

EUR 1,000	Note	Share capital	Reserve for invested unrestricted equity	Treasury shares	Other reserves	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
EQUITY Jan. 1, 2020		**15 000**	**38 187**	**-2 427**	**702**	**2 663**	**-50 452**	**3 673**	**1**	**3 674**
Share capital reduction		-14 900	14 900							
Own shares transferred without compensation				2			-2			
Profit/loss for the period							-5 832	-5 832	-1	-5 833
Other comprehensive income:										
Remeasurement of defined benefit plan							13	13		13
Translation differences						11		11		11
TOTAL COMPREHENSIVE INCOME						**11**	**-5 821**	**-5 808**	**-1**	**-5 809**
TOTAL EQUITY Dec. 31, 2020	21	**100**	**53 087**	**-2 425**	**702**	**2 674**	**-56 273**	**-2 135**	**0**	**-2 135**

NOTES TO THE GROUP FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

BASIC INFORMATION ON THE GROUP

The Group is an international Group developing and producing demanding power products. The Group's head office is based in Finland and the R&D functions are located in Finland and Italy. Sales and marketing operations are located in Europe and the United States. The production unit is located in Tunisia.

The Group's parent company is Enedo Plc. The parent company domiciled in Vantaa and its registered office is at Martinkyläntie 43, 01720 Vantaa, Finland. The parent company's share has been quoted on the Nasdaq Helsinki Stock Exchange since 1989. Copies of the consolidated financial statements are available online at www.enedopower.com or from the parent company.

The consolidated financial statements were authorized for issue by the Board of Directors of Enedo Plc on March 10, 2021. In accordance with Finnish Companies Act, the shareholders can approve, amend or reject the financial statements in the Annual General Meeting held after publishing the financial statements.

GENERAL

The consolidated financial statements for the financial period from January 1, 2020 to December 31, 2020 are prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force on December 31, 2020. In the Finnish Accounting Act and other regulations issued pursuant to the Act, IFRSs refer to the standards and to their interpretations adopted in accordance with the procedures laid down in the EU regulation (EC) No 1606/2002. The notes to the consolidated financial statements are also prepared in accordance with the Finnish accounting and company legislation.

The consolidated financial statements are prepared under the historical cost convention except for financial assets and financial liabilities, which are recognized at fair value through profit or loss, derivative financial instruments and share-based payments measured at fair value at the grant date. Unless otherwise stated, all the figures in these financial statements are presented in thousands of euros.

ASSUMPTION OF ABILITY TO CONTINUE AS A GOING CONCERN

In the assessment of the business continuity principle, the company's management has considered the working capital required for the implementation of the company's strategy and the related estimates, the available sources of financing as well as the risks and uncertainties related to the adequacy of financing. Management has used a 12-month cash flow forecast and sensitivity analysis in its judgment.

After the balance sheet date, 16th February 2021, the company announced the planning of EUR 12 million share issues and related EUR 8.6 million loan arrangement whereby the company would pay back debts EUR 5.3 million and EUR 3.3 million debts would be cancelled. The planned share issues and loan arrangement, if implemented, will have a significant impact on the company's solvency and liquidity. There is uncertainty about the completion of the overall arrangement. The development of the general stock market and the activity of investors have a material effect on the completion of the rights issue.

At the time of publishing the financial statements on 10th of March 2021, the company did not have sufficient working capital to finance the next 12 months of operations without the planned share issues and loan arrangements. The company's management estimates that the company's working capital will be sufficient until the end of April 2021.

The company's management estimates that if the share issues raise gross proceeds of EUR 11 million, they, together with the cash flow from operating activities, will provide the company with sufficient funds to complete the loan arrangements, turn-around programme and cover working capital needs over the next 12 months. If gross proceeds of EUR 9 million are raised from the share issues, they will be sufficient to cover the working capital need over the next 12 months and to complete the loan arrangement, however separate financing is needed to implement the turn-around program.

The company has received irrevocable subscription commitments totaling EUR 9.6 million (assuming full subscription of share rights issue) from certain anchor investors, which is 80% of the planned issue size. The company will implement the share issues to ensure the adequacy of working capital and to implement the turnaround program. The debt arrangement planned as part of the share issues will significantly improve the Group's solvency. Management estimates that the planned share issues will be completed in full.

The realization of the company's cash flow forecast for the next 12 months and thus ensuring going concern require the completion of the share issues, debt arrangements and additionally increase in net sales and improved profitability. Covid-19 has raised the level of uncertainty in the industry and, depending on the development of the pandemic, may have potential impacts on our customers ability to operate, demand for their end products and the general industrial environment, especially in the Led Drivers and Power Supplies product categories.

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. Covid-19 has also increased the level of uncertainty in each country, which may affect our delivery capacity. The effects of Covid-19 can be reflected in an unforeseen change in behavior in both supply chains and the company's customers.

A significant part of the company's working capital financing comes from the financing of invoice receivables, so the development of net sales and delivery capacity is a significant factor in the company's cash flow. In addition, the development of the margin has a significant effect on operating cash flow. Should the planned share issues and loan arrangements not materialize in full or in part and / or the cash flow from operating activities would be significantly weaker than forecasted, this would weaken the implementation of the company's strategy and increase liquidity risk over the next 12 months.

The company strives to manage financial risk through active planning and implementation of operational and financial alternatives. It is not yet possible to assess all the effects of Covid-19, and the company is actively planning to prepare for different scenarios.

Uncertainty about the impact of the Covid-19 pandemic on business and uncertainty about the realization of the subscription and directed issue are such significant uncertainties that may cast significant doubt on the entity's ability to continue as a going concern. Based on the overall assessment of the company's management, the company has considered it justified to prepare the financial statement release in accordance with the principle of going concern.

NEW AND AMENDED STANDARDS APPLIED IN THE PAST FINANCIAL YEAR

The Group has complied with the new and amended standards that came into force at the beginning of the financial year 2020.

The Group has prepared for the introduction of ESEF reporting by changing the calculation method of the tables in the financial statements for the figures for the financial year 2020 so that adding the rounded figures of the tables together gives the total amount of the table.

Other new or amended standards and interpretations do not have a significant effect on the consolidated financial statements.

SUBSIDIARIES

The consolidated financial statements include the financial statements of the parent company Enedo Plc (formerly Efore Plc) and its subsidiaries. Subsidiaries are companies in which the parent company holds, through direct or indirect shareholding, over 50 percent of the voting rights or in which it has the position to govern the financial and operating policies (control). Potential voting rights have been taken into account in assessment whether the control exists, when such instruments are exercisable at the balance sheet date. Mutual shareholdings are eliminated using the acquisition method. Subsidiaries are consolidated from the date when the Group acquired control commences and are included up to the date control ceases.

All intercompany transactions, receivables, liabilities, unrealized gains or losses on intercompany transactions and distribution of profits within the Group are eliminated in the consolidation process. Unrealized losses due to impairment are not eliminated. The distribution of profit or loss for the financial period to the shareholders of the parent company is disclosed in the statement of income.

ASSOCIATED COMPANIES

Associated companies, in which the Group holds, through direct or indirect shareholding, usually between 20 percent and 50 percent of the voting rights and in which it exercises significant influence but not control, are consolidated using the equity method. If the Group’s share of the associated company’s losses exceeds the acquisition cost of the company, the investment has no value in the balance sheet. No consideration is given to losses in excess of the acquisition amount unless the Group has other obligations relating to the

associated company. Unrealized profits between the parent company and its associates are eliminated in proportion to the share ownership. The profit or loss for the associated companies in the Group is presented as a separate line below operating profit. The Group had no associated companies on the financial statements date on December 31, 2020 and December 31, 2019.

FOREIGN CURRENCY TRANSLATION

Figures for the performance and financial position of the Group entities are recorded at the currency that is used in the primary operating environment of the entities (functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the parent company.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into the respective functional currencies using the exchange rates at the date of the transaction. In practice, an exchange rate that approximates the rate at the date of the transaction is often used. Monetary foreign currency balances at the balance sheet date are translated into functional currency using the exchange rates prevailing at the balance sheet date. Non-monetary foreign currency item recognised at fair value are translated into functional currency using the exchange rates at the dates when the fair value was calculated. Otherwise non-monetary items are translated using the exchange rate at the transaction date. Gains and losses arising from foreign currency transactions and translation of monetary balances are recognized in profit or loss.

Exchange rate differences arising from the translation of balance sheet items in foreign currency and sales, purchases, expenses and financial items as well as from intragroup receivables and liabilities are recognized as exchange rate gains and losses in financial income and expenses. Exchange rate differences on used for hedging net positions in foreign currency are recognized as financial items.

TRANSLATION OF THE FINANCIAL STATEMENTS OF THE FOREIGN GROUP COMPANIES

The statements of income of the foreign group companies are translated into euro at the average exchange rate of the average rates of the European Central Bank for the calendar months in the financial period, while the balance sheets are translated at the exchange rates at the balance sheet date. The use of different exchange rates for translating the result for income statement and balance sheet results in translation differences, which are recognized in equity. Translation differences arising from the elimination of the cost of foreign subsidiaries and from the translation of the accumulated post acquisition equity balances are recognized in equity. At disposal of a subsidiary, the relevant accumulated translation differences are transferred to profit or loss as part of the gain or loss on the sale. Translation differences due to consolidation are presented in equity as a separate item.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

In the case that an item of property, plant or equipment consists of several parts with different useful lives, they are treated as separate items in accounting. In such cases, replacement of such an item is capitalized and the carrying amount of the replaced parts is expensed. In other situations, subsequent costs are recognized in the carrying amount of the property, plant and equipment only if it is probable that the future income of the item will profit the Group and the cost of the item can be determined reliably. Normal maintenance, repair and renewal costs are expensed as incurred. Land and water are not depreciated. Property, plant and equipment are depreciated on a straight-line basis over the estimated economic lives of the assets. The estimated useful lives are as follows:

Buildings and constructions	20–40 years
Machinery and equipment	3–10 years
Other tangible assets	5 years
Right-of-use assets	1–5 years

Other tangible assets include improvement expenditure in rental premises. The residual values and useful lives are reviewed at least annually at year-end and where they differ from previous estimates, depreciation periods are changed accordingly to reflect changes in the expectations of future economic lives.

Gains and losses on scrapping and disposal of property, plant and equipment is recorded in other operating income or expenses.

Depreciation ends when the item of property, plant or equipment is classified as a non-current asset held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

GOVERNMENT GRANTS

The recognition method for grants received from the Government or other entities subject to public law depends on the nature of the grant. Grants relating to expenses incurred are recognized as revenue in other operating income when the expenses occur. Such grants are presented in other operating income. Grants relating to the acquisition of property, plant and equipment are deducted from the cost of the asset. The latter grants are recognized as income through lower depreciation and amortization charges during the useful lives of the asset. Government grants are recognized when there is reasonable assurance that the grants are received and the Group company complies with the conditions associated with them.

INTANGIBLE ASSETS

Goodwill

Goodwil arising from business combinations is the excess of the cost over the net identifiable assets, liabilities and contingent liabilities measured at fair value. Goodwill is not amortized but instead it is subject to an annual procedure of impairment testing. The testing is done more frequently if there is an indication that goodwill might be impaired. For this purpose, goodwill is allocated to the cash generating unit (CGU) it relates to. An impairment loss is recognized in the consolidated income statement, if the impairment test shows that the carrying amount of the goodwill exceeds the estimated recoverable amount, and the carrying amount is reduced to the recoverable amount. Impairment losses on goodwill cannot be reversed.

Research and development costs

Research costs are recognized as an expense in profit or loss. Development expenditure arising from designing new or more advanced products are capitalized in the balance sheet as intangible assets from the moment the product is technically feasible, it can be applied commercially and it is expected to generate future economic benefits. Capitalized development costs comprise of material, labor and testing cost that are directly attributable to the process of completing the product for its intended use.

The development process proceeds in phases. The capitalization of development costs starts when the project meets capitalization conditions of IAS 38 -standard. An asset is amortized from the date it is available for use. An asset that is not yet available for use is tested annually for impairment. Capitalized development costs are recognized subsequently at cost less accumulated amortization and impairment. Capitalized development costs are amortized on a straight-line basis over their useful life of 5 years.

Intangible rights

The intangible rights include for among others, licenses for IT software.

Other intangible assets

Other intangible assets comprise the capitalized costs concerning IT projects. An intangible asset is initially recorded at cost only if the cost can be recorded reliably, and the expected future gains will be in the benefit of the group.

Intangible assets with a definite useful life are amortized on a straight-line basis over their expected useful lives. Intangible assets with indefinite useful lives are not amortized but tested annually for impairment.

Other intangible assets may also contain intangible assets acquired through business acquisitions such as intangible assets related to customer relations and product rights.

Amortization periods for the other intangible assets are as follows:

Customer relationships	5–7 years
Product rights	7 years

Development expenses	5 years
Intangible rights	3–5 years
Right of use assets	5 years
Other intangible assets	3–10 years

DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the previous finacial year ending on December 31, 2019, in accordance with IFRS 5 -standard, the Group classified the Telecom business as a discontinued operation starting from July 31, 2019. The divestment was completed on November 28, 2019.

In the statement of comprehensive income, the discontinued operations, including the loss on disposal, are presented in a single line. The computational effects on cash flow are presented in note 3. Depreciation or amortization are not recognized for the discontinued operations after their classification pursuant to the standard. The Group's general expenses are also not allocated to the discontinued operations after classification.

Non-current assets, and the disposal groups, as well as assets and liabilities relating to discontinued operations are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. An asset is classified as held for sale when a disposal is highly probable and the asset, or the disposal group, is available for immediate sale in its present condition subject to usual and customary terms, when the management is committed to sell the asset and the sale is expected to be completed within one year from the date of classification. The assets held for sale, or the disposal group, is recognized at the lower of their carrying amount and disposable value. Depreciation and amortization on these assets ends at the date of classification. Where IFRS 5 is not applicable on assets and liabilities in disposal groups the items are treated in accordance to the applicable IFRS.

Assets classified as held for sale, disposal groups, items recognized directly into equity and relating to the assets held for sale as well as liabilities relating to disposal groups are presented separately in the balance sheet.

