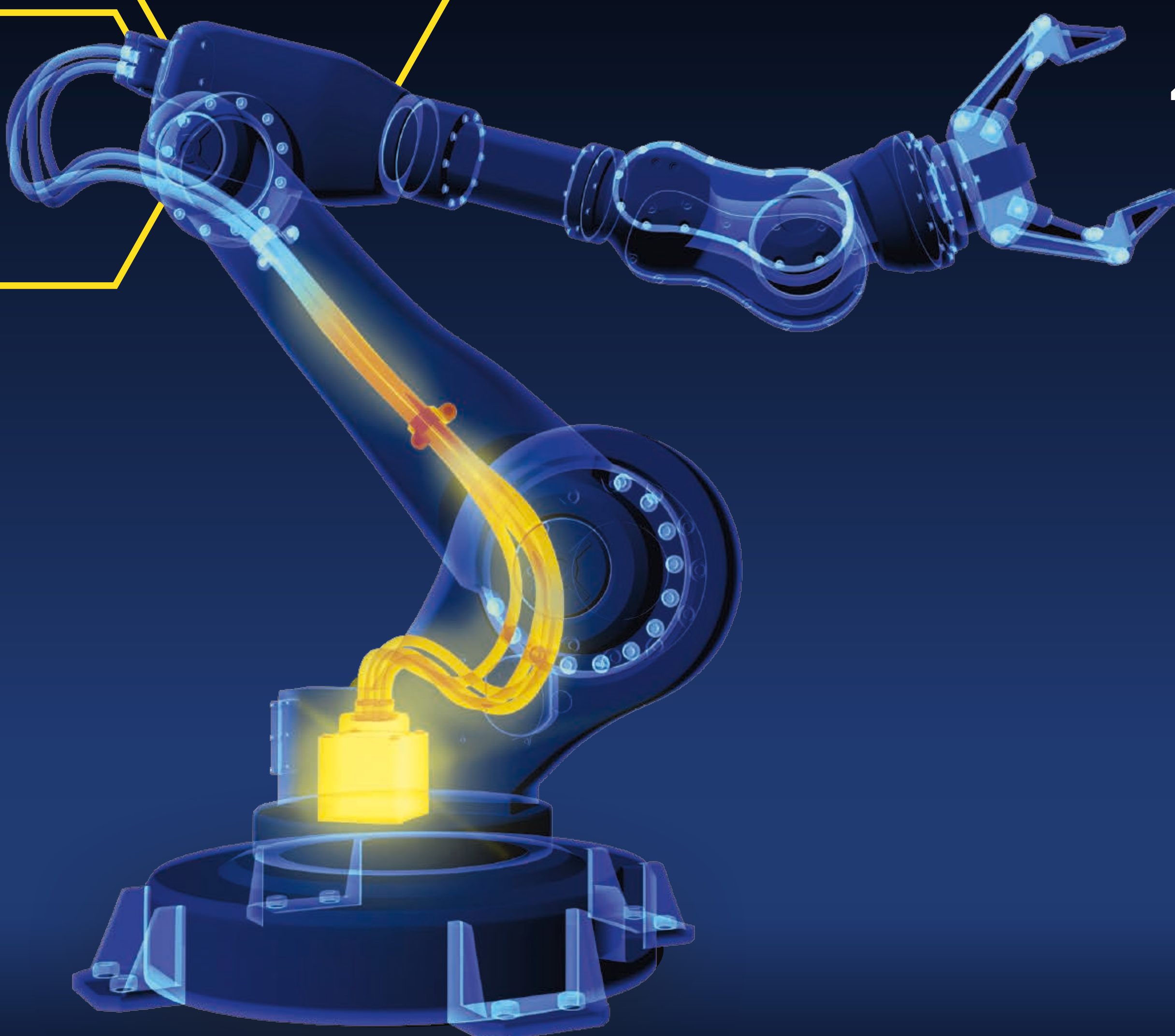
EFORE'S YEAR 2019



EFORE
TRUSTED POWER PARTNER

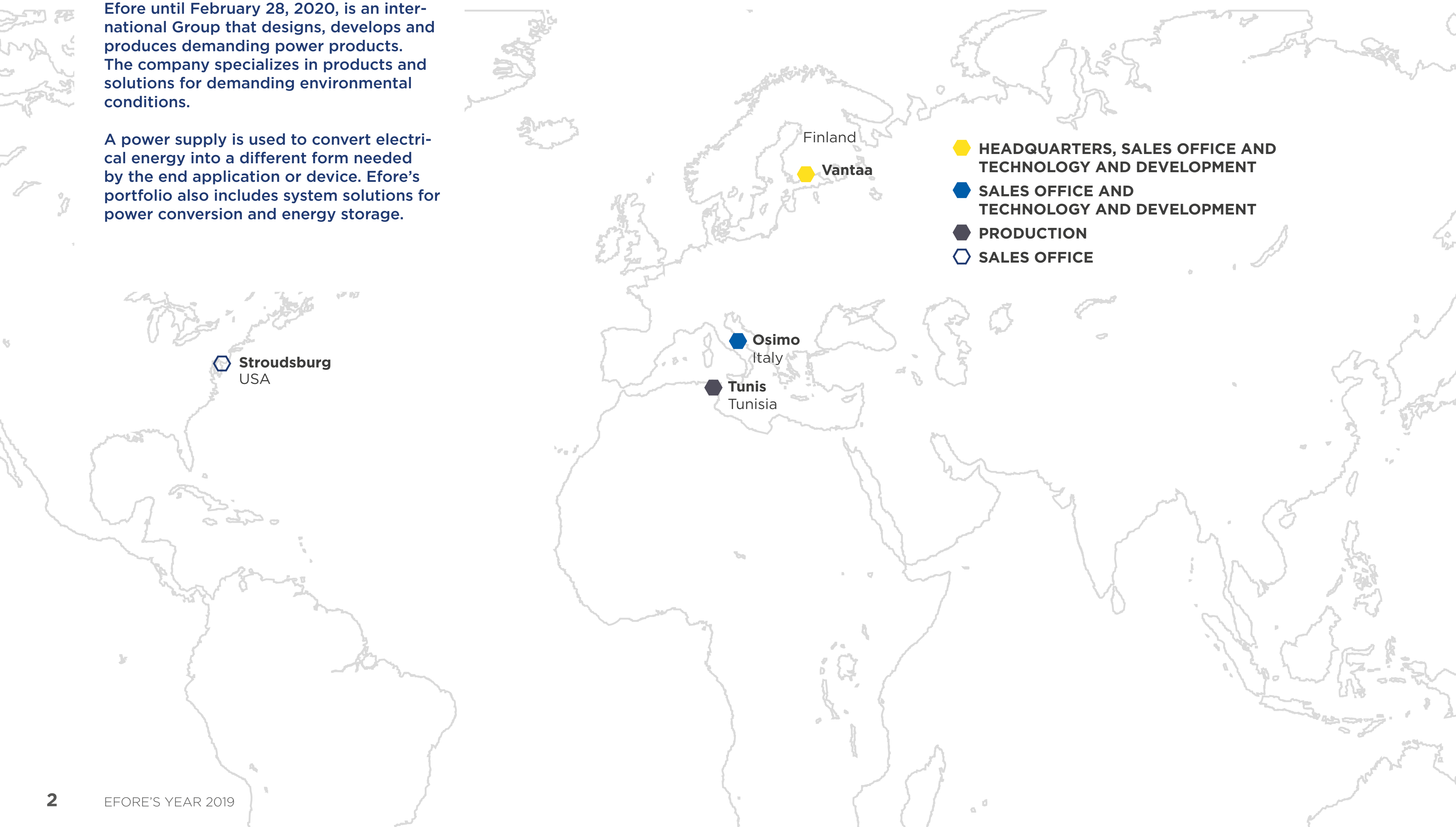
Effective from 28 February 2020, the name of the company is Enedo Plc

CONTENTS

THE GROUP IN BRIEF

Enedo, established in 1973 and known as Efore until February 28, 2020, is an international Group that designs, develops and produces demanding power products. The company specializes in products and solutions for demanding environmental conditions.

A power supply is used to convert electrical energy into a different form needed by the end application or device. Efore's portfolio also includes system solutions for power conversion and energy storage.



FINANCIAL YEAR 2019 IN BRIEF

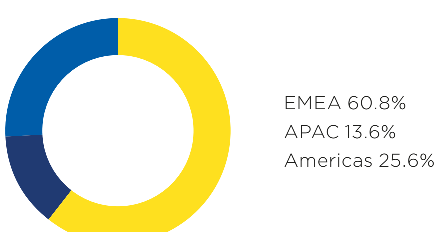
Key figures		2019	2018
Net sales	MEUR	**43.3**	33.7
Adjusted EBITDA	MEUR	**1.2**	-0.6
EBITDA	MEUR	**1.1**	-1.1
Adjusted operating profit/loss	MEUR	**-2.4**	-3.3
Operating profit/loss	MEUR	**-2.6**	-3.8
Profit/loss before taxes	MEUR	**-2.7**	-4.8
Profit/loss for the period	MEUR	**-2.6**	-4.1
Return on equity (ROE) *	%	**-39.2**	-95.4
Return on investment (ROI) *	%	**-9.2**	-35.4
Cash flow from operating activities	MEUR	**-0.5**	-2.8
Net interest-bearing liabilities	MEUR	**12.6**	9.4
Solvency ratio	%	**11.5**	20.6
Net gearing	%	**342.1**	100.6
Earnings per share	EUR	**-0.01**	-0.08
Equity per share	EUR	**0.01**	0.02
Dividend per share	EUR	**-**	-
Share price on December 31	EUR	**0.05**	0.04
Market capitalization on December 31	MEUR	**22.1**	16.9
Personnel, average		**388**	324

* 2018 has not been restated to continuing operations

The Group's annual report for 2019 describes the development of continuing operations after the sale of the Telecom business unless otherwise indicated.