INVENTORIES

Inventories are stated at the lower of historical cost or net realizable value. The cost of raw materials is calculated on the weighted average cost basis. The cost for finished goods and work in progress consists of raw materials, direct labor, other direct cost and an appropriate part of the variable and fixed production overhead based on the normal operating capacity. The net realizable value is the estimated sales price in the normal course of business less the cost of completion and realization. A provision for excess inventory and obsolescence is recorded during the financial year in which the technical ageing or other criteria indicate a need for such provision.

LEASES

For leases of right-of-use assets, the Group assesses whether the contract meets the criteria for a lease as defined in IFRS 16. Leases under IFRS 16 are defined as identifiable assets whose use the Group can control during a non- cancellable lease term in exchange for consideration. The standard provides two recognition exemptions concerning short-term leases and leases for which the underlying asset is of low value.

In assessing the lease term, the option to extend the lease or terminate the lease before the contractual expiration date are considered if exercising the said option is reasonably certain. Leases whose probable term is less than 12 months are classified as short-term leases and they are not recognized as fixed assets. Leases that do not have a binding contractual term and which provide the Group with the right to terminate the lease without the counterparty's consent with insignificant consequences are also classified as short-term leases.

In determining the value of a lease, the present value of the lease payments over the probable term of the lease is taken into consideration. When the implicit interest rate of the lease cannot be determined, the incremental borrowing rate is used. The estimates are company-specific and they are based on risk-free interest, expected inflation, estimated premium and country-specific risk. Leases for which the underlying asset is valued at EUR 5,000 or less are not recognized on the balance sheet.

The Group recognizes on the balance sheet both a right-of-use asset and a lease liability whose value corresponds to the present value of future lease payments. The right-of-use asset is depreciated and the lease liability amortized over the lease term. The values of the right-of-use asset and lease liability are adjusted if there is a change in the lease term or lease payments. The lease payments for short-term leases and leases for which the underlying asset is of low value are recognized through profit or loss. The group does not operate as a leaser.

IMPAIRMENT

The carrying values of assets on the balance sheet are tested annually to identify need impairment. If indications of impairment exist, the recoverable amount of the asset is estimated. Estimation is also made concerning the recoverable amount for the following assets at least annually irrespective of whether there are any indications of impairment: intangible assets with indefinite useful lives and capitalized development expenditure (unfinished intangible assets). The need for impairment is considered at the lowest unit level for which separately identifiable, mainly independent, cash inflows and outflows can be defined – the cash- generating unit level.

The recoverable amount of the asset is the disposal value less costs of disposal or the value in use, whichever is higher. The value in use represents the discounted future net cash flows expected to be derived from an asset or cash-generating unit. The discount rate is a pretax discount rate that is reflecting current market assessments and the risks specific to the asset.

Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment is recognized immediately in profit or loss. At recognition of the impairment the useful life of a depreciable or amortizable asset is reviewed. Impairment recognized on assets other than goodwill is reversed subsequently if there are changes in the estimates concerning the recoverable amount of the asset. The impairment to be reversed may not, however, exceed the carrying value the asset had before the recognition of the impairment.

EMPLOYEE BENEFITS

Pension obligations

The Group has entered into several pension schemes in different countries according to local regulations and practices. The pension schemes are classified as defined contribution plans. The Group pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further contributions if the payer of the contributions does not have sufficient assets to pay the pension benefits in question. Payments made into defined contribution pension plans are expensed in the period to which they apply.

Defined benefit obligations

As a result of the acquisition of the Group's Italian subsidiary, the Group also has a defined benefit obligation, which is due when the employment of the employees concerned ceases in the future. The related liability is recognized in the consolidated balance sheet. The valuation of this liability is based on actuarial calculations. The contributions to the fund are recognized as personnel expenses in the income statement and the interest cost as financial expense. Remeasurements of the fund are recognized in equity.

Share-based incentives

Benefits paid as equity-based instruments are measured at fair value on the grant date and expensed on a straight- line basis over the vesting period with corresponding entries in retained earnings in equity.

The Group had no share- based incentive programs during the financial years 2020 and 2019.

FINANCIAL ASSETS AND LIABILITIES

The Group's financial assets are classified upon their initial acquisition on the basis of their intended use. Acquisitions and sales of financial assets are recognized at the trade date. In the case of financial assets not held at fair value through profit or loss, the transaction cost is included in the cost. The Group writes-off financial assets when a financial asset no longer generates income or when all the risks and rewards of the item are transferred substantially to an external party.

Financial assets measured at fair value through profit or loss

In the Group, financial assets held for trading are classified into this category. Financial assets held for trading comprise quoted shares and funds acquired primarily for earning profit from short- term fluctuations in market prices. Derivative financial instruments that are neither financial guarantee contracts nor qualify for hedge accounting are classified as held for trading. Both realized and unrealized gains and losses arising from fluctuations in market value are recognized in profit or loss as incurred. Financial assets held for trading are included in current assets.

Financial assets measured at amortized cost

The Group applies the simplified approach provided by IFRS 9, according to which impairment is recognized at an amount equal to lifetime expected impairment.

The trade receivables and other receivables classified as financial assets measured at amortized cost are non-derivative assets for which the payments are fixed or measurable and which are not quoted in active markets and not held by the Group for trading. Trade and other receivables are measured at amortized cost. They are included in current or non-current financial assets depending on their maturity. At end of each financial year, the Group reviews objective evidence for the need for impairment recognition regarding both individual receivables and groups of receivables. The unrecoverable amount is assessed primarily on the basis of the risk involved in each item. The amount of impairment is determined primarily based on the risks of individual receivables. Impairment losses are recognized as expenses in profit or loss. The Group uses a factoring arrangement for trade receivables. To the extent that the liquidity risk lies with the Group, the trade receivables are recognized in the balance sheet at their original invoicing value and stated less any credit losses. The assessment of the amount of unrecoverable receivables and any need for impairment is based on the risk involved in each item.

Trade receivables are recognized at their fair value at a maximum. An impairment loss on trade receivables is recognized if there is objective evidence that the Group will not recover the receivables on the original terms. The Group recognizes impairment from trade receivables when there is objective evidence that the receivable cannot be collected in full. Significant economic difficulties, probability of liquidation, default in payments or delays in payments over 90 days are evidence of impairment in trade receivables. The impairment loss is recognized in income statement amounting to difference between the carrying amount of the receivable and the present value of the estimated future cash discounted at the effective interest rate. Credit losses recognized as an expense are included in other operating expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and other highly liquid current investments convertible to known amounts of cash, without significant risk of changes in value. Items qualifying as cash

and cash equivalents have maturities of three months or less. Bank overdrafts related to the cash pool accounts in the Group are included in current liabilities.

Financial liabilities

The Group's financial liabilities are classified into the following categories: financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost. The first-mentioned category includes derivative financial liabilities and the latter includes loans from credit institutions. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial cost of the financial liabilities measured at amortized cost. Financial liabilities are included in both non-current and cur- rent liabilities and can be either interest-bearing or non-interest-bearing. Financial liabilities are classified as current if the Group does not have an unconditional right to defer the settlement of the liability for at least twelve months after the balance sheet date.

Both realized and unrealized exchange gains and losses are recognized in profit or loss in financial income and expenses as incurred. Financial costs concerning liabilities are expensed as incurred.

Derivative financial instruments

Derivative financial instruments are recognized both initially and subsequently at fair value. The group can use derivatives for hedging against interest risk. According to its currency risk hedging principles, the group does not use derivatives for hedging cash flows against currency risk. All gains and losses, both realized and unrealized, arising from the fair value changes of derivatives are recognized in profit and loss as incurred regardless of the fact that the hedged item has not an effect on profit or loss until in the future period. Changes in the fair value are reported in financial items in the income statement. Derivatives used for hedging against exchange rate risks are recorded as current receivables or liabilities in the balance sheet.

TRADE PAYABLES

Trade payables are recognized to the initial invoiced amount, which reflects their fair value due to the short maturity of these payables.

PROVISIONS

Provisions are recognized in the balance sheet when the Group has, as a result of a past event, a present legal or constructive obligation and the settlement is expected to occur and the amount of the obligation can be estimated reliably. Provisions may relate to restructuring costs, onerous contracts, legal cases and warranty costs, among other costs. A reimbursement from a third party relating to a part of the provision is recognized as a separate asset only when the reimbursement is virtually certain.

A warranty provision is recognized when the underlying product is sold. The amount of the provision is based on historical warranty information. Warranty provisions are expected to be used within two years. A restructuring provision is recognized when the Group has drawn up a detailed restructuring plan and the implementation of the plan has started or the plan is announced. A provision for onerous contracts is recognized when the minimum costs for meeting the contract obligation exceeds the expected income from the income from the contract.

CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities are potential obligations arising from past events where the existence will be confirmed at the occurrence of an uncertain event uncontrolled by the Group. Contingent liabilities are also present obligations that due to past events even if a settlement will not probably be required, or the amount of the obligation cannot be estimated with sufficient certainty. Contingent liabilities are presented in the notes to the financial statements.

A contingent asset is a potential asset arising from past events where the existence of the asset will be confirmed at the occurrence of an uncertain uncontrolled by the Group. A contingent asset is presented in the notes to the financial statements if it is probable that the economic benefits associated with the asset will flow to the Group.

INCOME TAXES

Accrual-based taxes based on the taxable income are calculated in accordance with the local tax legislation and present tax rate in force for each company. Tax adjustments for prior years and changes in deferred taxes are recognized as income taxes in the consolidated income statement. Income tax relating to items charged or credited directly in equity is recognized in equity, respectively.

Deferred tax liabilities and assets are recognized due to the temporary differences between the carrying amounts in the balance sheet and tax bases of assets and liabilities of the Group companies and on the differences arising from Group eliminations. The tax rate used for determining the deferred tax liabilities and assets is the prevailing tax rate at the balance sheet date for the following year in the country in question.

The most significant part of the total deferred tax receivable in the Group consists of the tax losses in subsidiaries. No deferred taxes are recognized for the undistributed profits in the subsidiaries, as this will unlikely affect group accounts in the foreseeable future.

Deferred tax liabilities are recognized at the full amount. Deferred tax assets are recognized only to the extent they are estimated to generate taxable income in future periods, and can be utilized against the temporary difference.

PRINCIPLES FOR REVENUE RECOGNITION

Revenue from product sales is recognized when the control of the sold products is transferred to the buyer. This typically occurs when the significant risks and rewards of ownership are transferred to the buyer. Revenue is mainly recognized upon delivery in accordance with the terms of delivery of the products. Revenue from services is recognized in the financial period the services are rendered to the customer. Net sales is calculated by deducting from revenue discounts granted, indirect taxes and exchange rate differences from trade receivables.

The Group has applied IFRS 15 "Revenue from contracts with customers" effective from January 1, 2018. The Group's revenue from contracts with customers consists of the sale of goods and they do not include significant service sales. Accordingly, revenue from performance obligations is recognized at a point in time under the current standard.

Interest income is recognized using the effective interest method and dividend income when the right to the dividend is established.

ITEMS AFFECTING COMPARABILITY

Items affecting comparability are highly infrequent and extraordinary income or expenses with a material effect on the financial statements. Revaluations and reassessments are not treated as items affecting comparability. Reassessments include, for example, changes in depreciation plans or principles.

OPERATING PROFIT

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group has defined it as follows: the operating profit is total net sales and other operating income deducted by expenses for materials and services adjusted by change in work in progress, manufacturing for own use, personnel costs, depreciation and amortization, impairment losses charges on non-current assets and other operating expenses. All other income statement items are presented under operating profit.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The Management of the group makes decisions concerning the adoption and application of accounting principles. This concerns specially cases, where applicable IFRS standards allow alternative recognition, measurement or presentation. Decisions made by the management that relate to adequacy of financing, deferred tax assets, impairment of capitalized development expenditure, impairment of the Group's goodwill and purchase price allocations, impairment of inventories, and credit losses are based on generally applied models and case by case estimates. Historical information and present management views of the markets are used in the models. Assessments of individual events are based on the best available information when the financial statements are prepared.

Estimates made in the preparation of financial statements are based on the best view of the management at the balance sheet date. The estimates are based on experience and assumptions at the balance sheet date

that relate to e.g. expected development of sales and cost levels in the Group's economic environment. The Group follows the actual outcome of estimates and assumptions as well as changes in factors on a regular basis together with the business using several internal and external information sources. Potential adjustments in estimates and assumptions are recognized during the period in which the estimate or assumption is adjusted as well as in the following periods.

The major judgments and estimates relating to the uncertainties at the end of the financial and have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below. The management of the Group has assessed that the following areas are most important concerning the accounting principles as the applicable accounting principles concerning these are the most complex and the application requires use of significant estimates and assessments, e.g. valuation of assets. Additionally, the effects of the estimates and assessments concerning these items are expected to be the most significant:

- adequacy of financing and assumption of ability to continue as a going concern,
- probability of future taxable profits against which tax-deductible temporary differences can be utilized,
- valuation of capitalized development expenditure, goodwill and purchase price allocations,
- estimates of the future development of business and other issues related to impairment testing,
- net realizable value of inventories,
- fair value (collectable amount) of trade receivables.

Covid-19 pandemic and restrictions put in place by national governments have impact on the business environment of the group. The duration of the epidemic and its impacts cannot be estimated and therefore, its impacts on profit and loss, financial position and cash flows may differ from current estimates and assumptions made by the management.

The company has conducted the impairment testing for 2020 financial statements taking into consideration the short-term and mid-term effects of the Covid-19 pandemic to the business envirornment as well as the generally increased uncertainty. Due to these factors, the impairment testing conducted in relation to 2020 financial statements have been compiled using using lower net sales and profitability growth estimates than previous tests.

Uncertainty about the impact of the Covid-19 pandemic on business and uncertainty about the realization of the subscription and directed issue are such significant uncertainties that may cast significant doubt on the entity's ability to continue as a going concern. Based on the overall assessment of the company's management, the company has considered it justified to prepare the financial statement release in accordance with the principle of going concern.

ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE FINANCIAL YEARS

The Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year:

- IFRS 17 Insurance Contracts (effective for financial years beginning on or after January 1, 2021). The new standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. This standard replaces IFRS 4. The standard will have no impact on the consolidated financial statements.

Other new or amended standards or interpretations will not have an impact on the consolidated financial statements.

1. SEGMENT INFORMATION (EUR 1 000)

The Group reports one business segment and, therefore, the business segment information below refers to the consolidated figures of whole Group. The products and services sold by the Group are based on a single technology platform. The President and CEO and the Executive Management Team are the highest operational decision-makers, who monitor the operating profit as a basis for profitability analysis and resource allocation in the Group.

The geographical areas are divided into three groups: The Americas (North, Central, and South America), EMEA (Europe, Middle East, and Africa) and APAC (Asia and the Pacific Region). The geographical segments are based on net sales according to the location i.e. the market areas of the customers. Assets and investments are reported according to the location of the items in question. Non-allocated assets contain cash and cash equivalents, interest receivables and tax receivables.

Geographical areas 2020	Americas	EMEA	APAC	Non-allocated	Group
Net sales	7 002	26 516	4 972		38 491
Assets	311	28 773	69		29 153

Geographical areas 2019	Americas	EMEA	APAC	Non-allocated	Group
Net sales	11 130	26 326	5 857		43 312
Assets	535	28 011	109	3 467	32 122

In 2020, approximately 21 % (27 %) of net sales in the Group consisted of income from the two largest customers: from customer A, EUR 4 395 (6 954) thousand and, from customer B, EUR 3 748 (4 586) thousand, totaling EUR 8 143 (11 540) thousand.

Net sales for the financial year consist of sales of goods in the amount of EUR 38 330 (43 251) thousand and sales of services totaling EUR 161 (61) thousand.

2. BUSINESS COMBINATIONS (EUR 1 000)

Business combination have not taken place during the financial year.

3. DISCONTINUED OPERATIONS (EUR 1 000)

In the statement of comprehensive income, the discontinued operations, including the loss on disposal, are presented in a single line. Depreciations and amortizations are not recognized for the discontinued operations after their classification in accordance with the standard. The Group's general expenses are also not allocated to the discontinued operations after classification.

The groups discontinued operations are compiled of Telecom business which was classified as a discontinued operation during previous financial year and as of July 31, 2019 in accordance with IFRS 5 -standard. The transaction was closed on November 28, 2019. The EUR 350 thousand profit from discontinued operations during the financial year of 2020 comprises of release of escrow fund related to the divestment, expenses of the divestment and release of provision.

The table below illustrates the key figures for discontinued operations for the financial year 2020 and the comparison period in 2019 as well as the impact of the discontinued operations on the Group's cash flow.

	2020	2019
Discontinued operations:		
Income		18 528
Expenses		-20 375
Loss on the disposal of shares	350	-584
Profit/loss before taxes	350	-2 432
Tax on income from operations		-5
Profit/loss of discontinued operations	350	-2 436

	2020	2019
Discontinued operations:		
Cash flow from operating activities		-477
Cash flow from investing activities	350	-268
Cash flows from financing activities		-258
Total cash flow	350	-1 004

Due to the company structures involved, determining balance sheet figures for the discontinued operations was not possible for January 1, 2019. As a result, the cash flow effects are partly computational and the cash flows have not been adjusted in other sections of the financial statements.

4. OTHER OPERATING INCOME (EUR 1 000)

	2020	2019
Grants for product development	105	67
Other income	256	303
Total	361	370

5. MATERIALS AND SERVICES (EUR 1 000)

	2020	2019
Materials	**24 323**	26 687
Change in inventories	**315**	675
Services	**815**	1 018
Total	**25 453**	28 381

6. PERSONNEL EXPENSES (EUR 1 000)

	2020	2019
Salaries and wages *)	6 951	7 173
Pension expenses, defined contibution plans	1 917	2 226
Pension expenses, defined benefit obligations (TFR in Italy)	54	37
Other social security expenses	165	109
Total	9 087	9 545

*) Information on management compensation, other employment benefits and shareholdings is provided in Note 33 Related party transactions.

Number of personnel	2020	2019
Average number of personnel during fiscal year	**371**	388
Number of personnel at the end of year	**354**	394

The number of own personnel includes temporary personnel.

7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT (EUR 1 000)

	2020	2019
Depreciation and amortization by asset class		
Development costs	**1 559**	1 595
Intangible rights	**157**	305
Other intangible assets	**374**	398
Machinery and equipment	**697**	664
Tangible assets / Right-of-use asset	**480**	457
Other tangible assets	**40**	38
Total	**3 307**	3 457
Impairment on development costs	**171**	195

8. OTHER OPERATING EXPENSES (EUR 1 000)

	2020	2019*
Rental costs	200	410
Non-statutory employee benefits	70	114
Administrative costs	835	909
Professional services	574	319
Usage and maintenance	561	589
Travel expenses	153	543
Changes in provisions	-163	-321
Entertainment expenses	10	46
Insurance expenses	171	188
Marketing expenses	297	254
Car expenses	35	52
Other fixed expenses	1 345	1 278
Other variable expenses	0	5
Audit fees	128	134
Credit losses	124	0
Sales services	416	352
Losses on sales of fixed assets	12	7
Total	4 768	4 878

*Presentation of other operating expenses has been changed for 2019.

Audit fees:		
KPMG Oy Ab		
Audit	78	66
Tax services	8	22
Other services	0	0
Total	86	88
KPMG		
Audit	34	34
Tax services	3	4
Other services	2	2
Total	38	40
OTHER AUTHORIZED AUDIT FIRMS		
Audit	4	5
Tax services	0	0
Other services	0	4
Total	4	9
TOTAL		
Audit	115	105
Tax services	11	26
Other services	2	6
Total	128	136

9. FINANCIAL INCOME (EUR 1 000)

	2020	2019
Interest income from loans and other receivables	**2**	30
Exchange rate gains from loans and other receivables	**578**	371
Other financial income *)	**112**	1 052
Total	**692**	1 453

*) In financial year 2019 other financial income includes EUR 0.7 million of income resulting from releasing an Earn-out provision related to Powernet acquisition and EUR 0.3 million profit from divesting the minority share in VOX Power Ltd.

10. FINANCIAL EXPENSES (EUR 1 000)

	2020	2019
Interest expenses for financial liabilities measured at amortized cost	**813**	754
Interest expenses for lease liabilities	**55**	60
Exchange rate losses	**526**	501
Other financial expenses	**415**	295
Total	**1 809**	1 611

11. EXCHANGE RATE DIFFERENCES (EUR 1 000)

		2020	2019
Itemization of net exchange rate gains (+) and losses (-) according to financial statement items			
Tota	Gains	**578**	**371**
	Losses	**-526**	**-501**
	Net	**52**	**-131**
Sales	Gains	70	74
	Losses	-178	-58
	Net	-108	15
Purchases	Gains	123	96
	Losses	-38	-234
	Net	85	-138
Financial items	Gains	314	151
	Losses	-200	-148
	Net	114	2
Intra-group receivables and liabilities	Gains	71	50
	Losses	-110	-61
	Net	-39	-10

12. INCOME TAXES (EUR 1 000)

	2020	2019
Income taxes in statement of income		
Income tax for fiscal year	**-39**	-102
Deferred taxes	**-757**	289
Total	**-796**	187

The differences between income tax expense calculated at the Finnish tax rate in the parent company and tax expense in the income statement are:

Profit/loss before taxes	**-5 038**	-2747
Taxes calculated at tax rate of the parent company (20,0 %)	**1 007**	549
Difference due to other tax rates in subsidiaries	**298**	-220
Non-deductible expenses	**-276**	-86
Change in deferred tax assets from losses in prior periods	**-847**	
Tax-exempt income		416
Use of previously unrecognized tax losses	**7**	2
		-1
Unrecognized deferred tax assets from tax losses	**-985**	162
Other items	**0**	687
Tax expense in consolidated statement of income	**-796**	187

13. EARNINGS PER SHARE (EUR 1 000)

	2020	**2019**
Result for the financial year attributable to share-holders of the parent company	**-5 832**	-4 996
Weighted average number of shares (in thousands)*	**8 363**	8 363
Effect of adjustment for potential shares in the share- based incentive plans		
Weighted average number of diluted shares (in thousands) *	**8 363**	8 363
Earnings per share: Continuing operations		
Earnings per share, undiluted, EUR	**-0,74**	-0,31
Earnings per share, diluted, EUR	**-0,74**	-0,31
Earnings per share: Discontinued operations		

Earnings per share, undiluted, EUR	**0,04**	-0,29
Earnings per share, diluted, EUR	**0,04**	-0,29

Earnings per share, EUR: Group total

Earnings per share, undiluted, EUR	**-0,70**	-0,60
Earnings per share, diluted, EUR	**-0,70**	-0,60

Undiluted
Earnings per share are calculated by dividing the profit or loss attributable to the shareholders of the parent company by the average number of shares during the fiscal year.

Diluted
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential shares. These payments are treated as share options in the calculation for diluted earnings per share even though they remain contingent. Options have a diluting effect, as the exercise price is lower than the market value of the company share. Not yet recognized option expenses are accounted for in the exercise price.

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

14. INTANGIBLE ASSETS (EUR 1 000)

	Development costs	Intangible rights	Intangible assets, right-of-use asset	Other intangible assets	Advance payments for intangible assets	Goodwill	Total
Cost Jan. 1, 2019	21 678	3 387	1 674	4 664	109	4 277	35 789
Translation differences	8	-4		0			5
Additions	2 070	3		24			2 097
Divestments	-6 100	-108	-1 674	-1			-7 883
Disposals	-2 857	-98		-34	-7		-2 995
Reclassifications	-65						-65
Cost Dec. 31, 2019	14 735	3 181	0	4 654	101	4 277	26 947
Accumulated amortization and impairment Jan. 1, 2019	-12 273	-2 895	-1 674	-2 954		-1	-19 797
Translation differences	-3	4		0			1
Cumulative amortization on disposals, divestments and reclassifications	5 475	205	1 674	34			7 387
Depreciation and amortization	-2 338	-329		-402			-3 068
Impairment	-195						-195

Accumulated amortization and impairment Dec. 31, 2019	-9 334	-3 016	0	-3 322		-1	-15 673
Carrying amount Jan. 1, 2019	9 404	492	0	1 710	109	4 275	15 990
Carrying amount Dec. 31, 2019	**5 401**	**165**	**0**	**1 331**	**101**	**4 275**	**11 274**

	Development costs	Intangible rights	Other intangible assets	Advance payments for intangible assets	Goodwill	Total
Cost Jan. 1, 2020	14 735	3 180	4 653	102	4 276	26 946
Translation differences			-1			-1
Additions	1 268		12	74		1 354
Disposals	-599	-1	-26	-102		-728
Cost Dec. 31, 2020	15 404	3 179	4 638	74	4 276	27 571
Accumulated amortization and impairment Jan. 1, 2020	-9 334	-3 015	-3 322		-1	-15 672
Translation differences			1			1
Accumulated amortization on disposals and reclassifications	599	1	26			626
Depreciation and amortization	-1 559	-157	-374			-2 090
Impairment	-171					-171
Accumulated amortization and impairment Dec. 31, 2020	-10 465	-3 171	-3 669		-1	-17 306
Carrying amount Jan. 1, 2020	5 401	165	1 331	102	4 275	11 274
Carrying amount Dec. 31, 2020	**4 939**	**8**	**969**	**74**	**4 275**	**10 265**

DEVELOPMENT EXPENSES

* During 2020, capitalized development expenses have been impaired by EUR 171 thousand (EUR 195 thousands) mainly due to changes in volume expectations of some products for customers of Italy products.

** On December 31, 2020, the carrying amount of unfinished development expenditure was EUR 485 thousand (EUR 2 179 thousands). Development expenses are tested for impairment annually. The test is a comparison between the carrying amount of the development cost and the recoverable amount, which is defined as the present value of the future cash flows expected to be derived from the asset.

GOODWILL IMPAIRMENT TESTING

For impairment testing, goodwill of EUR 4 275 and is allocated to the cash- generating units, namely the subgroups of Enedo SpA (EUR 1 114 thousands) and Enedo Holding Oy (EUR 3 161 thousands). In impairment testing, the recoverable amount of the unit is the value in use. Cash flow forecasts are based on five-year plans approved by the management.

IMPAIRMENT TESTING

The company has conducted the impairment testing for 2020 financial statements taking into considera-tion the short-term and mid-term effects of the Covid-19 pandemic to the business environment as well as the generally increased uncertainty. Due to these factors, the impairment testing conducted in relation to 2020 financial statements have been compiled using using lower net sales and profitability growth estimates than previous tests.

The impairment testing did not indicate impairments to goodwill but the present value of future cash flows of the Italian subsidiary (Enedo Spa) have decreased and are closer to their book value and indicate greater sensitivity in relation to goodwill. As a result of the decreased present value of Italy's cash flows, the parent company's investment into the Italian subsidiary has been impaired by EUR 5 333 thousands which has no impact on Group's financial result but does weaken the parent company's equity. In addition, the deferred tax asset related to losses in Italian subsidiary has been amortisized by EUR 847 thousands.

From the cash-generating units, Enedo SpA is the most sensitive to changes in profitability. According to the impairment tests conducted for the financial statements of 2020, Enedo SpA's sensitivities have reduced significantly compared to previous financial year.

Cash flow estimates are based on management approved estimates that cover a period of 5 years. The discount rate used in the testing has been defined as weighted average cost of capital (WACC). Enedo SpA's discount rate, 14,93 % (12,46 %) and Enedo Finland's (previously Powernet) rate 11,09 % (10,82 %), 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 for Enedo Spa is 0,9 % (2,0 %) and for Enedo Finland 1,4 % (2,0 %).

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 12 % (22 %) lower for Enedo SpA and 48 % (16 %) lower for Enedo Finland during the years 2020-2025, or if the discount rate would be 4,38 % (8,96 %) higher for Enedo SpA and 11,78 % (4,05 %) higher for Enedo Finland. From the tested cash generating units, Enedo Spa is more sensitive to changes in profitability. Enedo Spa's estimates have decreased significantly from previous financial year.

Based on the impairment testing, Enedo SpA's value in use exceeds the tested book value of EUR 9 315 thousands by 42 % (110%) and Enedo Finland's value in use exceeds the tested book value of EUR 5 045 thousands by 127 % (49%).