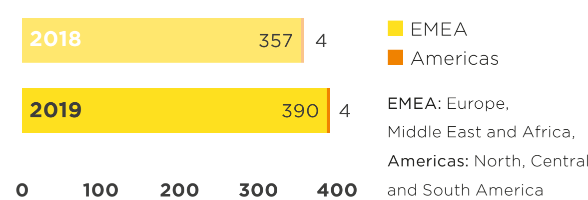
- The Group's financial performance during the financial year showed development in the right direction, but the results fell short of our expectations due to delivery capability challenges during the second half of the year.
- The financial guidance issued by the Group was realized. Net sales for 2019 amounted to EUR 43.3 million and Adjusted EBITDA was positive by a clear margin at EUR 1.2 million.
- The most significant driver of net sales growth was the Powernet acquisition made in late 2018, but organic growth was also achieved, supported by new products.
- The cost structure was reduced and profitability improved as a result of the divestment of the Telecom business. The sale of the Telecom business was completed on November 28, 2019.

Net sales by area



Solvency ratio, %

Personnel by geographical area on December 31



"IN THE LONG RUN, THE GROUP'S FUTURE AS A COMPANY FOCUSING FULLY ON INDUSTRIAL BUSINESS LOOKS PROMISING."

The Group had a year of major changes in 2019, with the sale of the Telecom business, which had been worked on since spring 2018, being completed at the end of November. Efore's previous DC Systems product line was also combined with Powernet Oy, which was acquired in late 2018. These restructuring measures establish the foundation for Efore 2.0 and achieving a turnaround in the Group's financial performance.

The financial result for 2019 showed development in the right direction and we fulfilled the guidance that we had issued to the market regarding our full-year performance, although the development of net sales was at the lower end of the range given. EBITDA (adjusted for items affecting comparability) was clearly positive, but it was nevertheless below our expectations. Our result for the financial year again showed a loss.

The full-year net sales of continuing operations grew compared to 2018 but fell short of our expectations. This was particularly due to challenges related to the delivery capability of the production plant in Tunisia in the second half of the year in particular, temporary delivery difficulties caused by the restructuring of production in the Systems business, and the slower than expected recovery in the rail business during the second half.

During the fall of 2019, we started the consolidation of Systems module production from the plant in Tunisia to a contract manufacturer in Estonia. The goal of the transfer is to focus production in Tunisia solely on products for Italy, bring the production of Systems products closer to our main markets, and prepare for the growth in net sales and production that we expect in 2020. The transfer of Systems production from Tunisia to Estonia will be completed during the first half of 2020.

Efore Group's full-year cash flow from operating activities was negative particularly due to delays in the sale of the Telecom business. This was also partially influenced by challenges related to the delivery capability of products under continuing operations and the slow recovery of demand for rail business products.

The demand for products other than rail business products remained good in the second half of the year, but we were not fully able to meet the demand. The delivery capability of the plant in Tunisia was improved toward the end of the second half of the year, particularly by implementing corrective measures related to production planning and control.

Demand for the next-generation Modular High Efficiency (MHE) rectifier product as well as the related Systems solutions and high efficiency LED Driver (DLD1500) was especially good during the second half of the year. The MHE product was launched in late 2018 and production began in Tunisia during the first half of the year. Sales of the DLD1500 product started at the beginning of 2019 and the demand and customer interest showed positive development. Both of these products will play an important role in the development of net sales in 2020.

The demand for rail business products picked up after the first half of the year, but the recovery was slower than expected. To speed up the changes and our growth, we took corrective action by signing a cooperation agreement with a partner that focuses solely on rail customers in Central Europe. The situation showed clear signs of recovery toward the end of the year and the same development continued in the early part of 2020. Orders from customers in the rail business and the expectations regarding new orders are promising at present.

The restructuring of the Telecom business with Chinese power supply manufacturers was completed after the Group had worked on the arrangements for a long time. On July 31, 2019, Efore's Board of Directors approved the offer by Shenzhen Kexin Communication Technologies Co. Ltd to acquire Efore's Telecom business. The transaction was closed on November 28, 2019.

The Group had a very eventful year in 2019 as a whole. The goal of the measures taken during the year was to establish a foundation for the future, which we have referred to as "Efore 2.0". We launched the Group's new name Enedo and updated strategy on February 25, 2020.

The competence of the Group's personnel, new products, and customer interest in the products as well as the operational changes implemented at the beginning of 2020 put the Group in a good position to move forward. In the long run, the Group's future as a company focusing fully on industrial business looks promising.

Vesa Leino
President and CEO

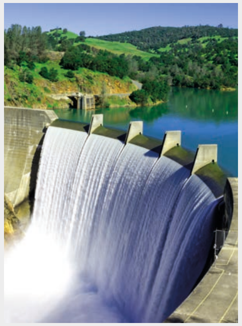
BUSINESS OPERATIONS

The company designs, develops and manufactures demanding power supply products and solutions. It specializes in products and solutions for demanding environmental conditions. The company's portfolio also includes system solutions for power conversion and energy storage.

	PRODUCTS	APPLICATION AREAS

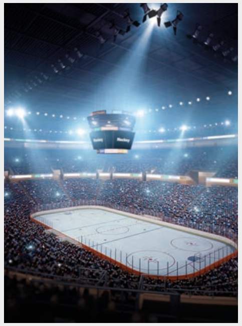
Digital Power Systems


- Power supply products and highly customized power supply solutions
- For use especially in demanding operating environments

Digital Power and Light

- Customized products for industrial uses and LED power supplies for lighting end products

CORNERSTONES OF OPERATIONS

Enedo's (formerly Efore Plc) mission, "Smart Solutions for Electric Future", is to produce efficient and high-quality power electronics products and systems to meet the current and future needs of its customers. Enedo is involved in the electrification and digitalization of its customers' businesses and operating environments, thus helping to create more favorable conditions for sustainable development.

CORNERSTONES OF OPERATIONS

LIFE-CYCLE APPROACH

- Delivering complex power supply solutions to demanding markets
- Focus on own product development and innovation – development of intelligent, customizable, modular and complex systems in close collaboration with key customers
- Optimizing life-cycle costs

PARTNERSHIPS

- Strengthening own technologies, product development know-how and capacity in cooperation with partners
- Producing simpler products with partners specializing in mass production
- In life-cycle management and maintenance, own resources supported by partners

INTELLIGENT TAILORING

- Regional market knowledge – ability to understand customer needs
- Utilizing modular product platforms in combination with customer-specific tailoring – cost-efficient and fast customer service

COST EFFICIENCY

- Support system reforms
- Better availability of raw materials
- Cost management through partnerships

ENEDO – ENERGY AND THE SPIRIT OF GETTING THINGS DONE

The sale of the Telecom business and the Efore brand to Shenzhen Kexin Communications Ltd was completed on November 28, 2019. This created the need to build a new brand identity.

Enedo's brand identity, strategy, name and logo were published at a launch event on February 25, 2020, after the company's Extraordinary General Meeting had approved the name change.

The name officially changed to Enedo on February 28 when the resolution of the General Meeting was entered in the trade register.

The new name, Enedo, combines "energy" and the spirit of getting things done. The core message of the company story is summarized in the slogan Reshaping Electricity and the tagline Amps With Passion, which emphasizes the passion the company has for what it does.

The logo reflects the slogan's idea of reshaping electricity for a specific purpose.

The new brand identity puts us in a good position to start the implementation of our strategy under a harmonized and renewed operating model.

Enedo
RESHAPING ELECTRICITY

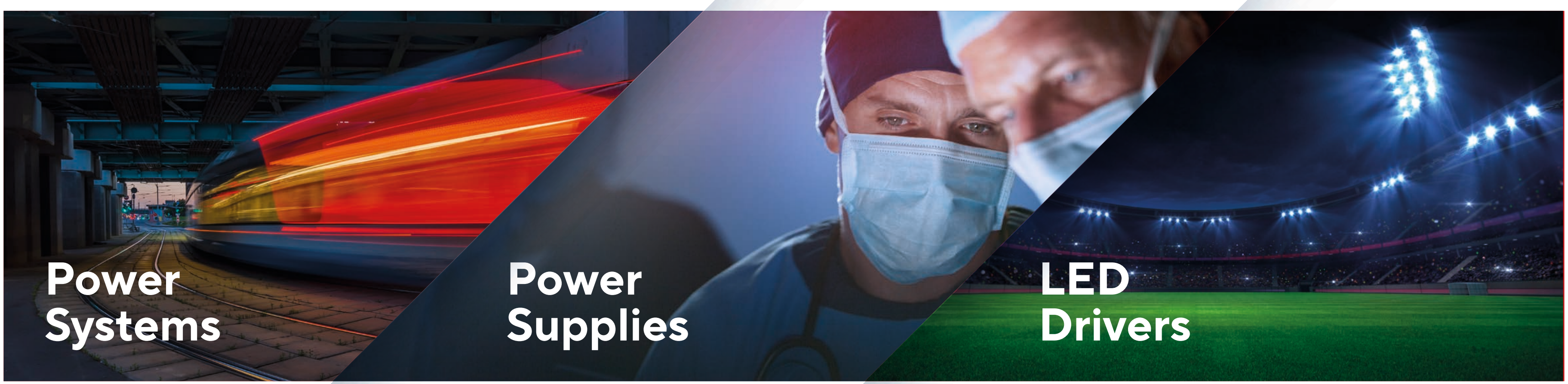
UPDATED STRATEGY

The world runs on electricity and the trend of electrification will only grow stronger. However, electricity needs to be reshaped to meet the demands of increasingly sensitive and vulnerable systems. This means that the market for high-quality power supply solutions designed for specific purposes will grow at an increasing rate.