15. TANGIBLE ASSETS (EUR 1 000)

	Buil-dings and struc-tures	Buildings and structures, right-of-use assets	Machine ry and equip-ment	Machinery and equip-ment, right-of-use assets	Other tan-gible assets	Advance payments and work in progress	Total
Cost Jan. 1, 2019	20	0	18 921	773	4 674	106	24 495
IFRS 16 effect		1 845	0	354			2 199
Translation differences		0	46		56		102
Additions	5	196	1 022		32	133	1 387
Divestments		-710	-4 976		-3 642		-9 328
Disposals			-123		-3	-150	-275
Reclassifications			69			-69	0
Cost Dec. 31, 2019	25	1 330	14 960	1 127	1 119	21	18 582
Accumulated amortization and impairment Jan. 1, 2019	-1	0	-16 066	-769	-4 384		-21 220
Translation differences		0	-37		-54		-91
Cumulative amortization on disposals, divest-ments and reclassifications		6	4 329		3 562		7 897
Depreciation and amortization	-2	-488	-745	-143	-72		-1 450
Accumulated amortization and impairment Dec. 31, 2019	-3	-482	-12 519	-911	-949		-14 864
Carrying amount Jan. 1, 2019	19	0	2 855	4	290	106	3 275
Carrying amount Dec. 31, 2019	**22**	**848**	**2 441**	**216**	**170**	**21**	**3 718**

	Buil-dings and struc-tures	Buildings and struc-tures, right-of-use as-sets	Machinery and equip-ment	Machin-ery and equip-ment, right-of-use as-sets	Muut ai-neelli-set hyö-dyk-keet	Ad-vance pay-ments and work in pro-gress	Total
Cost Jan. 1, 2020	25	1 330	14 960	1 127	1 119	21	18 582
Translation differences t		-9	-6		-12		-27
Additions		201	543	289	9	72	1 114
Disposals		-188	-176	-780	-4	-8	-1 156
Cost Dec. 31, 2020	25	1 334	15 321	636	1 112	85	18 513
Accumulated amortization and impairment Jan. 1, 2020	-3	-482	-12 519	-911	-949		-14 864
Translation differences		3	6		12		21
Accumulated amortization on disposals and reclassifications		168	90	780	6		1 044
Depreciation and amortization	-3	-322	-697	-158	-37		-1 217
Accumulated amortization and impairment Dec. 31, 2020	-6	-633	-13 120	-289	-968		-15 016
Carrying amount Jan. 1, 2020	22	848	2 441	216	170	21	3 718
Carrying amount Dec. 31, 2020	**19**	**701**	**2 201**	**347**	**144**	**85**	**3 497**

16. OTHER FINANCIAL ASSETS (EUR 1 000)

	Investments held to maturity	Non-current other receivables	Non-current loan receivables	Total
Cost Jan. 1, 2019	124	1	1	125
Translation differences	0	-1	-1	-1
Disposals	-119	0	0	-119
Cost Dec. 31, 2019	5	1	1	6
Carrying amount Jan. 1, 2019	124	1	1	125
Carrying amount Dec. 31, 2019	**5**	**1**	**1**	**6**

	Investments held to maturity	Non-current other receivables	Non-current loan receivables	Total
Cost Jan. 1, 2020	5	1	1	6
Translation differences	0	-2	-2	-2
Cost Dec. 31, 2020	5	-1	-1	4
Carrying amount Jan. 1, 2020	5	1	1	6
Carrying amount Dec. 31, 2020	**5**	**-1**	**-1**	**4**

17. DEFERRED TAX ASSETS AND LIABILITIES (EUR 1 000)

	Jan 1, 2019	**Translation differences +/-**	**Changes through income statement**	**Recorded directly into equity**	**Other movements**	**Changes through business arrangements**	**Dec. 31, 2019**
Deferred tax asset							
Unused tax losses	3 667	22	175	0	0	-1 473	2 391
Total	**3 667**	**22**	**175**	**0**	**0**	**-1 473**	**2 391**

	Jan 1, 2019	**Translation differences +/-**	**Changes through income statement**	**Recorded directly into equity**	**Other movements**	**Changes through business arrangements**	**Dec. 31, 2019**
Deferred tax liability							
Fair value evaluation of intangible assets in business combinations	384	0	-114	0	0	0	270
Total	**384**	**0**	**-114**	**0**	**0**	**0**	**270**

	Jan 1, 2020	Translation differences +/-	Changes through income statement	Recorded directly into equity	Other movements	Changes through business arrangements	Dec. 31, 2020
Deferred tax asset							
Unused tax losses	2 391	0	-847	0	0	0	1 544
Total	**2 391**	**0**	**-847**	**0**	**0**	**0**	**1 544**

	Jan 1, 2020	Translation differences +/-	Changes through income statement	Recorded directly into equity	Other movements	Changes through business arrangements	Dec. 31, 2020
Deferred tax liability							
Fair value evaluation of intangible assets in business combinations	270	0	-91	0	0	0	179
Yhteensä	**270**	**0**	**-91**	**0**	**0**	**0**	**179**

The group companies in Finland, Italy, Tunisia and the United States had tax losses totaling EUR 42.6 million (EUR 36.5 million) on December 31, 2020. A deferred tax asset was not recognized on these losses as their use is uncertain in the foreseeable future. Of the unrecognized deferred tax assets, EUR 4.7 million is allocated to the losses of Finnish companies, EUR 3.2 million to the losses of companies in the United States, EUR 0.3 million to the losses of company in Tunisia and EUR 2.0 million to the losses of company in Italy. The losses will expire in the years 2021–2040.

A deferred tax liability on the undistributed earnings in the subsidiaries has not been recorded in the consolidated accounts as the tax is not expected to be realized in the foreseeable future. An unrecorded deferred tax liability EUR 1.5 million was in the company of Estonia.

The parent company had deferred depreciation in 2020 amounting to EUR 7.9 million (EUR 7.9 million), for which no deferred tax asset has been recognized.

18. INVENTORIES (EUR 1 000)

	2020	2019
Materials and supplies	**3 330**	3 642
Work in progress	**606**	1 296
Finished goods	**2 650**	2 671
Total	**6 586**	7 608

During the financial year, write-downs of inventory in order to decrease the value from historical to the lower net realizable value totaled EUR 0,0 million (EUR 0,2 million).

19. TRADE RECEIVABLES AND OTHER RECEIVABLES (EUR 1 000)

	2020	2019
Non-current		
Non-current other receivables	259	327
Total	**259**	**327**
Current:		
Trade receivables	5 552	5 069
Credit loss provision	-458	-599
Other receivables	476	864
Prepayments and accrued income	184	293
Total	**5 754**	**5 626**
Trade receivables and other receivables total:	**6 013**	**5 954**

The book values of trade receivables do not significantly differ from their fair value.

During the financial year, the Group recognized realized credit losses of EUR 124 thousands (EUR 0 thousand), released credit loss provisions of EUR 144 thousands (EUR 18 thousands) and made new provisions of EUR 3 thousands (EUR 34 thousands).

The IFRS 9 impairment model is based on the expected credit losses. The Group has defined a model to recognize credit losses based on due dates of trade receivables and the management's consideration. A credit loss allowance has been made on a case-by-case basis on receivables that are substantially overdue. This has historically proven to provide a good view of expected credit losses. However, the management applies judgment in applying the recognition model.

Credit loss provision 1.1.	**599**	583
Additions	**3**	34
Deductions	**-144**	-18
Credit loss provision 31.12.	**458**	599
Analysis of trade receivables past due:		
Neither past due nor impaired	**3 743**	3 484
Due not more than 30 days	**904**	492
Due 31 to 60 days	**95**	69
Due 61 to 90 days	**5**	59
Due 91 to 120 days	**2**	0
Due more than 120 days	**803**	965
Total	**5 552**	5 069

Trade and other receivables by currency:		
EUR	**5 172**	4 724
RMB	**32**	32
USD	**736**	1 144
SEK	**0**	0
Other currencies	**73**	54
Total	**6 013**	5 954
Material items in prepayments and accrued income:		
Prepaid expenses	**19**	20
Other items	**165**	273
Total	**184**	293

20. CASH AND CASH EQUIVALENTS (EUR 1,000)

	2020	**2019**
Cash and cash equivalents	**1 136**	1 076

Change of cash and non-cash borrowings born in financing activities.

				Non-cash changes			
	2019	Cash flows	Classification	Capitalized interest	Exchange rate changes	Fair value changes	2020
Non-current liabilities	5 804	3521	-89				9 236
Non-current lease liabilities	663		-58				605
Current liabilities	6 748	659	89	100			7 596
Current lease liabilities	427		58				485
Current derivatives						18	18
Financial liabilities total	**13 642**	**4 180**	**0**	**100**		**18**	**17 940**

	2018	IFRS 16 impact on Jan. 1, 2019	Cash flows	Classification	Non-cash changes: Capitalized interest	Non-cash changes: Exchange rate changes	Non-cash changes: Fair value changes	2019
Non-current liabilities	5 396		408					5 804
Non-current lease liabilities		663						663
Current liabilities	7 702		-954					6 748
Current lease liabilities	5	422	0					427
Financial liabilities total	**13 102**	**1 085**	**-546**					**13 642**

21. SHARE CAPITAL (1 000 EUR)

	Number of shares	Share capital	Treasury shares	Reserve for invested unrestricted equity	Total
Shares outstanding as of 1.1.2020	**418 130 168**	**15 000**	**-2 427**	**38 187**	**50 760**
Shares outstanding as of 31.12.2020	**8 432 735**	**100**	**-2 425**	**53 087**	**50 762**
Total number of shares 31.12.2020	**8 363 486**				
Own shares held by the group 31.12.2020	**69 249**				
Shares outstanding as of 1.1.2019	418 130 168	15 000	-2 427	38 187	50 761
Shares outstanding as of 31.12.2019	418 130 168	15 000	-2 427	38 187	50 761
Total number of shares 31.12.2019	421 636 788				
Own shares held by the group 31.12.2019	3 506 620				

The number of shares in the parent company was 8,363,486 and the share capital was EUR 100,000 on December 31, 2020. During the financial year, the company's share capital was reduced from EUR 15,000,000 by EUR 14,900,000 to EUR 100,000 and the amount of the reduction of EUR 14,900,000 was transferred to the invested unrestricted equity fund. During the financial year, the number of the company's shares was

reduced. The company redeemed the number of shares from each shareholder free of charge, which was obtained by multiplying the number of shares owned by each shareholder on the Transaction Date by a factor of 49/50, i.e. 49 shares were redeemed for every 50 existing shares. In order to avoid the creation of fractions of shares, the company transferred its own shares held by the company in a directed issue free of charge, so that the number of shares according to the book-entry account of each shareholder on the Transaction Date was divided by 50.

There is no maximum number of shares or share capital in the Articles of Association. All issued shares have been paid in full. The shares have no nominal value. The company has one class of shares, the voting rights of which are one vote per share.

DESCRIPTION OF THE RESERVES WITHIN EQUITY

OTHER RESERVES

Reserve for invested unrestricted equity

The total value EUR 1,400,000 of the new shares issued in the parent company's share issue was recognized in the reserve for invested unrestricted equity. On February 9, 2010, the Annual General Meeting decided to decrease the share capital by EUR 19,450,000. The decreased amount was transferred to the reserve for unrestricted equity. The sales of own shares in the parent company amounted to EUR 14,547.36 was entered in the reserve for invested unrestricted equity (in the financial year 2010). Pursuant to a decision by the Annual General Meeting on February 9, 2012, a total of EUR 2,097,097.75 was distributed from the reserve for invested unrestricted equity during that financial year. The distribution of assets amounted to EUR 0.05 per share. In the financial year 2013, a share issue of EUR 9,399,999.82 was recognized in the reserve for invested unrestricted equity. Transaction costs related to the share issue were recognized in the reserve for invested unrestricted equity in the amount of EUR -195,887.94. In the financial year 2018, a share issue of EUR 10,975,916.91 was recognized in the reserve for invested unrestricted equity. Transaction costs related to the share issue were recognized in the reserve for invested unrestricted equity in the amount of EUR -760,201.84. On February 25, 2020, the Annual General Meeting decided to decrease the share capital by EUR 14,900,000. The decreased amount was transferred to the reserve for unrestricted equity.

Other reserves

Other reserves include amounts included in the restricted equity of consolidated subsidiaries.

Treasury shares

The reserve for own shares consists of the cost of own shares. On December 31, 2020 the parent company held 69,249 own shares. The acquisition cost for this treasury stock was EUR 2,424.749.68, and this amount is reported as a reduction in the equity of the Group. The company's shares are recognized in the balance sheet as acquisition of own shares.

Translation differences

The translation reserve contains translation adjustments arising from the translation of the financial statements of foreign operations.

Dividends

No dividend was distributed for the financial year.

22. INTEREST-BEARING LIABILITIES (EUR 1,000)

	2020	2019
Non-current		
Loans from financial institutions	**9 236**	5 804
Lease liabilities	**605**	663
Total	**9 841**	6 467
Current		
Lease liabilities	**485**	427
Fair value of derivatives	**18**	0
Other liabilities	**0**	643
Loans from financial institutions	**2 358**	2 458
Working capital financing and credit limits	**5 238**	3 646
Total	**8 099**	7 175
Interest-bearing liabilities total	**17 940**	13 642

The interest-bearing liabilities are valued at initial value less installments, and the values do not differ materially from the fair values. Factors concerning the uncertainty of financing are disclosed in Note 27, including the presentation of the maturities of financial liabilities.

23. LEASES (EUR 1 000)

Right-of-use assets 2020:	Buildings and structures	Machinery, equipment and cars	Total
Carrying amount Jan. 1, 2020	848	216	1 064
Additions	201	289	490
Disposals	-20	0	-20
Translation differences	-6	0	-6
Depreciation for the period	-322	-158	-480
Carrying amount Dec. 31, 2020	**701**	**347**	**1 048**

Right-of-use assets 2019:	Buildings and structures	Machinery, equipment and cars	Total
Carrying amount Jan. 1, 2019	1845	359	2 204
Additions	196	0	196
Disposals	-710	0	-710
Depreciation for the period	-482	-143	-624
Carrying amount Dec. 31, 2019	**848**	**216**	**1 064**

Lease liabilities as of December 31, 2020

	2020	2019
Less than year	485	427
1-5 years	605	663
Over 5 years	0	0
Total	**1090**	**1 091**

Leases on income statement	2020	2019
Depreciation of right-of-use assets	-480	-457
Short-term leases and leases of low value	-200	-260
Interest expenses for lease liabilities	-55	-60
Total	**-735**	**-777**

24. TRADE PAYABLES AND OTHER LIABILITIES (EUR 1 000)

	2020	2019
Non-current:		
Trade payables	42	0
Total	42	0
Current:		
Advances received	118	220
Trade payables	8 809	10 406
Other liabilities	1 038	693
Accruals and deferred income	1 339	1 294
Total	11 304	12 613
Trade payables and other liabilities total	11 346	12 613

The book values of trade payables do not differ materially from their fair value.

Material items included in accruals and deferred income

Accrued personnel expenses	**1 048**	1 132
Current interest payable	**100**	82
Other items	**191**	80
Total	**1 339**	1 294

25. PENSION OBLIGATIONS (EUR 1 000)

The Group has a post-employment defined benefit obligation in Italy, where IAS standard 19 is applicable. The Italian legislation provides that, at employment contract termination, each employee receives a severance indemnity (Trattamento Fine Rapporto, TRF), which is paid from a fund held in the company or held in an external institution. The amount of each annual contribution equals approximately 6,9 % of the gross annual salary which is accrued monthly to the personnel expenses. The contributions to the fund are recognized as personnel expenses in the income statement and the interest from the fund as financial items. The remeasurement of the fund is recognized in equity. The liability represents the accu-mulated benefit payment obligation at employment contract termination. The value of this liability is a fair value index-adjusted annually. This value is is based on actuarial calculations taking into account demographic assumptions in the future concerning current and future employees and financial assumptions based on market expectations.

	2020	**2019**
Pension obligations on Jan. 1	**1 271**	1 183
Changes recognized in income statement		
Interest expense	**6**	16
Benefits paid	**-54**	-37
Remeasurements recognized in equity:		
Actuarial gains (+)/ losses (-) based on experience	**0**	-5
Actuarial gains (+)/ losses (-) based on changes in demographic assumptions	**0**	-1
Actuarial gains (+)/ losses (-) based on changes in financial assumptions	**-12**	114
Pension obligations on Dec. 31	**1 211**	1 271

	2020	**2019**
The benefits expected to be paid to post-employment benefit plans in the next financial year (year 1) are as follows:	**133**	87
During years 2–5 the annual estimated benefits to be paid are, on average:	**51**	68

Actuarial assumptions	**2020**	**2019**	
Discount rate	**0,44**	0,63	%
Salary rate	**1,20**	1,50	%
Pension rate	**2,40**	2,63	%

The following table is a sensitivity analysis for the actuarial assumptions, showing the estimated value of the obligation if the actuarial assumptions change:

	2020	**2020**	**2019**	**2019**
	Change +0,25 %	Change -0,25 %	Change +0,25 %	Change -0,25 %
Discount rate	**1 183**	**1 238**	1 243	1 304
Salary rate	**1 228**	**1 194**	1 292	1 254
	Change +1,00 %	Change -1,00 %	Change +1,00 %	Change -1,00 %
Pension rate	**1 200**	**1 222**	1 261	1 286

26. PROVISIONS (EUR 1 000)

	2020	**2019**
Non-current provisions	**199**	211
Warranty provision Jan. 1	**136**	333
Additions	**-61**	-197
Warranty provision Dec. 31	**75**	136
Other provisions Jan. 1.	**75**	301
Additions	**49**	0
Deductions	**0**	-226
Other provisions Dec. 31	**124**	75
Current provisions	**153**	166
Warranty provision Jan. 1	**166**	165
Additions	**0**	1
Deductions	**-13**	0
Warranty provision Dec. 31	**153**	166
Provisions total Dec. 31	**352**	377

The products sold by the company typically have a warranty of 12–24 months. The corresponding anticipated warranty costs related to delivered products are recognized in the warranty reserve. Realized warranty costs are recognized in the income statement in the financial year in which they arise.

27. FINANCIAL RISK MANAGEMENT

The principles and objectives of the Group's financial risk management are determined in the financing risk policy, which is updated when necessary, and approved by the Board of Directors. The financial risk

management aims at avoiding risks and providing cost- effective arrangements for protecting the Group from factors that may affect its performance and cash flows in a negative way.

Financial risks are managed by foreign exchange and interest rate hedging using only financial instruments with a market value and risk profile that can be reliably monitored.

Approximately 21% of the Group's net sales comes from the two largest customers. Key customers are included in a factoring facility. The maturity analysis of trade receivables and currency exposure of trade and other receivables are presented in note 19. Trade receivables and other receivables.

FOREIGN EXCHANGE RISK

Foreign exchange risks refer to the risks caused by changes in foreign exchange rates, which can affect business performance or Group solvency. Most of the Group's sales are denominated in EUR and USD. The operating expenses are generated in EUR, USD and TND. In 2020, the primary hedging method was to match foreign currency income and expense flows. Derivatives are not used in the group as hedges of risks related to the currency cash flow.

In the financial statements, the equity of foreign subsidiaries is translated at the European Central Bank's closing rate on the balance sheet date. Exchange rate differences are presented in the consolidated financial statements as translation differences. The net investments in foreign operations have not been hedged. The equity of the subsidiaries is not hedged.

INTEREST RATE RISK

Interest rate risks are caused by fluctuations in interest rates affecting the income, loan portfolio and cash reserves in the Group. Interest rate risks are also dependent on whether financing is made by fixed rate or variable rate agreements. Interest rate risks are managed by making decisions concerning the interest periods of the liabilities and by using different types of derivative financial instruments to hedge interest rate risks. On the balance sheet date, the Group had interest rate derivative in one loan in Italy.

LIQUIDITY RISK

According to the financing policy, the parent company is responsible for the Group's liquidity risk management, funding and efficient cash management. Liquidity risk is managed by maintaining a balanced distribution of loan maturities, adequate cash assets, the partial sale of trade receivables and the use of credit limits.

The Group's interest-bearing net financial liabilities at the end of the financial year were EUR 16,8 million. (EUR 12,6 million). Net financial liabilities include EUR 1,1 million (EUR 1,1 million) lease liabilities in accordance with IFRS 16. Cash flow from operating activities during July-December was EUR -0,4 million. (EUR -2.6 million) and during the financial year EUR -2,3 million (EUR -0,5 million). In addition to operating losses, the negative cash flow from operating activities was due to an increase in working capital requirements while sales volumes remained low. Cash flow for the financial year after investments was EUR -3,7 million (EUR-1,3 million). The Group's equity ratio at the end of the financial year was -7,4% (11,5%) and the balance sheet total was EUR 29,2 million (EUR 32,1 million). At the end of the financial year, the Group's equity was EUR -2,1 million. (EUR 3,7 million).

At the end of the financial year, the Group had a total of EUR 11,6 million of which EUR 2.3 million of loans from financial institutions are due in the next 12 months. This includes EUR 0,7 million in loan repayments from the Italian company and EUR 1.4 million installments under the parent company's stand-still agreement.

The Group's financial reserves consist of unused credit facilities valid for the time being, which totaled EUR 1,3 million. (EUR 2,2 million). Cash and cash equivalents at the end of the financial year were EUR 1,1 million. (EUR 1.1 million).

A guarantee of EUR 4.0 million issued by Jussi Capital Oy in the financial year 2016 for a third- party financier is still valid. The arrangements were carried out on acceptable grounds for the Group's business and under ordinary market terms.

CREDIT RISK AND OTHER COUNTERPARTY RISKS

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 coun- terparties 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. Credit losses for the financial year were EUR 0,1 million. Substantial portion of group's receivables are within supplier and factoring financing. The group has in total EUR 4,9 million of unused supplier financing and factoring limits. The group bears risks relating to possible cancellation of factoring and supplier financing or a reduction to granted limits.

FINANCIAL POSITION

The net interest-bearing liabilities were EUR 16,8 million (EUR 12,6 million) at the end of the financial year. The net interest-bearing liabilities include EUR 1,1 million (EUR 1,1 million) of IFRS 16 lease liabilities.

The July – December cash flow from operating activities was EUR -0,4 million (EUR -2,6 million) and during the financial year EUR -2,3 million (EUR -0,5 million). In addition to generated loss, the negative cash flow was caused by increased need for working capital as the sales volumes were lower than expected. The cash flow after investing activities was EUR - 3,7 million (EUR -1,3 million). The Group's solvency ratio was -7,4 % (11,5 %) and the closing balance sheet was EUR 29,2 million (EUR 32,1 million). The Group's equity was EUR -2,1 million (EUR 3,7 million) at the end of the financial year.

At the end of the financial year, the group had EUR 11,6 million of loans from financial institutions of which EUR 2,3 million will be repaid within the following 12 months. This includes EUR 0,7 million repayments of Italy's loans and EUR 1,4 million repayments of parent company's loans included in the stand-still agreement.

The liquidity reserves of the group consist of undrawn credit facilities in the amount of EUR 1,3 million (EUR 2,2 million). The cash position at the end of the financial year was EUR 1,1 million (EUR 1,1 million).

The parent company has agreed on the extension of the stand-still period until 30 June 2021 with the main financier bank and Jussi Capital. The previous stand-still contract period ended on June 30, 2020.

In the stock market announcement of 29th december 2020, the Group announced that the financial arrangements in Italy have been concluded and as a result, Enedo has drawn in total EUR 2,7 million of new loans in Italy during the financial year. All loans in Italy include a stand-still agreement until summer 2021. The loans have been guaranteed by state backed MCC institution. One of the loans includes covnenants that the company breached as of 31st December. However, the company received a waiver from the financier and the loan receivables were not claimed.

On 16th of February 2021 the group announced planning of EUR 12 million rights and directed issue and a conditional EUR 3,3 million cancellation of its debts. The group has received irrevocable subscription commitments in the amount of EUR 9,6 million (assuming full subscription of share rights issue) which is 80% of the planned size of the share issue. The Company intends to execute a financial turnaround programme, with which it seeks to achieve a significant positive change in its financial result by the end of 2023. The key elements of the turnaround program are estimated permanent annual savings exceeding EUR 4 million in direct and indirect costs over the period 2021–2023 compared to the 2020 cost level (excluding temporary layoffs and other temporary savings), an annual increase in sales from 5 to 10 percent, and a clear improvement of the balance sheet and financing structure.

If the share issues and debt arrangements are realized as planned, it will have a significant positive impact on group's solvency and liquidity. The company estimates the expenses of the share issues to be EUR 0,7 million and therefore, net proceeds are estimated at EUR 11,3 million. The proceeds of the share issues would be used to pay-off a EUR 5,3 million debt to financiers and further EUR 3,3 million of debts would be cancelled. Cancellation of debts and the share issues would have a positive impact on company's equity. The remaining EUR 6,0 million would be used to execute the financial turnaround plan and for general working capital needs.

Maturities of financial liabilities, Dec 31 2020

	Carrying amount	Contractual cash flows*	< 6 mo	6–12 mo	> 12 mo
Trade payables and advances received	8 926	8 926	8 856	70	0
Loans from financial institutions	11 594	13 666	528	2 363	10 775
Lease liabilities	1 090	1 123	267	253	603
Overdraft and Factoring	5 238	5 336	5 336	0	0

Maturities of financial liabilities, Dec 31 2019

	Carrying amount	Contractual cash flows*	< 6 mo	6–12 mo	> 12 mo
Trade payables and advances received	10 626	10 625	10 206	345	75
Loans from financial institutions	8 906	10 589	1 460	2 231	6 897
Lease liabilities	1 091	1 179	246	231	702
Overdraft and Factoring	3 646	3 744	3 744		

The group has changed the presentation and classification of items in the maturities of financial liabilities table during the financial year 2020 and restated figures of comparative year accordingly. Contractual cash flows include interest expenses.

INTEREST RATE AND CURRENCY SENSITIVITY

	Operational transaction risk	
MEUR	**10 %**	**-10 %**
EUR/USD	-0,3	0,4
EUR/JPY	0,0	0,0

	Income statement	
Cash flow interest rate sensitivity analysis	**+100 bp**	**-100 bp**
Non-current liabilities	-0,1	0,1
Current liabilities	-0,1	0,1
Other interest-bearing liabilities	0,0	0,0
Total	**-0,2**	**0,2**

28. FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS (EUR 1 000)

The group does not have active currency derivatives.

The group has an interest swap derivative in one of its Italian subsidiary's loans to hedge interest risk. Fair value of the derivative instrument is presented below:

	2020	**2019**
Derivatives		
Nominal value	**1 900**	0
Positive value	**0**	0
Negative value	**18**	0

29. OTHER LEASE COMMITMENTS (EUR 1 000)

	2020	**2019**
Group as lessee		
Non-cancellable minimum operating lease payments:		
Within 1 year	**111**	118
1–5 years	**17**	8
	128	126

The Group adopted the new IFRS 16 standard effective from January 1, 2019.
Information on leases subject to the standard is presented in note 23.

30. OTHER CONTRACTS

The Group has certain significant customer contracts that include a condition normal for the branch of industry, where one of the contracting parties may terminate the agreement, if the control in the group is transferred to a party which is a competitor of the customer.

31. CONTINGENT LIABILITIES (EUR 1,000)

	2020	2019
Security given on own behalf		
Business mortgages	**15 248**	15 248
Other contingent liabilities	**0**	78
Liabilities guaranteed by business mortgages		
Loans from credit institutions*	**6 932**	5 703
Factoring in use	**0**	842
Total	**6 932**	6 545
Credit insurance liability according to factoring, The liability has not been realized.	**0**	42

* Shares in subsidiaries with a carrying value of EUR 3,6 million have been pledged as collateral for the parent company's loans from financial institutions.

32. LEGAL PROCEEDINGS

The Italian subsidiary is involved in legal proceedings concerning the employer's compensation of the employees of the company's subcontractor to the INPS (Istituto Nazionale della previdenza sociale). The Italian subsidiary won the lawsuit in the local court of Ancona and the case is pending. This legal proceeding does not have a material effect on the Group's financial position.