We focus on the agile and flexible delivery of solutions designed together with the customer. Our understanding of the needs of our customers enables us to help them grow their business with our intelligent and unique power supply solutions.

Our solutions are scalable to customers in different industries. We achieve economies of scale through the flexible production of standardized and customizable products and systems.

Enedo's offering is grouped into three product categories: **power systems, LED drivers and power supplies**. The products in the power systems category are particularly well suited to ensuring power supply for industrial processes, even under challenging conditions. Enedo's LED drivers are used in demanding lighting projects and in products in which product attributes and quality are the key factors. The power supplies category consists of high-quality power sources and chargers for high-efficiency electronics designed to suit individual customer needs as well as highly demanding power supply conditions.



MEGATRENDS SUPPORT COMPANIES SPECIALIZING IN ADVANCED POWER SOURCE TECHNOLOGY

Electronic equipment cannot use electricity directly from the power grid. Instead, they need a power source to convert the current electrical energy into different form. In the end product, the power source is typically a component that is not visible from the outside.

There is no demand for power sources in themselves. Their demand depends on the demand for end products, such as mobile phone network base stations or industrial robots. Since the demand for power sources is derived from the demand for end products in this manner, the long-term growth of the power source market is linked to the growth of the amount of electronic equipment used.

The size of the global power source market is approximately USD 35 billion. Power sources manufactured by original equipment manufacturers (OEMs), themselves account for approximately a third of the market, with the remaining two-thirds being the commercial market in which power source manufacturers operate. The typical customers of power source companies are OEMs, in whose end products the power source is a key component. Power source manufacturers sell their products to OEMs either directly or through wholesalers or distributors.

In 2019, the size of the commercial power source market was estimated to be approximately USD 23 billion. The average annual market growth in the coming years is estimated to be 5,6 percent, which would make the size of the market USD 24–25 billion in 2020. While the market as a whole is growing, certain segments within it are seeing much faster growth.*

The 10 largest players in the commercial power source market control about half of the market, with the other half divided between approximately a thousand companies. This means that medium-sized operators, such as Enedo, have the opportunity to increase their market share through special expertise or significant accounts.

Slightly over half of the global commercial power source market consists of products whose research and development is the result of close cooperation between an OEM and a power source manufacturer. These are known as customized products.

Non-customized products sold to various industries and customers are referred to as standardized products. A standardized power source is not, however, a bulk product for which price is the only crucial buying criterion. The reason for this is that there are significant differences in the attributes of standardized power sources, such as their size and efficiency.

The power source market is influenced by several increasingly important global megatrends that support power source manufacturers with advanced technological expertise in particular. The growing use of LED lighting, for example, supports the market for a certain segment of power sources, because LED lighting always needs a separate power source. In the manufacturing industries, the increasing use of automation and new technologies are leading to higher demand for power sources.

Enedo's primary target market consists of transport, healthcare, the defense and aerospace industry, manufacturing and LED lighting. The market research company MicroTech Consultants (MTC) Estimates that all of the segment in the company's target market will grow in 2019–2022.

* Source: MTC and IHS Markit AC-DC & DC-DC Merchant market & external power adapters report 2018

REPORT OF THE BOARD OF DIRECTORS 2019

Enedo Plc (formerly Efore Plc) is an international Group that develops and produces demanding power products. In 2019, Enedo complied with the Insider Guidelines issued by Nasdaq Helsinki Ltd as well as the Finnish Corporate Governance Code 2015 for Listed Companies issued by the Securities Market Association.

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

GROUP STRUCTURE

At the end of the financial year, the Group consisted of the parent company Enedo Plc (formerly Efore Plc) and its directly or indirectly wholly owned operational subsidiaries Efora SpA in Italy, Efore Sarl in Tunisia, Efore, Inc. in the United States, Powernet International Oy in Finland and Efore Powernet Oy in Finland. The other subsidiaries were Efore (USA) Inc. in the United States, Efore (Suzhou) Automotive Technology Co., Ltd in China, Efore OU in Estonia and Efore (Hongkong) Co. Ltd in China.

Powernet International Oy and its subsidiary Powernet Oy became part of the Group structure as of December 31, 2018.

On July 31, 2019, the company's Board of Directors approved the offer by Shenzhen Kexin Communication Technologies Co. Ltd to acquire the Group's Telecom business. The transaction was closed on November 28, 2019.

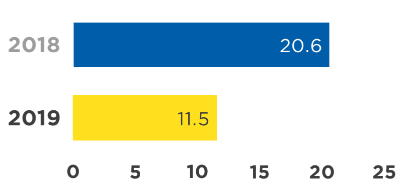
The Group classified the Telecom business according to IFRS 5 as a discontinued operation on July 31, 2019. Starting from August 1st 2019 no depreciations and amortisations were recognised in the Telecom business.

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

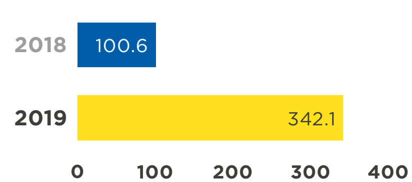
Net sales totaled EUR 43.3 million (33.7 million). New products and especially high-power LED drivers and the Powernet acquisition made in December 2018 contributed positively to growth. On the other hand, weakened delivery capability in the second half weakened the growth of net sales.

Operating profit for the year was EUR -2.6 million (EUR -3.8 million). The improvement in operating profit was due to increased net sales and reduced fixed expenses. The adjusted operating profit was EUR -2.4 million (EUR -3.3 million). Operating profit includes impairment of EUR 0.2 million recognized on capitalized development expenses.

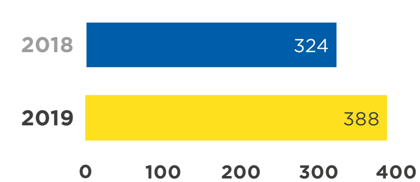
Solvency ratio, %



Gearing, %



Personnel, average



Reconciliation of comparable operating profit

ADJUSTED OPERATING PROFIT/LOSS (MEUR), continuing operations

	1–12/2019 12 months	1–12/2018 12 months
Operating profit/loss	**-2.6**	-3.8
Adjustments to operating profit/loss		
Transaction costs related to the acquisition of Powernet International		0.3
Advisory fees related to unrealized projects		0.1
Restructuring costs related to personnel	**0.1**	0.1
Production reorganization	**0.2**	
Provision release relating to a claim	**-0.2**	
Efore 2.0 planning-related expenses	**0.1**	
Adjustments to operating profit/loss total	**0.2**	0.5
Adjusted operating profit/loss total	**-2.4**	-3.3

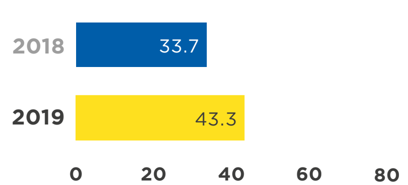
INDUSTRIAL BUSINESS DEVELOPMENT

At the end of 2018, the Digital Power & Light product range was expanded with new product launches and sales started well in 2019. The new 1,500 W LED driver, launched in 2018, improved net sales to a very good extent. These products are used in the lighting of sports stadiums and airports, for example. There has been a clear increase in interest in higher efficiency products, which supports the strategy and creates the basis for net sales growth. Deliveries of the Strato EVO product line started well in 2019. The Strato EVO products, especially designed for interior, architectural and outdoor lighting, are a continuation of the successful Strato family, which was developed earlier.

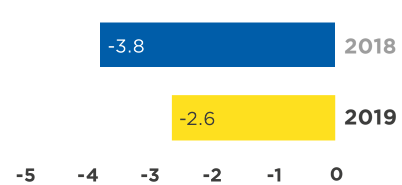
Demand for the next-generation Modular High Efficiency (MHE) rectifier product was good during the second half of the year. The MHE product was launched in late 2018 and production began in Tunisia during the first half of the year. However, the transfer of module production of Systems products from the Tunis plant to a contract manufacturer in Estonia during the second half of the year caused temporary delivery challenges.

Demand for the rail solutions obtained through the acquisition of Powernet was a slight disappointment at the beginning of the year in particular. However, the outlook of the business picked up after early spring and we received new orders, signaling a turnaround in demand.

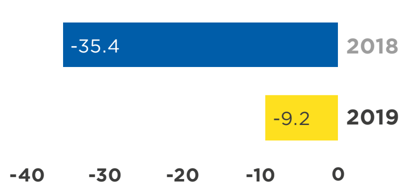
Net sales, MEUR



Operating profit/loss, MEUR



Return on investment (ROI), %*



* 2018 has not been restated to continuing operations

MARKET OUTLOOK

In the Industrial business, power supplies for LED lighting, measuring equipment, healthcare equipment and infrastructure continue to offer several growth opportunities. Enedo will be investing in customer segments where high reliability and long product life-cycles are key business drivers.