At the end of November 2018, Alessandro Leopardi, the former CEO of the Italian subsidiary, filed a claim against Enedo Spa and Enedo Oyj for various matters related to the employment and service relationship. The case is pending. Enedo Spa and Enedo Oyj consider the claim to be unfounded in all respects. This legal proceeding does not have a material effect on the Group's financial position.

33. RELATED PARTY TRANSACTIONS (EUR 1,000)

The parent and subsidiary relationships in the group are:	Registered office	Home country	Group ownership %	Share of voting rights %	The parent and subsidiary relationships in the group are %
Parent company:					
Enedo Plc (formerly Efore Plc)	Vantaa	Finland			
Shares in subsidiaries owned by Enedo Plc:					
Efore (USA), Inc.	Dallas TX	USA	100	100	100
Efore OÜ	Tallinn	Estonia	100	100	100
Enedo (Hongkong) Co., Limited	Kowloon	China	100	100	100
Efore (Suzhou) Automotive Technology	Suzhou	China	100	100	100
Enedo SpA	Osimo	Italy	100	100	100
Enedo Holding Oy	Vantaa	Finland	100	100	100
Shares in subsidiaries owned by Enedo Holding Oy:					
Enedo Finland Oy	Vantaa	Finland	100	100	
Shares in subsidiaries owned by Enedo SpA:					
Enedo Sarl	Charguia	Tunisia	99,72	100	
Enedo Inc.	Pennsylvania	USA	100	100	

	2020	2019
President and CEO, remuneration		
Vesa Leino	**234**	236
Members of the Board of Directors, remuneration		
Lähdesmäki Tuomo 1.1.2020–31.12.2020	**45**	44
Sivula Antti 1.1.2020–31.12.2020	**24**	23
Miettunen Matti 1.1.2020–31.12.2020	**24**	23
Narvanmaa Taru 1.1.2020–31.12.2020	**33**	30
Michael Peters 24.4.2020- 31.12.2020	**16**	
Miettinen Marjo 1.1.2019–11.4.2019		6

	142	126
Executive Management Team, remuneration	**539**	747
Including fees		6
Key management		
Salaries and other short-term employment benefits	**915**	1109
Benefits after termination of employment		
Total	**915**	1109

No pension commitments with special terms have been granted nor have any other securities been granted on behalf of the related parties in 2020..

34. EVENTS AFTER THE END OF THE FINANCIAL YEAR

16.2.2021 - Enedo Plc has agreed conditionally on cancellation of its debts totalling MEUR 3,3, is planning a directed issue and a rights issue totalling approximately MEUR 12, and intends to execute a turnaround program in order to improve its result.

16.2.2021 - Notice is given to the shareholders of Enedo Plc ("Enedo" or the "company") to the Extraordinary General Meeting to be held on Tuesday,9 March 2021 at 10.00 a.m. at the head office of the company, address Martinkyläntie 43, Vantaa.

8.3.2021 – The Finnish Financial Supervisory Authority has granted Inission AB (publ) a permanent exemption from obligation to launch a mandatory bid

9.3.2021 - The Extraordinary General Meeting of Enedo Plc (the "Company") was held on 9 March 2021 at 10 a.m. in Vantaa.

PARENT COMPANY FINANCIAL STATEMENTS, FAS

INCOME STATEMENT FOR THE PARENT COMPANY,

EUR	Note	Jan. 1–Dec. 31, 2020	Jan. 1–Dec. 31, 2019
NET SALES	1	**634 000,00**	**13 365 429,47**
Change in inventories of finished goods and work in progress		0,00	259 690,09
Other operating income	2	546 850,00	581 259,21
Materials and services			
Materials and consumables			
Purchases during the financial year	3	0,00	10 237 610,98
External services	3	0,00	-3 584,42
		0,00	10 234 026,56
Personnel expenses			
Wages, salaries and fees	4	817 611,90	1 986 900,24
Social security expenses			
Pension expenses	4	67 688,65	296 977,95
Other social security expenses	4	11 809,95	6 871,88
		897 110,50	2 290 750,07
Depreciation, amortization and impairments			
Depreciation and amortization according to plan	5	31 574,70	863 671,72
		31 574,70	863 671,72
Other operating expenses	6	941 297,81	17 901 716,59
OPERATING PROFIT (LOSS)		**-689 133,01**	**-17 083 786,17**
Financial income and expenses			
Income from group companies	7	40 436,03	274 991,60
Other interest and financial income	7, 9	1 630,36	224 544,24
Interest expenses to group companies	8	-156 197,02	-181 447,93
Impairment on fixed assets from group companies	8	-5 333 000,00	-200 000,00
Interest and other financial expenses	8, 9	-756 551,63	-1 020 104,72
		-6 203 682,26	-902 016,81
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		**-6 892 815,27**	**-17 985 802,98**
Tax on income from operations			
Tax on income from operations	10	-2 175,49	-51 888,29
PROFIT (LOSS) FOR THE PERIOD		**-6 894 990,76**	**-18 037 691,27**

BALANCE SHEET FOR THE PARENT COMPANY

EUR	Note	Dec. 31, 2020	Dec. 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights	11	6 552,82	16 257,10
Other intangible assets	11	9 736,04	17 271,92
Prepaid expenses	11	73 990,49	0,00
		90 279,35	33 529,02
Tangible assets			
Machinery and equipment	11	9 656,82	17 967,38
Other tangible assets	11	3 166,50	6 966,54
		12 823,32	24 933,92
Investments			
Holdings in group companies	12,13	16 067 191,85	21 584 238,34
Other shares and holdings	12,13	1 681,88	1 681,88
		16 068 873,73	21 585 920,22
CURRENT ASSETS			
Current receivables			
Trade receivablest	14	3 740,21	46 333,61
Receivables from group companies	14	1 733 489,32	2 082 867,09
Other receivables	14	26 901,35	51 071,10
Prepayments and accrued income	14	22 976,54	80 084,76
		1 787 107,42	2 260 356,56
Cash and cash equivalents		28 710,64	25 546,74
TOTAL ASSETS		**17 987 794,46**	**23 930 286,46**

EUR	Note	Dec. 31, 2020	Dec. 31, 2019
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	100 000,00	15 000 000,00
Other reserves	15	54 076 428,18	39 176 428,18
Retained earnings	15	-44 076 762,35	-26 039 071,08
Profit (loss) for the period)	15	-6 894 990,76	-18 037 691,27
		3 204 675,07	10 099 665,83
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans from financial institutions	17	4 350 000,00	4 350 000,00
Loans from others	17	500 000,00	500 000,00
Liabilities to group companies	17	1 434 147,77	1 398 147,78
		6 284 147,77	6 248 147,78
Current liabilities			
Loans from financial institutions	17	2 211 840,98	1 204 958,24
Loans from others	17	600 000,00	500 000,00
Trade payables	17	211 515,35	519 118,84
Liabilities to group companies	17	5 194 560,88	5 128 403,85
Other liabilities	17	111 649,24	27 205,04
Accruals and deferred income	17	169 405,17	202 786,88
		8 498 971,62	7 582 472,85
TOTAL EQUITY AND LIABILITIES		**17 987 794,46**	**23 930 286,46**

PARENT COMPANY CASH FLOW STATEMENTS

EUR	Jan. 1–Dec. 31, 2020	Jan. 1–Dec. 31, 2019
Cash flow from operating activities		
Customer payments received	878 477,07	15 162 050,68
Payments to suppliers	-2 017 001,31	-19 084 803,93
Cash generated from operations	-1 138 524,24	-3 922 753,25
Interest paid	-172 067,98	-188 911,98
Dividends received	0,00	246 765,45
Interest received	40 551,34	75 574,79
Other financing items	-458 984,53	-566 138,04
Income taxes paid	-2 175,49	-51 888,29
Net cash from operating activities (A)	-1 731 200,90	-4 407 351,32
Cash flows from investing activities		
Purchase of tangible and intangible assets	-76 214,43	-558 859,83
Proceeds from sale of tangible and intangible assets	0,00	7 430,00
Acquisition of subsidiaries	184 046,49	175 218,53
Disposal of subsidiaries	325 650,00	2 374 307,43
Increase in loans receivable	-580 000,00	-1 135 000,00
Decrease in loans receivable	874 000,00	188 114,30
Net cash used in investing activities (B)	727 482,06	1 051 210,43
Cash flows from financing activities		
Proceeds from short-term borrowings	1 525 266,96	3 525 301,49
Repayment of short-term borrowings	-518 384,22	-2 770 343,25
Net cash used in financing activities (C)	1 006 882,74	754 958,24
Net decrease (-)/increase (+) in cash and cash equivalents (A+B+C)	3 163,90	-2 601 182,65
Cash and cash equiv. at the beginning of the period	25 546,74	2 626 729,39
Net increase/decrease in cash and cash equivalents	3 163,90	-2 601 182,65
Cash and equivalents at the end of the period	28 710,64	25 546,74

ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS OF PARENT COMPANY

GENERAL

The financial statements of Enedo Plc (formerly Efore Plc), registered office in Vantaa, Finland, are prepared and presented in accordance with the Finnish Accounting Act and other applicable laws and regulations in effect in Finland (Finnish Accounting Standards, FAS).

During the financial year 2019, the parent company had the business transfer, concluded the business transaction and the shares of subsidiary were sold. These transactions affect the comparability of the financial statements between financial years.

Assumption of ability to continue as a going concern
The assumption of ability to continue as a going concern is presented in the Accounting principles for the Consolidated Financial Statements.

Foreign currency items
Transactions in foreign currencies are recognized at the exchange rate valid on the date of transaction. Foreign currency receivables and liabilities on the balance sheet date are valued at the exchange rates on the balance sheet date. Exchange rate differences arising from the translation of balance sheet items in foreign currency and sales, purchases, expenses and financial items as well as from receivables and liabilities are recognized as exchange rate gains and losses in financial income and expenses. The presentation in the parent corresponds with the presentation in the consolidated financial statements.

Evaluation of non-current assets
Intangible and tangible assets are stated at historical cost less accumuated amortization, depreciation and impairment. Planned depreciation on intangible and tangible assets is made on a straight-line basis over their esti- mated useful lives. Gains and losses on sale of intangible and tangible assets are included in the operating result

The estimated useful lives for different groups of assets are as follows:

Intangible rights	3–5 years
Other intangible assets	5–10 years
Machinery and equipment	3–10 years
Other tangible assets	5 years

An impairment is recognized on the book value of an item in intangible and tangible assets, if it is evident that earnings expectations do not cover the book value of the asset.

Holdings in Group companies and Non-curent receivables from Group companies
The carrying values of holdings in group companies and loans granted to group companies are tested annually on the balance sheet date to identify any impairment. The need for impairment is considered at the cash generating unit level of the group companies.

For impairment testing the recoverable amount of the unit is the value in use. The value in use represents the discounted future net cash flows expected to be derived from a cash- generating unit. The discount rate is a pretax discount rate that is reflecting current market assessments and the risks specific to the asset.

Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. An impairment is recorded in profit or loss. An impairment recognized is subsequently reversed if there are changes in the estimates concerning the recoverable amount of the asset.

Leasing
All leasing charges are treated as rental expenses. The unpaid leasing commit- ments related to future financial periods are presented as lease obligations in the notes to the financial statements.

Pensions
The pension cover of the company's employees is arranged through insurance policies in pension insurance companies. Pension costs are expensed as incurred.

Income taxes
The taxes at source are recognized as income taxes in the profit and loss statement.

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY

	2020	2019
1. Net Sales		
EMEA	634 000,00	10 797 423,73
Americas	0,00	2 268 608,66
APAC	0,00	299 397,08
Total	634 000,00	13 365 429,47
2. Other operating income		
Product development and company grants	0,00	62 429,00
Services excluded of the actual business	186 850,00	0,00
Repayment of the sales price concerning the sales loss of subsidiary shares	360 000,00	0,00
Gain on sale on business transfer	0,00	518 830,21
Total	546 850,00	581 259,21
3. Materials and services		
Materials and supplies		
Purchases during the financial year	0,00	10 237 610,98
External services	0,00	-3 584,42
Materials and services in total	0,00	10 234 026,56
4. Personnel expenses		
Wages, salaries and fees	817 611,90	1 986 900,24
Pension expenses	67 688,65	296 977,95
Other social security expenses	11 809,95	6 871,88
Total	897 110,50	2 290 750,07
Management salaries and fees		
President and CEO, Members of the Board of Directors	376 472,67	362 004,02
Total personnel, average		
Salaried employees	7	40
5. Depreciation, amortization and impairment		
Depreciation and amortization according to plan:		
Development costs	0,00	772 999,07
Intangible rights	9 704,28	33 530,96
Other intangible assets	7 535,88	8 155,88
Machinery and equipment	10 534,50	45 185,77
Other tangible assets	3 800,04	3 800,04
Total	31 574,70	863 671,72
6. Other operating expenses		
Losses on the disposal of shares in subsidiaries and costs of sale	34 350,00	15 131 826,02
Other ordinary business expenses	906 947,81	2 769 890,57
Total	941 297,81	17 901 716,59
Audit fees:		
KPMG		
Audit	59 436,00	61 394,00
Other services	8 477,00	21 717,00
Total	67 913,00	83 111,00

7. Financing income	**2020**	**2019**
Dividend income from Group companies	0,00	246 765,45
Interest income from Group companies	40 436,03	28 226,15
Interest income from others	1 145,17	18 494,44
Exchange rate gains	485,19	206 049,80
Total	42 066,39	499 535,84

8. Financing expenses		
Exchange rate gains from loans and other receivables	156 197,02	181 447,93
Impairment on investments in Group companies	5 333 000,00	200 000,00
Interest expenses to others	251 779,68	209 700,23
Exchange rate losses	50 742,06	325 081,42
Other financial expenses	454 029,89	485 323,07
Total	6 245 748,65	1 401 552,65

9. Exchange rate differencies

Itemization of net exchange rate gains (+) and losses (-) according to financial statement items

Sales	Gains	-5,03	37 381,22
	Losses	-1 006,98	-18 051,47
	Net	-1 012,01	19 329,75
Purchases	Gains	60,83	3 897,53
	Losses	-6 095,95	-188,60
	Net	-6 035,12	3 708,93
Financial items	Gains	429,39	38 649,16
	Losses	-901,33	-46 824,51
	Net	-471,94	-8 175,35
Intra-group receivables and liabilities	Gains	0,00	126 121,89
	Losses	-42 737,80	-260 016,84
	Net	-42 737,80	-133 894,95
Total	Gains	485,19	206 049,80
	Losses	-50 742,06	-325 081,42
	Net	-50 256,87	-119 031,62

10. Income taxes		
Taxes at source	2 175,49	51 888,29
Total	2 175,49	51 888,29

Enedo Plc had tax losses totaling EUR 20.5 million on December 31, 2020. A deferred tax asset was not recognized on these losses as their use is uncertain in the foreseeable future. The losses will expire in the years 2021–2030.Of the unrecognized deferred tax assets, EUR 4.1 million is related to the losses.