SHORT-TERM RISKS AND UNCERTAINTIES

The general economic development may have an effect on Enedo's business environment. Due to the nature of its business, the Group faces some notices of defects, and their final outcome cannot be predicted. Based on the current information, these claims are not expected to have a material impact on the Group's financial position. The company is in ongoing negotiations regarding an adjustment to the transaction price concerning the sale of the Telecom business.

The most significant business risks are related to the market success of key customers' products. The progress of the Group's product development projects depends partly on the customers' project schedules. Furthermore, demand fluctuations typical of the market cause rapid changes in the Group's business.

The delivery times for the components that the company requires are partly long and there may be occasional difficulties in the availability of certain components, which may affect delivery capability. The impact of the coronavirus outbreak on the supply chains of component manufacturers used by the company is not yet known, but this may have a temporary impact, especially on the availability of components and products to be purchased in the first half of the year. The company no longer has its own production facilities in China.

Expanding the product portfolio to include system-level solutions in the Industrial business may lead to an increased product liability risk.

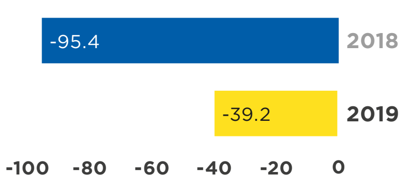
There are some risks related to the adequacy of financing, and the company aims to manage these risks through the active planning and implementation of the different options.

DIVESTMENT OF THE TELECOM BUSINESS

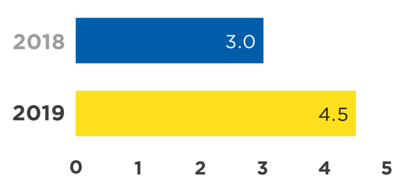
On July 31, 2019, the company's Board of Directors approved the offer by Shenzhen Kexin Communication Technologies Co. Ltd to acquire the Group's Telecom business. The acceptance of the offer ended the Group's ongoing negotiations to establish a joint venture with another Chinese power supply partner. The transaction was closed on November 28, 2019.

The subject of the transaction was the Group's entire telecommunications business, including products supplied to customers and the Efore brand and name. As a result of the transaction, 73 of the Group's employees in Finland, China and Sweden transferred to the new owner as existing employees. After

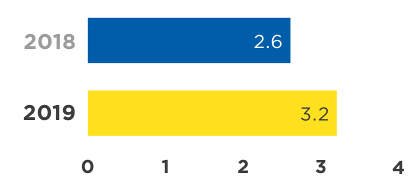
Return on equity (ROE), %*



Product development costs, MEUR



Gross investments, MEUR



* 2018 has not been restated to continuing operations

the transaction, the telecommunications business will continue in Wuxi and Suzhou, China, as well as in the company's offices in Espoo and Tampere, with all leases transferred to the buyer.

The debt and cash free purchase price (enterprise value) of the divested business was EUR 6.0 million and the estimated purchase price of the shares was EUR 3.5 million. The purchase price paid in cash was EUR 3.1 million. The parties also agreed on an escrow purchase price arrangement placing EUR 0.4 million on the escrow account for one year after the transaction. A non-recurring loss of EUR 0.6 million was recognized on the transaction, including the related transaction expenses. Note 3 provides additional information about the impact of discontinued operations on the result for the period and cash flow.

INVESTMENTS AND PRODUCT DEVELOPMENT

The Group's continuing operations' investments during the year amounted to EUR 3.2 million (EUR 2.6 million), which includes capitalization of product development costs amounting to EUR 2.1 million (EUR 1.6 million). At the end of the year, the capitalized product development investments amounted to EUR 5.4 million (EUR 9.4 million).

During the financial year, the Group recognized an impairment of EUR 0.2 million in the capitalized product development costs due to a change in the volume expectations of a single product for a certain customer in the Digital Power Systems business.

For continuing operations, product development expenditure during the financial year amounted to EUR 4.5 million (EUR 3.0 million), of which EUR 2.1 million (EUR 1.6 million) was capitalized and EUR 2.4 million (EUR 1.4 million) was recognized as an expense, corresponding to 5.5% (4.3%) of net sales.

During the financial year a loss of EUR 15.1 million, including transaction expenses, was recognized in the parent company resulting from the disposal of subsidiary shares related to the Telecom business.

FINANCIAL POSITION

The net interest-bearing liabilities were EUR 12.6 million (EUR 9.4 million) at the end of the financial year. The Group's continuing operations' net financial expenses were EUR -0.2 million (EUR -1.0 million). Net financial expenses include EUR 0.7 million in income resulting from releasing an earn-out provision related to the Powernet acquisition and EUR 0.3 million in profit from divesting the minority share in VOX Power Ltd. The adoption of IFRS 16 had an effect of EUR -0.1 million on net financial expenses and the adoption of the standard increased net financial liabilities by EUR 1.1 million as of the end of the financial year.

Cash flow from operating activities in January–December was EUR -0.5 million (EUR -2.8 million). The negative cash flow is attributable to the loss for the period and the increase of net working capital in the Telecom business in the second half of the year in particular. Cash flow after investments was EUR -1.3 million (EUR -9.6 million). The cash flow impact of discontinued operations is presented in note 3. The Group's solvency ratio at the end of December was 11.5% (20.6%) and the net gearing ratio was 342.1% (100.6%).

Cash and cash equivalents totaled EUR 1.1 million (EUR 3.7 million) at the end of the financial year. At the end of December, the Group had undrawn credit facilities, excluding factoring limits, amounting to EUR 2.2 million (EUR 1.5 million). The balance sheet total was EUR 32.1 million (EUR 45.7 million).

On July 31, 2019, Enedo Plc agreed on EUR 1.0 million in short-term bridge financing with Jussi Capital Oy. The purpose of the short-term financing arrangement was to finance the increased net working capital of the Telecom business and to secure the divestment of the Telecom business. The short-term financing agreement with Jussi Capital Ltd was carried out on market terms.

According to its strategy, the Group is planning on harmonizing its debt financing by the summer of 2020. The purpose is to provide adequate resources to execute the strategy and to improve the use of capital. Related to the plans for harmonizing financing, Enedo Plc agreed on a stand-still agreement with its main financier bank and Jussi Capital Oy. During the stand-still period, the covenants of the parent company are not measured.

ENVIRONMENTAL POLICY AND OBLIGATIONS

The Group's environmental systems are developed and maintained according to the international ISO 14001:2004 standard. All of the Group's product development and production sites are certified according to the standard.

The products are designed to meet the requirements of the European Union's WEEE (Waste Electrical and Electronic Equipment) Directive. Product development is based on the guidelines of the EuP (Energy-using Products) Directive in order to minimize the use of natural resources related to the products.

The Group's production facility is equipped for lead-free production in accordance with the RoHS (Restriction of the use of certain Hazardous Substances) Directive. Lead-based production processes can also be employed, if necessary, to meet product requirements.

The recycling of electronics and metal waste is carried out in partnership with specialized service providers. Chemical waste is collected and transported to service providers who specialize in hazardous waste disposal.

No environmental risks or obligations having an impact on the company's financial position have emerged by the date of publication of the financial statements.

PERSONNEL

The average number of personnel in the Group's continuing operations was 388 (324) during the financial year. The average number of personnel for the comparison period does not include the personnel of Powernet. Powernet had 27 employees at the end of 2018. At the end of the financial year, the Group had 394 (361) employees, including Powernet's personnel.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

At the end of financial year, the Group's Board of Directors consisted of Tuomo Lähdesmäki (Chairman of the Board), Taru Narvanmaa (Deputy Chairman of the Board), Antti Sivula (Member of the Board) and Matti Miettunen (Member of the Board).

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, Chairman of the Executive Management Team and head of Digital Power Systems), Olli Mustonen (Finance and ICT), Carlo Rosati (Digital Power and Light) and Ruben Tomassoni (Operations).

AUDITORS

The Annual General Meeting held on April 11, 2019, re-elected KPMG Oy Ab as the company's auditor. Authorized Public Accountant Henrik Holmbom served as the responsible auditor.

SHARE, SHARE CAPITAL AND SHAREHOLDERS

At the end of the financial year, the number of outstanding shares was 418,130,168 (418,130,168).

At the end of the financial year, Enedo Plc held 3,506,620 (3,506,620) of its own shares.

The highest share price during the financial year was EUR 0.070 (EUR 0.217) and the lowest price was EUR 0.037 (0.030). The average price during the year was EUR 0.057 (EUR 0.101) and the closing price was EUR 0.052 (EUR 0.038). Calculated based on the final trading price at the end of the financial year, the market capitalization was EUR 22.1 million (EUR 16.9 million).

The total number of the company's shares traded during the financial year was 81.5 million (39.0 million), which corresponds to 9.3% (16.9%) of the total number of shares. At the end of the financial year, Enedo Plc had 421,636,788 (421,636,788) fully paid-up shares and 4,261 (4,131) shareholders.

FLAGGING NOTIFICATIONS

Skandinaviska Enskilda Banken AB's share of ownership and votes in Enedo Plc fell below the 5 percent threshold on January 2, 2019.

The total amount of shares and votes in Enedo Plc owned by Jaakko Heininen, Pekka Heininen and companies controlled by them (Heininen Invest Oy, Arvojyvä Oy and Tulos-Jyvä Oy) exceeded the 10-percent threshold on June 5, 2019.

DECISIONS BY THE GENERAL MEETING

Enedo Plc's Annual General Meeting was held in Espoo on April 11, 2019. The Annual General Meeting adopted the financial statements of the Group and its parent company for the financial year January 1, 2018–December 31, 2018 and discharged the Board of Directors and the CEO from liability for the past financial year.

The Annual General Meeting approved the proposal of the Board of Directors not to distribute any dividend for the financial period that ended on December 31, 2018.

In accordance with the proposal of the Shareholders' Nomination Board, the Annual General Meeting set the number of the members of the Board of Directors at four. Tuomo Lähdesmäki, Matti Miettunen, Taru Narvanmaa and Antti Sivula were re-elected as members of the Board of Directors for a term ending at the close of the Annual General Meeting 2020.

Authorized Public Accountants KPMG Oy Ab was re-elected as the company's auditor. KPMG Oy Ab has indicated that Authorized Public Accountant Henrik Holmbom will serve as the responsible auditor. The elected auditor shall be reimbursed according to the reasonable invoice of the auditor.

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 84,320,000 shares, corresponding to approximately 20.0% of all the shares in the company.

The Board of Directors decides on all the terms and conditions of the issuance 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 replaces the authorization given by the Annual General

Meeting on April 12, 2018, 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, however, no longer than until June 30, 2020.

ESTIMATE OF FINANCIAL DEVELOPMENT IN THE 2020 AND 2021 FINANCIAL PERIODS

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

THE BOARD'S DIVIDEND PROPOSAL

The Board of Directors proposes to the Annual General Meeting of April 24, 2020, that no dividend be distributed.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

On February 3, 2020, Enedo Plc called an Extraordinary General Meeting to decide on a reverse share split, the company's new name, domicile and reduction of share capital. The Extraordinary General Meeting was held on February 25, 2020.

In accordance with the proposal of the Board of Directors, the Extraordinary General Meeting resolved to amend the Articles of Association so 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, in accordance with the proposal of the Board of Directors, that the company's registered share capital be reduced from EUR 15,000,000 by EUR 14,900,000 to EUR 100,000 and that the reduced amount of EUR 14,900,000 be transferred to the reserve for invested unrestricted equity.

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 reverse share split date (hereinafter referred to as the "Transaction Day"), on the basis of which the number of shares to be transferred to and redeemed from a shareholder is determined, was February 27, 2020. The reverse share split was carried out in the book-entry system after the stock market trading ended on the Transaction Day.

The Extraordinary General Meeting resolved on the proposal of the Board of Directors to amend the authorization given by the Annual General Meeting on April 11, 2019, to issue shares as well as option rights and other special rights so that the authorization would comprise a total of a maximum of 1,686,500 shares, which corresponds to approximately 20 percent of the shares in the company after the registration of the share split.

Enedo Plc's Shareholders' Nomination Board prepared proposals on the composition of the Board of Directors and the remuneration of the Board of Directors to the Annual General Meeting. The proposals were published in a stock exchange release on March 3, 2020.

Efore Powernet Oy, subsidiary of the Group, name was changed. New name of the company is Enedo Finland Oy and it was registered on 20th March 2020.

After the end of the financial year, the coronavirus (COVID-19) that originated in China and has spread throughout the world has created economic and market uncertainty. Many countries have restricted the movement of their citizens and implemented other exceptional measures to prevent the spread of the virus and mitigate its impacts. The impacts of the coronavirus pandemic on the operations of Enedo (formerly Efore) cannot be precisely evaluated at the present time, but there may be effects related to component availability, the delivery capability of subcontractors, or the availability of purchased products or customer demand.

For the reasons set out above Enedo started employee co-operation negotiations in all operations. Company gave a stock exchange release on the matter on 23th March 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, EUR 1,000

Continuing operations	Note	Jan. 1–Dec. 31, 2019	Jan. 1–Dec. 31, 2018
NET SALES	1	**43,312**	33,661
Change in inventories of finished goods and work in progress		**-114**	84
Work performed for own purposes and capitalized		**298**	133
Other operating income	4	**370**	176
Materials and services	5	**-28,381**	-22,473
Employee benefits expense	6	**-9,545**	-7,400
Depreciation and amortization	7	**-3,457**	-2,341
Impairment	7	**-195**	-343
Other operating expenses	8	**-4,878**	-5,312
Operating profit/loss		**-2,590**	-3,816
Financing income	9, 11	**1,453**	599
Financing expenses	10, 11	**-1,611**	-1,613
PROFIT/LOSS BEFORE TAXES		**-2,747**	-4,829
Tax on income from operations	12	**187**	687
Profit/loss of continuing operations		**-2,560**	-4,142
Discontinued operations			
Profit/loss of discontinued operations	3	**-2,436**	-3,684
PROFIT/LOSS FOR THE PERIOD		**-4,997**	-7,827
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		**-109**	26
		-109	26
Items that may be reclassified subsequently to profit or loss			
Translation differences, continuing operations		**-135**	-37
Translation differences, discontinued operations		**-476**	
		-611	-37
TOTAL COMPREHENSIVE INCOME		**-5,717**	-7,837

Continuing operations	Note	Jan. 1–Dec. 31, 2019	Jan. 1–Dec. 31, 2018
Net profit/loss for continuing operations, attributable to			
Owners of the parent company		**-2,560**	-4,142
Non-controlling interests		**0**	0
Net profit/loss for discontinued operations, attributable to:			
Owners of the parent company		**-2,436**	-3,684
Non-controlling interests		**0**	0
Net profit loss attributable to			
Owners of the parent company		**-4,996**	-7,827
Non-controlling interests		**0**	0
		-4,997	-7,827
Total comprehensive income for continuing operations attributable to:			
Owners of the parent company		**-2,804**	-4,153
Non-controlling interests		**0**	0
Total comprehensive income for discontinued operations attributable to:			
Owners of the parent company		**-2,912**	-3,684
Non-controlling interests		**0**	0
Total comprehensive income attributable to:			
Owners of the parent company		**-5,716**	-7,837
Non-controlling interests		**0**	0
		-5,717	-7,837
EARNINGS PER SHARE CALCULATED ON PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Earnings per share for continuing operations, EUR	13	**-0.01**	-0.08
Earnings per share for discontinued operations, EUR	13	**-0.01**	-0.07
Earnings per share, EUR	13	**-0.01**	-0.14
Earnings per share, diluted, EUR	13	**-0.01**	-0.14

All figures are rounded and consequently the sum of individual figures can deviate from presented amounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, EUR 1,000

	Note	Dec. 31, 2019	Dec. 31, 2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	14	**6,999**	11,715
Goodwill	14	**4,275**	4,275
Tangible assets	15	**3,718**	3,275
Other non-current financial assets	16	**6**	125
Non-current trade and other receivables	19	**327**	501
Deferred tax asset	17	**2,391**	3,667
NON-CURRENT ASSETS		**17,717**	23,558
CURRENT ASSETS			
Inventories	18	**7,608**	9,036
Trade receivables and other receivables	19	**5,626**	9,332
Tax receivable, income tax		**95**	111
Cash and cash equivalents	20	**1,076**	3,653
CURRENT ASSETS		**14,405**	22,132
ASSETS		**32,122**	45,690

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, EUR 1,000

	Note	Dec. 31, 2019	Dec. 31, 2018
EQUITY AND LIABILITIES			
Owners of the parent company			
Share capital	21	**15,000**	15,000
Reserve for invested unrestricted equity	21	**38,187**	38,187
Treasury shares	21	**-2,427**	-2,427
Other reserves	21	**702**	702
Translation differences	21	**2,663**	3,274
Retained earnings		**-50,453**	-45,348
Owners of the parent company		**3,673**	9,389
Non-controlling interests		**1**	1
EQUITY		**3,674**	9,391
NON-CURRENT LIABILITIES			
Deferred tax liability	17	**270**	384
Non-current liabilities, interest-bearing	22, 23	**6,467**	5,396
Other non-current liabilities	24	**0**	731
Pension obligations	25	**1,271**	1,183
Provisions	26	**211**	634
NON-CURRENT LIABILITIES		**8,219**	8,328
CURRENT LIABILITIES			
Current interest-bearing liabilities	22, 23	**7,175**	7,706
Trade payables and other liabilities	24, 27, 28	**12,613**	19,824
Tax liability, income tax		**275**	276
Provisions	26	**166**	165
CURRENT LIABILITIES		**20,230**	27,972
Liabilities		**28,449**	36,299
EQUITY AND LIABILITIES		**32,122**	45,690