The parent company had deferred depreciation in 2020 amounting to EUR 7.9 million, for which no deferred tax asset has been recognized. Of the unrecognized deferred tax assets, EUR 1.6 million is related to the deferred depreciation.

The parent company has unrecognized deferred tax assets totaling EUR 5.7 million on December 31, 2020.

11. Non-current assets	2020	2019
Intangible assets		
Development costs		
Acquisition cost 1.1.	0,00	8 328 565,97
Additions 1.1.-31.12.	0,00	508 690,00
Disposals 1.1.-31.12.	0,00	-8 837 255,97
Acquisition cost 31.12.	0,00	0,00
Accumulated amortization and impairment 1.1.	0,00	4 297 039,87
Accumulated depreciation on disposals	0,00	-5 070 038,94
Depreciation for the period	0,00	772 999,07
Accumulated amortization and impairment on 31.12.	0,00	0,00
Book value 31.12.	0,00	0,00
Intangible rights		
Acquisition cost 1.1.	279 716,00	391 059,23
Disposals 1.1-31.12.	0,00	-111 343,23
Acquisition cost 31.12.	279 716,00	279 716,00
Accumulated depreciation 1.1.	263 458,90	340 660,17
Accumulated depreciation on disposals	0,00	-110 732,23
Depreciation for the period	9 704,28	33 530,96
Accumulated planned depreciation on 31.12.	273 163,18	263 458,90
Book value on 31.12.	6 552,82	16 257,10
Other intangible assets		
Acquisition cost 1.1.	37 679,96	72 246,21
Disposals 1.1-31.12.	0,00	-34 566,25
Acquisition cost 31.12.	37 679,96	37 679,96
Accumulated depreciation 1.1.	20 408,04	45 888,41
Accumulated depreciation on disposals	0,00	-33 636,25
Depreciation for the period	7 535,88	8 155,88
Accumulated planned depreciation on 31.12.	27 943,92	20 408,04
Book value on 31.12.	9 736,04	17 271,92
Prepaid expenses		
Acquisition cost on 1.1.	0,00	7 430,00
Additions 1.1.-31.12.	73 990,49	0,00
Disposals 1.1.-31.12.	0,00	-7 430,00
Acquisition cost 31.12.	73 990,49	0,00
Book value on 31.12.	73 990,49	0,00

Tangible assets	**2020**	**2019**
Machinery and equipment		
Acquisition cost on Jan. 1	70 225,57	1 011 940,93
Additions	2 223,94	22 672,18
Disposals	0,00	-994 198,54
Reclassifications	0,00	29 811,00
Acquisition cost on Dec. 31	72 449,51	70 225,57
Accumulated planned depreciation on Jan. 1	52 258,19	829 472,65
Accumulated depreciation on disposals	0,00	-822 400,23
Depreciation for the period	10 534,50	45 185,77
Accumulated planned depreciation on Dec. 31	62 792,69	52 258,19
Book value on Dec. 31	9 656,82	17 967,38
Other tangible assets		
Acquisition cost on Jan. 1	19 000,00	20 156,30
Disposals	0,00	-1 156,30
Acquisition cost on Dec. 31	19 000,00	19 000,00
Accumulated planned depreciation on Jan. 1	12 033,46	8 233,42
Depreciation for the period	3 800,04	3 800,04
Accumulated planned depreciation on Dec. 31	15 833,50	12 033,46
Book value on Dec. 31	3 166,50	6 966,54
Advance payments and work in progress		
Acquisition cost on Jan. 1	0,00	0,00
Change Jan. 1 - Dec. 31	0,00	29 811,00
Reclassification	0,00	-29 811,00
Acquisition cost on Dec. 31	0,00	0,00
Book value on Dec. 31	0,00	0,00

12. Investments

Holdings in group companies		
Book value on Dec. 31	21 584 238,34	14 441 569,09
Additions during the financial year	0,00	7 453 423,69
Deductions	-184 046,49	-110 754,44
Impairment	-5 333 000,00	-200 000,00
Book value on Dec. 31	16 067 191,85	21 584 238,34

The Group conducts impairment tests on a regular basis annually or more frequently if there are indications of possible impairment. In the case of Italy, the recoverable amounts of the cash-generating units' assets were less than their carrying amount per balance sheet item. As a result, the parent company, Enedo Oyj, has recorded an impairment of EUR 5.3 million in subsidiary shares.

Other shares and holdings		
Shares on Jan. 1	1 681,88	1 681,88
Book value on Dec. 31	1 681,88	1 681,88

13. HOLDINGS IN GROUP COMPANIES

		Book value	Book value
Efore (USA), Inc., Dallas TX	USA	0,17	0,17
Enedo (Hongkong) Co. Limited, Kowloon	Kiina	951,22	951,22
Efore Automotive Technology Co., Ltd, Suzhou	Kiina	0,00	0,00
Enedo S.p.A, Osimo	Italia	6 263 239,06	11 596 239,06
Enedo Holding Oy, Vantaa	Suomi	3 597 160,56	3 781 207,05

Efore Oü, Tallinn	Viro	6 205 840,84	6 205 840,84
		16 067 191,85	21 584 238,34

14. RECEIVABLES	**2020**	**2019**
Non-current receivables from Group companies		
Subordinated loans on Jan. 1	0,00	32 000 000,00
Impairment of subordinated loan on Jan. 1	0,00	-8 067 000,00
Deduction of subordinated loan during the finan- cial year	0,00	-23 933 000,00
Non-current receivables from Group companies in total	0,00	0,00
Current receivables		
Trade receivables	3 740,21	46 333,61
Other receivables	26 901,35	51 071,10
Prepayments and accrued income	22 976,54	80 084,76
	53 618,10	177 489,47
Current receivables from group companies		
Trade receivables	627 216,73	642 250,40
Loan receivables	1 101 096,93	1 436 470,89
Interest receivables	5 175,66	4 145,80
	1 733 489,32	2 082 867,09
Current receivables in total	1 787 107,42	2 260 356,56
Prepayments and accrued income		
Prepayments and accrued income include the following items		
Product development and company grants	0,00	50 000,00
Prepaid expenses	19 440,07	19 729,60
Unbilled revenue	0,00	-1 131,34
Other items	3 536,47	11 486,50
	22 976,54	80 084,76

15. EQUITY

The Extraordinary General Meeting decided that the registered share capital of the company will be reduced from EUR 15,000,000 by EUR 14,900,000 to EUR 100,000 and that the amount of the reduction of EUR 14,900,000 will be transferred to the invested unrestricted equity fund.

The Extraordinary General Meeting decided to reduce the number of shares in the company. The company redeemed the number of shares from each shareholder free of charge, which was obtained by multiplying the number of shares owned by each shareholder on the Transaction Date by a factor of 49/50, ie 49 shares were redeemed for every 50 existing shares.

The Company transferred the treasury shares without compensation so that the number of shares in the book-entry account of each shareholder is made divisible. The transfer was required to bring the number of outstanding shares owned by the shareholders to be divisible by 50 on the transaction day.

	2020	2019
Share capital on 1.1.	15 000 000,00	15 000 000,00
Share capital reduction into unrestricted equity reserve	-14 900 000,00	0,00
Share capital on 31.12.	100 000,00	15 000 000,00
Own shares 1.1.	-2 426 516,86	-2 426 516,86
Disposal of own shares (without compensation)	1 767,18	0,00
Own shares 31.12.	-2 424 749,68	-2 426 516,86
Other reserves		
Unrestricted equity reserve on 1.1.	39 176 428,18	39 176 428,18
Share capital reduction into Unrestricted equity reserve	14 900 000,00	0,00
Unrestricted equity reserve on 31.12.	54 076 428,18	39 176 428,18
Retained earnings 1.1.	-41 650 245,49	-23 612 554,22
Disposal of own shares (without compensation)	-1 767,18	0,00
Retained earnings 31.12.	-41 652 012,67	-23 612 554,22
Result for the period 31.12.	-6 894 990,76	-18 037 691,27
Equity total	3 204 675,07	10 099 665,83
DISTRIBUTABLE FUNDS		
Retained earnings	-41 652 012,67	-23 612 554,22
Result for the period	-6 894 990,76	-18 037 691,27
Reserve for invested unrestricted equity	54 076 428,18	39 176 428,18
Treasury shares	-2 424 749,68	-2 426 516,86
Distributable funds	3 104 675,07	0,00
Parent company share capital, one type of share		
Outstanding shares 1.1.	418 130 168	418 130 168
Reverse split during financial year	-409 766 682	0
Outstanding shares on 31.12.	8 363 486	418 130 168
Parent company shares, one type of share	Kpl	Kpl
Outstanding shares in total 31.12.	8 363 486	418 130 168
Own shares in total 31.12.	69 249	3 506 620
Shares total 31.12.	8 432 735	421 636 788

16. Mandatory provisions

Other mandatory provisions on Jan. 1	0,00	86 000,00
Other mandatory provisions, change	0,00	-86 000,00
Other mandatory provisions on Dec. 31	0,00	0,00

17. Liabilities	2020	2019
Non-current liabilities		
Loans from financial institutions	4 350 000,00	4 350 000,00
Other non-current liabilities	500 000,00	500 000,00
	4 850 000,00	4 850 000,00
Non-current Intercompany liabilities		
Other non-current liabilities	1 200 000,00	1 200 000,00
Accruals and deferred income	234 147,77	198 147,78
	1 434 147,77	1 398 147,78
Non-current liabilities Total	6 284 147,77	6 248 147,78
Non-current liabilities, aging		
1-5 years	4 850 000,00	4 850 000,00
over 5 years	1 434 147,77	1 398 147,78
	6 284 147,77	6 248 147,78
Current liabilities		
Loans from financial institutions	2 211 840,98	1 204 958,24
Loans from others	600 000,00	500 000,00
Trade payables	211 515,35	519 118,84
Other liabilities	111 649,24	27 205,04
Accruals and deferred income	169 405,17	202 786,88
	3 304 410,74	2 454 069,00

Financial liabilitites with covenants

The company agreed on a stand-still agreement with its main financier bank and Jussi Capital Oy until June 30, 2020. During the stand-still period, covenants are not measured

Loans from financial institutions	5 200 000,00	5 200 000,00
Factoring limits in use	0,00	841 744,42
Credit limits in use	1 361 840,98	354 958,24
Total	6 561 840,98	6 396 702,66
Current liabilities to group companies		
Trade payables	0,00	50 240,00
Other current liabilities	4 125 000,00	4 125 000,00
Accruals and deferred income	1 069 560,88	953 163,85
	5 194 560,88	5 128 403,85
Current liabilities total	8 498 971,62	7 582 472,85
Accruals and deferred income		
External accruals and deferred income include the following items:		
Accrued holiday pay	77 218,20	65 434,32
Accrued other personnel expenses	15 835,64	16 613,12
Accrued financial items	65 968,33	82 456,63
Other items	10 383,00	38 282,81
	169 405,17	202 786,88

18. Contingent liabilities

	2020	2019
Security given		
Security given on own behalf		
Business mortgages	5 000 000,00	5 000 000,00
Other contingent liabilities	0,00	78 436,20
	Pcs	Pcs
Pledged subsidiary Enedo Holding Oy shares, pcs	24 091 404	24 091 404
Liabilities guaranteed by business mortgages		
Loans from financial institutions	6 561 840,98	5 554 958,24
Factoring limits in use on Dec 31	0,00	841 744,42
	6 561 840,98	6 396 702,66
Liability engagements and other contingent liabili- ties		
Rent and leasing commitments on own behalf		
Payable in the following financial year	2 979,99	35 233,84
Payable later	0,00	21 397,58
Credit insurance liability according to factoring contract. The liability has not been re-alized.	0,00	42 087,22

19. Related party transactions

The net sales of the company MEUR 0,6 consists of the intra-group sales, which is based on the administration service provided for the subsidiaries. The company has also receivables and liabilities to group companies as stated in the financial statements.

20. Events after the end of the financial year

16.2.2021 - Enedo Plc has agreed conditionally on cancellation of its debts totalling MEUR 3,3, is planning a directed issue and a rights issue totalling approximately MEUR 12, and intends to execute a turnaround program in order to improve its result.

16.2.2021 - Notice is given to the shareholders of Enedo Plc (“Enedo” or the “company”) to the Extraordinary General Meeting to be held on Tuesday,9 March 2021 at 10.00 a.m. at the head office of the company, address Martinkyläntie 43, Vantaa.

8.3.2021 – The Finnish Financial Supervisory Authority has granted Inission AB (publ) a permanent exemption from obligation to launch a mandatory bid

9.3.2021 - The Extraordinary General Meeting of Enedo Plc (the “Company”) was held on 9 March 2021 at 10 a.m. in Vantaa.

21. Board of Directors’ proposal for the distribution of dividend

The Board of Directors will propose to the Annual General Meeting on April 29th, 2021 that no dividend will be distributed.

SIGNATURES FOR THE FINANCIAL STATEMENTS AND THE REPORT BY THE BOARD OF DIRECTORS

Vantaa, March 10, 2021

Tuomo Lähdesmäki
Chairman

Antti Sivula

Taru Narvanmaa

Matti Miettunen

Michael Peters

Vesa Leino
President and CEO

THE AUDITOR'S NOTE

report on the audit performed has been issued today.