CONSOLIDATED STATEMENT OF CASH FLOWS, EUR 1,000

	Note	Jan. 1–Dec. 31, 2019	Jan. 1–Dec. 31, 2018
Cash flow from operating activities			
Customer payments received		**63,898**	52,385
Cash paid to suppliers and employees		**-62,878**	-53,725
Cash generated from operations		**1,020**	-1,340
Interest paid		**-524**	-528
Dividends received		**0**	23
Interest received		**38**	78
Other financing items		**-958**	-1,106
Income taxes paid		**-92**	71
Net cash from operating activities (A)		**-515**	-2,801
Cash flows from investing activities			
Purchase of tangible and intangible assets		**-3,073**	-3,995
Proceeds from sale of tangible and intangible assets		**37**	30
Acquisition of subsidiaries		**0**	-2,803
Disposal of subsidiaries less cash and cash equivalents		**1,766**	0
Proceeds from sale of investments		**440**	0
Net cash used in investing activities (B)		**-830**	-6,767
Cash flows from financing activities			
Proceeds from issue of share capital		**0**	6,176
Proceeds from short-term borrowings		**3,821**	8,441
Repayment of short-term borrowings		**-4,367**	-7,682
Proceeds from long-term borrowings		**0**	1,800
Payment of lease/finance lease liabilities		**-693**	-21
Net cash used in financing activities (C)		**-1,239**	8,714
Net decrease (-)/increase (+) in cash and cash equivalents (A+B+C)		**-2,584**	-854
Cash and cash equivalents at the beginning of the period		**3,653**	4,513
Net increase/decrease in cash and cash equivalents		**-2,584**	-854
Effects of exchange rate fluctuations on cash held		**7**	-6
Cash and equivalents at the end of the period	20	**1,076**	3,653

The effect of discontinued operations on the cash flow in 2019 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, 2018		**15,000**	**27,971**	**-2,427**	**702**	**3,310**	**-37,546**	**7,010**	**1**	**7,012**
Profit/loss for the period							-7,827	-7,827	0	-7,827
Other comprehensive income:										
Remeasurement of defined benefit plan							26	26	0	26
Translation differences						-36	-1	-37	0	-36
TOTAL COMPREHENSIVE INCOME						**-36**	**-7,801**	**-7,837**	**0**	**-7,837**
Share issue			10,216					10,216	0	10,216
TOTAL EQUITY Dec. 31, 2018		**15,000**	**38,187**	**-2,427**	**702**	**3,274**	**-45,348**	**9,390**	**1**	**9,391**

	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	0	-109
Translation differences						-611	0	-611	0	-611
TOTAL COMPREHENSIVE INCOME						**-611**	**-5,105**	**-5,716**	**0**	**-5,717**
TOTAL EQUITY Dec. 31, 2019	**21**	**15,000**	**38,187**	**-2,427**	**702**	**2,663**	**-50,453**	**3,673**	**1**	**3,674**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

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 (formerly Efore Plc), which had its head office in Espoo in 2019. Effective from February 28, 2020, the name of the parent company was changed to Enedo Plc, domiciled in Vantaa and with its registered office 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 (formerly Efore Plc) on March 24, 2020. 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, 2019 to December 31, 2019 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, 2019. 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

The financial statements have been prepared on the going concern basis.

In assessing the going concern principle, the management has taken into account the Group's strategy, cost improvements and related forecasts, sources of financing and risks relating to the adequacy of funding. The management's assessment is that the planned financing arrangements and cash flow from operating activities ensure adequate financing and ensure continuity as a going concern.

The management has taken into account uncertainty factors when assessing the ability of the Group to continue as a going concern. The management's view is that the planned cost savings, financing solutions and cash flow from operating activities will ensure the sufficiency of financing. Financial risks are described in more detail in note 27.

NEW AND AMENDED STANDARDS APPLIED IN THE PAST FINANCIAL YEAR

Starting from the beginning of the financial year 2019, the Group has applied the following new and amended standards that have come into effect:

The Group adopted the new IFRS 16 standard effective from January 1, 2019. The Group applied the modified retrospective approach in the adoption of the standard by recognizing the cumulative effect in the opening balance sheet of January 1, 2019, and thus, comparative information has not been restated.

Other new or amended standards or interpretations did 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, 2019 and December 31, 2018.

FOREIGN CURRENCY TRANSLATION

Figures for the performance and financial position of the Group entities are recorded at the currency that is primary 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 intra-group 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.

At disposal of an item of the property, plant and equipment may consist of several parts with different useful lives that are in accounting treated as separate items. 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

Goodwill from the 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, it is subject to an annual procedure of impairment testing. The testing is done or more frequent if there is an indication that it 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 the material, labor and testing cost that are directly attributable to the process of completing the product for its intended use.

The development process proceeds gradually including seven predefined milestones and four gate assessments. The gate assessments are approved by the management team. The capitalization of development costs starts when the management team concludes that the capitalization conditions in IAS 38 are met. 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 licenses for IT software.

Other intangible assets

Other intangible assets comprise the capitalized costs concerning IT projects. An intangible asset is initially stated at cost and only if the cost can be recorded reliably, and the expected future profits are probable.

Intangible assets 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 expenditure	5 years
Intangible rights	3–5 years
Intangible assets, financial lease	5 years
Other intangible assets	3–10 years

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

The Group classified the Telecom business according to IFRS 5 as a discontinued operation on July 31, 2019. In the statement of comprehensive income, the discontinued operations, including the loss on disposal, are presented in a single line. The comparison figures in the statement of comprehensive income for 2018 have been adjusted in accordance with the standard and the computational effects on cash flow are presented in note 3. No depreciation or amortization was recognized on the discontinued operations after their classification pursuant to the standard. The Group's general expenses were also not allocated to the discontinued operations after their 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 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. An allowance for excess inventory and obsolescence is recorded when the impairment occurs.

LEASES

The Group adopted the new IFRS 16 standard effective from January 1, 2019. The Group applied the modified retrospective approach in the adoption of the standard by recognizing the cumulative effect in the opening balance sheet of January 1, 2019, and thus, comparative information has not been restated. The adoption of IFRS 16 moves previously off-balance sheet items into the balance sheet, leading to growth in assets as well as liabilities while leasing payments are reported as depreciation and interest expenses. The effects of the adoption of IFRS 16 are itemized in note 23.

For leases for 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.

IMPAIRMENT

Tangible and intangible assets

The carrying values of assets are tested annually at the balance sheet date to identify any 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 payee 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 payments

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 realized share-based incentive programs during the financial years 2018 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 derecognizes 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 guarantees 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 has applied IFRS 9 "Financial instruments" effective from January 1, 2018. The primary effect of IFRS 9 on the Group is related to the timing of the recognition of expected credit losses. The change has not had a material impact on the reported figures. 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 each balance sheet date 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 concerning 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, call 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 initial maturities of three months or less. Bank overdrafts relating 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 current 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. Derivatives are used in the group as hedges of risks related to the currency positions in the balance sheet. The Group does not, however, apply hedge accounting as specified in IAS 39. All gains and losses, both realized and unrealized, arising from the fair value changes of derivatives are recognized in profit or 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 does 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 e.g. impairment of capitalized development expenditure, impairment of the Group’s goodwill and purchase price allocations, impairment of inventories, sufficiency of financing, deferred tax assets 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 balance sheet date 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:

- measurement 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,
- sufficiency of financing,
- probability of future taxable profits against which tax-deductible temporary differences can be utilized,
- fair value (collectable amount) of trade receivables.

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.

* = Not yet endorsed for use by the EU as of December 31, 2019.

- 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), continuing operations

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 2019	Americas	EMEA	APAC	Non-allocated	Group
Net sales	11,130	26,326	5,857	0	43,312
Assets	535	28,011	109	3,467	32,122

Geographical areas 2018	Americas	EMEA	APAC	Non-allocated	Group
Net sales	10,726	16,755	6,180		33,661
Assets	24	28,120	4,007	13,539	45,690

In 2019, approximately 27% (34%) of net sales in the Group consisted of income from the two largest customers: from customer A, EUR 6,954 (6,785) thousand and, from customer B, EUR 4,586 (4,615) thousand, totaling EUR 11,540 (11,400) thousand.

Net sales for the financial year consist of sales of goods in the amount of EUR 43,251 (32,664) thousand and sales of services totaling EUR 61 (0) thousand.

2. BUSINESS COMBINATION (EUR 1,000)

The Group had no business acquisitions during the financial year of January 1, 2019–December 31, 2019.

The Group acquired the entire share capital of Powernet International Oy in cash on December 31, 2018. The Powernet group consists of two companies: the operative company Powernet Oy and its parent company Powernet International Oy (Efore Powernet). Efore Powernet specializes in the development and manufacture of customer-specific power supplies and systems. Established in 1992, Efore Powernet develops and manufactures customer-specific power supplies and systems, such as customized power supply and power distribution packages as well as turnkey project deliveries, e.g. to the train industry. Efore Powernet has also been a forerunner in the development of IoT enabled condition monitoring of power supply and power distribution packages utilized in smart battery chargers, for example. Efore Powernet is a widely recognized player in North and Central Europe in particular.

The acquisition further shifted the Group's focus toward higher value-added products and solutions. It also further strengthened the Group's excellent technical know-how and broadened and internationalized its customer base. From the beginning of 2019, the Group's Systems business and Efore Powernet formed a new business line in the Industrial business. It formed a strong platform on which the Group can build a new and growing business.

Details of the purchase consideration, the net assets acquired and goodwill:

Purchase consideration	2018
Cash paid	2,500
Contingent consideration	731
Total purchase consideration	3,231

The contingent consideration, which was EUR 1.5 million at a maximum, was not paid based on Efore Powernet's product sales margin for the financial year 2019. The contingent consideration was measured at fair value based on the management's best estimate. The contingent consideration was not discounted, since the payment term was 15 months from the acquisition date.