Helsinki, March 10, 2021

KPMG Oy Ab

Henrik Holmbom
Authorised Public Accountant, KHT

LIST OF THE USED LEDGERS IN ACCOUNTING

Fixed Assets	In electronical form
Payroll	On paper
Accounts receivables (AR)	In electronical form
Accounts payables (AP)	In electronical form
General Ledger	In electronical form
Accounts 100000 - 999000	
Journal Listing	In electronical form
Financial Statements	As bound book
AC = Accrual Journals	On paper
AJ = Adjustment Journals of AR	On paper
AJ = Adjustment Journals of AP	On paper
BS = Bank Statement Journals	On paper
CD = Cash Disbursement Journals	On paper
CR = Cash Receipt Journals	On paper
GJ = General Journals	On paper
PA = Payroll Journals	On paper
PJ = Purchase Journals	In electronical form
RE = Recurring Entry Journals	On paper
SJ = Sales Journals	In electronical form
TR = Travel Journals	On paper
Notes Journals	On paper

GROUP KEY FIGURES

The keyfigures are presented from continuing operations unless otherwise noted

GROUP KEY FIGURES, MEUR		IFRS 2020	IFRS 2019	IFRS 2018
Income statement				
Net sales	MEUR	38,5	43,3	33,7
Adjusted EBITDA	MEUR	-0,4	1,2	-0,6
EBITDA	MEUR	-0,8	1,1	-1,1
Adjusted operating profit/loss	MEUR	-3,9	-2,4	-3,3
Operating profit/loss	MEUR	-4,3	-2,6	-3,8
Profit/loss before taxes	MEUR	-5,4	-2,7	-4,8
Profit/loss for the financial year	MEUR	-6,2	-2,6	-4,1
Gross investments in intangible and tangible assets	MEUR	1,9	3,2	2,6
Profitability				
Return on equity (ROE) *	%	-803,6	-39,2	-95,4
Return on investment (ROI) *	%	-27,6	-9,2	-35,4
* comparison periods have not been adjusted to continuing operations				
Finance and financial position				
Net interest-bearing liabilities	MEUR	16,8	12,6	9,4
Net gearing **	%		342,1	100,6
Current ratio		0,7	0,7	0,8
Solvency ratio	%	-7,4	11,5	20,6
Cash flows from operating activities (incl. discontined operations)		-2,3	-0,5	-2,8
** Net gearing is not presented from financial year 2020 because of the negative equity				
Other key figures				
Personnel, average		371	388	324
Wages, salaries and fees	MEUR	7,0	7,2	5,2
Product development costs (expensed))	MEUR	2,9	2,4	1,4
- percent of net sales				
Product development costs (capitalized in balance sheet)	MEUR	1,3	2,1	1,6
- percent of net sales				
Product development costs total	MEUR	4.2	4,5	3,0
- percent of net sales				

KEY FINANCIAL INDICATORS PER SHARE *		IFRS 2020	IFRS 2019	IFRS 2018
Earnings per share for continuing operations		-0,74	-0,31	-0,08
Diluted earnings per share for continuing operations		-0,74	-0,31	-0,08
Earnings per share	EUR	-0,70	-0,60	-0,14
Diluted earnings per share	EUR	-0,70	-0,60	-0,14
Dividend/share	EUR	0,0	0,0	0,0
Dividend payout ratio	%	-	-	-
Effective dividend yield	%	-	-	-
Distribution of assets from reserve of invested unrestricted equity	EUR	-	-	-
Equity per share, adjusted for share issue	EUR	-0,26	0,44	1,12
Closing share price	EUR	0,90	2,60	1,90
P/E ratio		-1,29	-4,73	-0,29
Market value				
Market capitalization	MEUR	7,600	21,900	16,900
Trading				
Shares traded	milj. kpl	2,9	1,6	39,0
Trading, %	%	33,8 %	19,3 %	9,3 %
Number of outstanding shares				
Average on December 31	1 000 kpl	8 363	8 363	56 278
Diluted number of shares on December 31	1 000 kpl	8 363	8 363	56 278
Actual number of shares on December 31	1 000 kpl	8 363	8 363	8 363
Share prices				
Lowest	EUR	0,80	1,85	0,03
Highest	EUR	2,78	3,50	1,90
Closing share price	EUR	0,90	2,60	1,90
Average price	EUR	1,45	2,85	0,10

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

CALCULATION OF KEY FIGURES AND RATIOS

EBITDA	Operating profit/loss + depreciation and amortization of tangible and intangible assets + impairment	
Adjusted EBITDA	EBITDA adjusted by items affecting comparability, related to e.g. restructuring measures	
Adjusted operating profit/loss	Operating profit/loss adjusted by the items affecting comparability, related to restructuring measures, for example	
Return on investment % (ROI)	Profit before taxes + interest and other financing expenses / Equity + interest-bearing liabilities (average)	x 100
Return on Equity (ROE), %	Profit/loss for the period / Equity (average)	x 100
Current ratio	Current assets / Current liabilities	
Solvency ratio, %	Equity / Total assets - advance payments received	x 100
Net interest-bearing liabilities	Interest-bearing liabilities - financial assets at fair value through profit or loss - cash and cash equivalents	
Gearing, %	Net interest-bearing liabilities / Equity	x 100
Earnings per share	Profit or loss attributable to ordinary equity holders of the parent entity / The weighted average number of ordinary shares	
Earnings per share (diluted)	Profit or loss attributable to ordinary equity holders of the parent entity / The weighted average number of diluted shares	
Dividend/share	Dividend distributed / Number of shares	
Dividend/Profit or loss -%	Dividend/share / Profit or loss/share	x 100
Efffective dividend yield-%	Dividend/share / Closing share price	x 100

Equity/share:	Equity Number of shares at balance sheet date
Market capitalization:	Number of outstanding shares on the balance sheet date x share price
Personnel, average	The average number of employees at the end of each calendar month during the financial year
Profit/loss before taxes	Profit or loss from continuing operations – tax on income from operations
Operating profit or loss	Profit or loss from continuing operations – financing income – financing expenses - tax on income from operations

The number of outstanding shares is used in all key figures expressed per share.
Equity is the equity attributable to the owners of the parent company.
The profit or loss for period is the result attributable to the owners of the parent company.

RECONCILIATION OF SOME ALTERNATIVE KEY FIGURES

The Following table presents the reconciliation for Return on Equity (ROE) %, Return on investment (ROI) %, Solvency ratio %, Net interest-bearing liabilities, Gearing %, Equity per share, EBITDA, Current ratio, Adjusted operating profit/loss and Adjusted EBITDA.

(EUR million unless otherwise stated)	Jan. 1–Dec. 31, 2020	Jan. 1–Dec. 31, 2019
Profit/Loss for the period	-6,2	-2,6
Equity at the end of the period	-2,1	3,7
Equity at the beginning of the period	3,7	9,4
Average	0,8	6,5
Return on Equity % (ROE)	**-803,6 %**	**-39,2 %**
Operating profit/loss	-4,3	-2,6
Income from investments	0,0	0,0
Interest income from non-current investments	0,0	0,0
Interest income from current investments	0,0	0,0
Other financing income	0,1	1,1
Unrealized gain from fair value change of financial assets and liabilities	0,0	0,0
Other financing expenses	-0,4	-0,3
Unrealized loss from fair value change of financial assets and liabilities	0,0	0,0
Profit/loss before taxes, interest expenses and other financial expenses	-4,6	-1,8
	-	
Equity at the end of the period	-2,1	3,7
Non-current interest-bearing liabilities at the end of the period	9,8	6,5
Current interest-bearing liabilities at the end of the period	8,1	7,2
Investment at the end of the period	15,8	17,3
Equity at the beginning of the period	3,7	9,4
Non-current interest-bearing liabilities at the beginning of the period	6,5	5,4
Current interest-bearing liabilities at the beginning of the period	7,2	7,7
Investment at the beginning of the period	17,3	22,5
Equity and interest-bearing liabilities, average	16,6	19,9
Return on Investment % (ROI)	**-27,6 %**	**-9,2 %**
Equity	-2,1	3,7

Total assets	29,2	32,1
Advance payments received	0,1	0,2
Solvency ratio, %	**-7,4 %**	**11,5 %**
Non-current interest-bearing liabilities	9,8	6,5
Current interest-bearing liabilities	8,1	7,2
Cash and cash equivalents	1,1	1,1
Net interest-bearing liabilities	**16,8**	**12,6**
Net interest-bearing liabilities	16,8	12,6
Equity	-2,1	3,7
Gearing, %	**-787,0 %**	**342,1 %**
Equity	-2,1	3,7
Number of shares at balance sheet date*	8 363 486	8 363 486
Equity / share*	**-0,26**	**0,44**
Operating profit/loss	-4,3	-2,6
Depreciation and amortization of tangible and intangible assets	3,3	3,5
impairment	0,2	0,2
EBITDA	**-0,8**	**1,1**
Current assets	13,6	14,4
Current liabilities	19,8	20,1
Current ratio	**0,69**	**0,72**
EBITDA	-0,8	1,1
Resctructuring costs related to personnel		0,1
Production re-organisation	0,2	0,2
Provision release relating to a claim		-0,2
Enedo planning related expenses	0,2	0,1
Adjusted EBITDA	**-0,4**	**1,2**
Operating profit/loss	-4,3	-2,6
Resctructuring costs related to personnel		0,1
Production re-organisation	0,2	0,2
Provision release relating to a claim		-0,2
Enedo planning related expenses	0,2	0,1
Adjusted operating profit/loss	**-3,9**	**-2,4**

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

SHARES AND SHAREHOLDERS

CHANGES IN SHARE CAPITAL 2004–2020

Share capital 1.11.2003				8 135 104 pcs		13 830 (1 000 EUR)	
Year	Subscription-/ share relationship	Subscription/ registering time	Subscrip-tion-price EUR	New shares pcs	Change 1 000 EUR	New share capital 1 000 EUR	Dividend right
2004	On basis of options	23.1.2004	7.79	600	1	13,831	2004
2004	Exchange and targeted issue for K-shareholders,1K:1.5A	Feb. 27, 2004	0.85	529,616	450	14,281	2004
2004	Split 1:1, gratuitous	Feb. 27, 2004		8,135,704		14,281	2004
2004	On basis of options	Apr. 21, 2004	3.71	2,400	2	14,283	2004
2004	Targeted share issue	Apr. 30, 2004	6.95	3,240,000	2,754	17,037	2004
2004	On basis of options	Jun. 22, 2004	3.71	47,200	40	17,077	2004
2004	On basis of options	Aug. 27, 2004	3.71	11,000	9	17,086	2004
2004	On basis of options	Oct. 28, 2004	3.71	47,400	40	17,127	2004
2004	On basis of options	Dec. 2, 2004	3.71	46,000	39	17,165	2004
2004	Annulment of shares	Dec. 21, 2004		-238,400	-203	16,963	
2004	Bonus issue 1:1	Dec. 21, 2004		19,956,624	16,963	33,926	2005
2005	On basis of options	Feb. 10, 2005	1.70	616,400	523	34,450	2005
2010	Decreasing of share capital	Jul. 19, 2010				–19,450	
2010	Targeted share issue	Oct. 18, 2010	0.70	2,000,000	0	0	2010
2013	Targeted share issue	Jul. 12, 2013	0.74	5,243,243	0	0	2013
2013	Share issue	Oct. 18, 2013	0.69	8,000,000	0	0	2013
2018	Share issue	Dec. 19, 2018	0.03	365,863,897	0	0	2018
2020	Reverse split	28.2.2020		-413 204 053	0	0	
2020	Share capital reduction	23.6.2020				-14 900	
Share capital 31.12.2020				8 432 735 pcs		100 (1 000 EUR)	

Share capital 31.12.2020	8 432 735 pcs
Own shares 31.12.2020	69 249 pcs
Shares outstanding 31.12.2020	8 363 486 pcs

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF HOLDING, DECEMBER 31, 2020

Low limit	High limit	Owners	Owners %	Total number of shares and votes pcs	Shares and votes %
1	100	2741	63,22	67 206	0,8
101	500	901	20,78	228 152	2,71
501	1000	278	6,41	210 414	2,5
1001	5000	299	6,9	676 204	8,02
5001	10000	52	1,2	371 015	4,4
10001	50000	46	1,06	967 100	11,47
50001	100000	4	0,09	283 698	3,36
100001	500000	12	0,28	2 659 788	31,54
500001	-	3	0,07	2 969 158	35,21
Total		4336	100	8 432 735	100
of which nominee registered		11		723 376	8,58
On wait list, total		0		0	0
In joint account				0	0
In special accounts total				0	0
Total				8 432 735	100

Sector name	Owners pcs	Owners %	Shares pcs	Shares and votes %
Enterprises total	160	3,69	4 484 598	53,18
Financial- and insurance institutions total	12	0,28	170 006	2,02
Households total	4139	95,46	2 773 326	32,89
Non-profit organizations total	9	0,21	275 551	3,27
Outside Finland	16	0,37	5 878	0,07
Total	4336	100	7 709 359	91,42
of which nominee registered				
On wait list, total			0	0
In joint account			0	0
In special accounts total			0	0
Total			8 432 735	100

THE 20 LARGEST SHAREHOLDERS, DECEMBER 31, 2020

	Shares pcs	Shares and votes %
JUSSI CAPITAL OY	1 593 709	18,9
RAUSANNE OY	868 509	10,3
SOINITILAT OY	506 940	6,01
4CAPES OY	457 200	5,42
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINGIN SIVUKONT-TORI	342 470	4,06
HEININEN JAAKKO MAURI	326 606	3,87
YLEINEN TYÖTTÖMYYSKASSA YTK	230 000	2,73
HEININEN PEKKA TAPANI	215 424	2,55
ADAFOR OY	211 649	2,51
DANSKE BANK A/S HELSINKI BRANCH	208 406	2,47
HEININEN INVEST OY	156 181	1,85
LAAKKOSEN ARVOPAPERI OY	137 153	1,63
ARVOJYVA OY	134 565	1,6
UMO CAPITAL OY	120 125	1,42
LAAKKONEN MIKKO KALERVO	120 009	1,42
EVLI PANKKI OYJ	93 400	1,11
ENEDO OYJ	69 249	0,82
SAXO BANK A/S	67 049	0,8
PYYKÖNEN RIKU TAPANI	54 000	0,64
GRIPENBERG JARL, KUOLINPESÄ	50 000	0,59
Total	5 962 644	70,71

Shareholdings of the management and board of directors on 31.12.2020:

Total shareholdings	16 398 pcs
Shares	8 432 735 pcs
Proportion of shares and votes	**0,19 %**