The assets and liabilities as well as goodwill recognized at fair value as a result of the acquisition were:

Net assets acquired	2018
Intangible assets: customer contracts	1,285
Intangible assets: other	788
Tangible assets	209
Inventories	544
Trade receivables and other receivables	1,421
Cash and cash equivalents	0
Total assets	4,247
Deferred tax liability	257
Interest-bearing liabilities	1,857
Trade payables and other liabilities	2,063
Total liabilities	4,177
Net identifiable assets acquired	70
Goodwill	3,161
Net assets acquired	3,231

Intangible assets arising from business combinations were recognized separately from goodwill at fair value at the time of acquisition. The Group allocated EUR 1.3 million to intangible assets related to customer contracts to be depreciated in five years with EUR 0.2 million deferred tax liabilities. The adjustment to the fair value of inventories amounted to EUR 0.1 million. Other receivables included an indemnification asset value of EUR 0.2 million based on the Share Purchase Agreement.

Goodwill from the acquisition amounted to EUR 3.2 million and was primarily attributable to synergies described above arising from the significant economies of scale that the Group expects to benefit from.

The transaction costs related to the acquisition, EUR 0.3 million, were recognized in other operating costs. Cash flows related to the acquisition were presented under cash flow from investing activities.

3. DISCONTINUED OPERATIONS (EUR 1,000

On July 31, 2019, the company's Board of Directors approved the offer by Shenzhen Kexin Communication Technologies Co. Ltd to acquire the Group's Telecom business. The acceptance of the offer ended the Group's ongoing negotiations to establish a joint venture with another Chinese power supply partner. The transaction was closed on November 28, 2019.

The subject of the transaction was the Group's entire telecommunications business, including products supplied to customers and the Efore brand and name. As a result of the transaction, 73 of the company's employees in Finland, China and Sweden transferred to the new owner as existing employees.

The debt-free purchase price (enterprise value) of the divested business was EUR 6.0 million and the estimated purchase price of the shares was EUR 3.5 million. The purchase price paid in cash was EUR 3.1 million. The parties also agreed on an escrow purchase price arrangement placing EUR 0.4 million on the escrow account for one year after the transaction. A non-recurring loss of EUR 0.6 million was recognized on the transaction, including the related transaction expenses.

The Group classified the Telecom business according to IFRS 5 as a discontinued operation on July 31, 2019. In the statement of comprehensive income, the discontinued operations, including the loss on disposal, are presented in a single line. The comparison figures in the statement of comprehensive income for 2018 have been adjusted in accordance with the standard and the computational effects on cash flow are presented in the table below. No depreciation or amortization was recognized on the discontinued operations after their classification pursuant to the standard. The Group's general expenses were also not allocated to the discontinued operations after their classification.

The table below illustrates the key figures for discontinued operations for the financial year 2019 and the comparison period in 2018 as well as the impact of the discontinued operations on the Group's cash flow.

	2019	2018
Discontinued operations:		
Revenue	**18,528**	18,740
Expenses	**-20,375**	-22,424
Loss on the disposal of shares	**-584**	0
Profit/loss before taxes	**-2,432**	-3,684
Tax on income from operations	**-5**	
Profit/loss of discontinued operations	**-2,436**	-3,684

	2019	2018
Discontinued operations		
Cash flow from operating activities	**-477**	-2,243
Cash flows from investing activities	**-268**	-1,140
Cash flows from financing activities	**-258**	-1,270
Total cash flow	**-1,004**	-4,654

Due to the company structures involved, determining balance sheet figures for the discontinued operations was not possible for December 31, 2017, and December 31, 2018. 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), continuing operations

	2019	2018
Grants for product development	67	7
Other income	303	169
Total	370	176

5. MATERIALS AND SERVICES (EUR 1,000), continuing operations

	2019	2018
Materials	26,687	22,041
Change in inventories	675	-570
Services	1,018	1,002
Total	28,381	22,473

6. PERSONNEL EXPENSES (EUR 1,000), continuing operations

	2019	2018
Salaries and wages *)	7,173	5160
Pension expenses, defined contibution plans	2,226	1930
Pension expenses, defined benefit obligations (TFR in Italy)	37	127
Other social security expenses	109	184
Total	9,545	7,400

*) Information on management compensation, other employment benefits and shareholdings is provided in Note 32 Related party transactions.

Number of personnel	2019	2018
Average number of personnel during fiscal year	388	324
Number of personnel at the end of year	394	361

The number of own personnel includes temporary personnel. The average number of personnel for the comparison period does not include Powernet employees. Powernet had 27 employees at the end of the 2018 financial year. The number of personnel on the financial statements date includes Powernet employees.

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

	2019	2018
Depreciation and amortization by asset class		
Development costs	1,595	1,426
Intangible rights	305	297
Other intangible assets	398	120
Machinery and equipment	664	452
Right-of-use asset/finance lease	457	20
Other tangible assets	38	27
Total	3,457	2,341
Impairment on development costs	195	343

8. OTHER OPERATING EXPENSES

(EUR 1,000), continuing operations

	2019	2018
Rental costs*	**260**	729
Non-statutory employee benefits	**113**	80
Professional fees	**909**	1,276
Office and administration expenses	**319**	236
Maintenance and operational expenses	**589**	334
Travel expenses	**543**	459
Increase in allowance recognized in profit and loss	**-108**	141
Entertainment expenses	**46**	28
Insurance expenses	**188**	180
Marketing expenses	**254**	134
Car expenses	**52**	67
Other fixed expenses	**1,223**	1,007
Other variable expenses	**150**	0
Credit losses	**0**	9
Sales services	**355**	629
Losses on sales of fixed assets	**-15**	1
Total	**4,878**	5,312

*) Enedo Plc adopted IFRS 16 effective from January 1, 2019. The Group applied the modified retrospective approach in the adoption of the standard and the comparison figures for the year preceding adoption has not been restated.

Audit fees:	**2019**	**2018**
KPMG Oy Ab		
Audit	**66**	104
Tax services	**22**	14
Other services	**0**	111
Total	**88**	229
KPMG		
Audit	**34**	35
Tax services	**4**	2
Other services	**2**	0
Total	**47**	47
OTHER AUTHORIZED AUDIT FIRMS		
Audit	**5**	7
Tax services	**0**	0
Other services	**4**	0
Total	**9**	7
TOTAL		
Audit	**105**	156
Tax services	**25**	16
Other services	**6**	111
Total	**136**	283

9. FINANCIAL INCOME (EUR 1,000), Continuing operations

	2019	2018
Interest income from loans and other receivables	30	78
Exchange rate gains from loans and other receivables	371	456
Other financial income *)	1,052	66
Total	1,453	599

*) 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), Continuing operations

	2019	2018
Interest expenses for financial liabilities measured at amortized cost *)	814	863
Exchange rate losses	501	585
Other financial expenses	295	165
Total	1,611	1,613

*) Interest expenses include EUR 60 thousand in IFRS 16 financial expenses

11. EXCHANGE RATE DIFFERENCES (EUR 1,000), continuing operations

		2019	2018
Itemization of net exchange rate gains (+) and losses (-) according to financial statement items			
Total	Gains	371	456
	Losses	-501	-585
	Net	-131	-129
Sales	Gains	74	135
	Losses	-58	-88
	Net	15	46
Purchases	Gains	96	143
	Losses	-234	-323
	Net	-138	-181
Financial items	Gains	151	132
	Losses	-148	-129
	Net	2	3
Intra-group receivables and liabilities	Gains	50	46
	Losses	-61	-43
	Net	-10	3

12. INCOME TAXES (EUR 1,000)

	2019	2018
Income taxes in statement of income		
Income tax for fiscal year	**-102**	-139
Deferred taxes	**289**	826
Total	**187**	687
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	**-2,747**	-8,513
Taxes calculated at tax rate of the parent company (20.0%)	**549**	1,703
Difference due to other tax rates in subsidiaries	**-220**	1,802
Non-deductible expenses	**-86**	-1,890
Change in deferred tax assets from losses in prior periods		32
Tax-exempt income	**416**	450
Use of previously unrecognized tax losses	**2**	
Unrecognized deferred tax assets from tax losses	**-1,162**	-1,410
Other items	**687**	
Tax expense in consolidated statement of income	**187**	687

13. EARNINGS PER SHARE (EUR 1,000)

	2019	2018
Result for the financial year attributable to shareholders of the parent company	**-4,996**	-7,827
Weighted average number of shares (in thousands)	**418,130**	56,278
Effect of adjustment for potential shares in the share-based incentive plans	**0**	0
Weighted average number of diluted shares	**418,130**	56,278
Earnings per share: Continuing operations		
Earnings per share, EUR	**-0.01**	-0.08
Diluted earnings per share, EUR	**-0.01**	-0.08
Earnings per share: Discontinued operations		
Earnings per share, EUR	**-0.01**	-0.07
Diluted earnings per share, EUR	**-0.01**	-0.07
Earnings per share, EUR: Group total		
Earnings per share, EUR	**-0.01**	-0.14
Diluted earnings per share, EUR	**-0.01**	-0.14

BASIC

Diluted 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.

14. INTANGIBLE ASSETS (EUR 1,000)

Intangible assets 2018	Development costs	Intangible rights	Intangible assets, finance lease	Other intangible assets	Advance payments for intangible assets	Goodwill	Total
Cost Jan. 1, 2018	17,832	3,365	1,674	3,495	83	1,115	27,564
Translation differences	-4	-4	0	0	0	0	-8
Acquisitions	1,820	0	0	1,285	0	3,161	6,266
Additions	2,942	27	0	41	26	0	3,036
Disposals	-912	0	0	-157	0	0	-1,069
Cost Dec. 31, 2018	21,678	3,387	1,674	4,664	109	4,277	35,789
Accumulated amortization and impairment Jan. 1, 2018	-8,990	-2,544	-1,674	-2,997		-1	-16,206
Translation differences	2	4	0	0		0	6
Accumulated amortization on acquisitions	-1,055	0	0	0		0	-1,055
Accumulated amortization on disposals and reclassifications	912	-15	0	177		0	1,074
Depreciation and amortization	-2,363	-340	0	-134		0	-2,837
Impairment	-779	0	0	0		0	-779
Cumulative amortization and impairment Dec. 31, 2018	-12,273	-2,895	-1,674	-2,954		-1	-19,797
Carrying amount Jan. 1, 2018	8,842	820	0	499	83	1,114	11,358
Carrying amount Dec. 31, 2018	9,404	492	0	1,710	109	4,275	15,990

Intangible assets 2019	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	0	0	0	5
Additions	2,070	3	0	24	0	0	2,097
Divestments	-6,100	-108	-1,674	-1	0	0	-7,883
Disposals	-2,857	-98	0	-34	-7	0	-2,995
Reclassifications	-65	0	0	0	0	0	-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	0		0	1
Cumulative amortization on disposals, divestments and reclassifications	5,475	205	1,674	34		0	7,387
Depreciation and amortization	-2,338	-329	0	-402		0	-3,068
Impairment	-195	0	0	0		0	-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

* Due to weaker than forecasted demand, impairment of EUR 195 thousand (2018: 779 thousand) in the value of development expenditure was recognized in 2019.
** On December 31, 2019, the carrying amount of unfinished development expenditure was EUR 2,179 (4,850) thousand. Development costs 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.

IMPAIRMENT TESTING

For impairment testing, goodwill of EUR 4,275 thousand is allocated to the cash-generating units, namely the sub-groups of Efore SpA and Powernet International Oy. 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.

CENTRAL ASSUMPTIONS USED IN IMPAIRMENT TESTING:

The development of EBITDA is based on long-term forecasts by the management. Starting from 2019, the impairment testing has included, in addition to the goodwill related to Efore SpA and the balance sheet value allocated to balance sheet items (10,266), goodwill and allocated balance sheet value (5,900) arising from the acquisition of Powernet International Oy (Efore Powernet).

The discount rate has been determined by means of the weighted average cost of capital (WACC). Efore SpA's discount rate, 12.46% (2018: 13.32%), and Efore Powernet's discount rate, 10.82%, are pre-tax rates. The long-term growth factor is 2% (2018: 1%).

Based on the impairment testing conducted on December 31, 2018, Efore SpA's value in use exceeds the balance sheet value of the tested net assets by 110% (2018: 93%) and Efore Powernet's value in use exceeds the balance sheet value of the tested net assets by 49%.

According to the sensitivity analysis, the present value of the discounted cash flows would equal the carrying amount of the tested assets if EBITDA would be 22% (2018: 24%) lower for Efore SpA and 16% lower for Efore Powernet during the years 2020–2025 or if the discount rate would be 8.96% (2018: 8.03%) higher for Efore SpA and 4.05% higher for Efore Powernet.

15. TANGIBLE ASSETS (EUR 1,000)

Tangible assets 2018	Buildings and structures	Machinery and equipment	Machinery and equipment, finance lease	Other tangible assets	Advance payments and work in progress	Total
Cost Jan. 1, 2018	17	17,917	773	4,706	5	23,419
Translation differences	0	-43	0	-32	0	-75
Acquisitions	0	535	0	0	0	535
Additions	3	982	0	1	129	1,114
Disposals	0	-470	0	-1	-27	-498
Cost Dec. 31, 2018	20	18,921	773	4,674	106	24,495
Accumulated amortization and impairment Jan. 1, 2018	0	-15,484	-748	-4,333		-20,565
Translation differences	0	37	0	31		68
Accumulated amortization on disposals and reclassifications	0	7	0	1		8
Depreciation and amortization	-1	-627	-20	-83		-731
Cumulative amortization and impairment Dec. 31, 2018	-1	-16,066	-769	-4,384		-21,220
Carrying amount Jan. 1, 2018	17	2,433	25	373	5	2,853
Carrying amount Dec. 31, 2018	19	2,855	4	290	106	3,275

Tangible assets 2019	Buildings and structures	Buildings and structures, right-of-use assets	Machinery and equipment	Machinery and equipment, right-of-use assets	Other tangible 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		354			2,199
Translation differences	0	0	46	0	56	0	102
Additions	5	196	1,022	0	32	133	1,387
Divestments	0	-710	-4,976	0	-3,642	0	-9,328
Disposals	0	0	-123	0	-3	-150	-275
Reclassifications	0	0	69	0	0	-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	0	-37	0	-54		-91
Cumulative amortization on disposals, divestments and reclassifications	0	6	4,329	0	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

16. OTHER FINANCIAL ASSETS (EUR 1,000)

	Investments held to maturity	Non-current trade and other receivables	Non-current loan receivables	Total
Cost Jan. 1, 2018	86	0	0	86
Revaluation	37	0	0	37
Cost Dec. 31, 2018	124	1	1	125
Carrying amount Jan. 1, 2018	86	0	0	86
Carrying amount Dec. 31, 2018	124	1	1	125

	Investments held to maturity	Non-current trade and other receivables	Non-current loan receivables	Total
Cost Jan. 1, 2019	124	1	1	125
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

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

	Jan 1, 2018	Translation differences +/-	Changes through income statement	Recorded directly into equity	Other movements	Changes through business arrangements	Dec 31, 2018
Deferred tax asset							
Unused tax losses	2,945	-12	735	0	0	0	3,667
Total	2,945	-12	735	0	0	0	3,667
Deferred tax liability							
Fair value evaluation of intangible assets in business combinations	218		-91			257	384
Total	218	0	-91	0	0	257	384

	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
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

The group companies in Finland and the United States had tax losses totaling EUR 34.9 million (EUR 35.4 million) on December 31, 2019. 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 4.9 million is allocated to the losses of Finnish companies and EUR 3.5 million to the losses of companies in the United States. The losses will expire in the years 2020–2039.

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.

The parent company had deferred depreciation in 2018 amounting to EUR 7.9 million (EUR 9.5 million), for which no deferred tax asset has been recognized.

18. INVENTORIES (EUR 1,000)

	2019	2018
Materials and supplies	3,642	4,634
Work in progress	1,296	1,053
Finished goods	2,671	3,350
Total	7,608	9,036

During the financial year, write-downs of inventory in order to decrease the value from historical to the lower net realizable value totaled EUR 0.2 million (EUR 0.6 million).

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

	2019	2018
Long-term other receivables	327	501
Trade receivables	5,069	8,207
Provision for bad debt	-599	-583
Other receivables	864	1,208
Prepayments and accrued income	293	499
Total	5,954	9,833

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

During the financial year, the Group recognized EUR 34 thousand (EUR 275 thousand) in impairment on trade receivables. The impairment includes both the increase in credit loss provisions and direct credit losses recognized.

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.

	2019	2018
Provision for bad debt Jan. 1	583	317
Additions	34	275
Deductions	-18	-9
Provision for bad debt Dec.31	599	583
Analysis of trade receivables past due:		
Neither past due nor impaired	3,484	5,501
Due not more than 30 days	492	1,608
Due 31 to 60 days	69	197
Due 61 to 90 days	59	78
Due 91 to 120 days	0	1
Due more than 120 days	965	822
Total	5,069	8,207
Trade and other receivables by currency:		
EUR	4,724	5,131
RMB	32	1,696
USD	1,144	2,910
SEK	0	30
Others currencies	54	66
Total	5,954	9,833
Material items in prepayments and accrued income:		
Prepaid expenses	20	231
Other items	273	268
Total	293	499

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

	2019	2018
Cash and cash equivalents	1,076	3,653

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

				Non-cash changes			
	2018	IFRS 16 impact on January 1, 2019	Cash flows	Acquisition of subsididary	Exchange rate 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	0	0	0	**13,642**

				Non-cash changes			
	2017	Cash flows	Classification	Exchange rate changes	Fair value changes	Acquisition of subsidiary	2019
Non-current liabilities	871	1,800	2,567			158	**5,396**
Current liabilities	11,747	759	-6,504			1,699	**7,702**
Lease liabilities	26	-21					**5**
Financial liabilities total	12,644		-546				**13,102**

21. SHARE CAPITAL (EUR 1,000)

	Number of shares	Share capital	Treasury shares	Reserve for invested unrestricted equity	Total
January 1, 2019	**418,130,168**	**15,000**	**-2,427**	**38,187**	**50,761**
Shares outstanding as of December 31, 2019	**418,130,168**	**15,000**	**-2,427**	**38,187**	**50,761**
Total number of shares	**421,636,788**				
Own shares held by the group as of December 31, 2019	**3,506,620**				
January 1, 2018	52,270,896	15,000	-2,427	27,972	40,545
Shares outstanding per December 31, 2018	418,130,168	15,000	-2,427	38,187	50,761
Total number of shares	421,636,788				
Own shares held by the group per December 31, 2018	3,506,620				

On December 31, 2019, the number of shares in the parent company was 421,636,788 and the total share capital was EUR 15,000,000. The Articles of Association do not specify the maximum number of shares or maximum share capital. The issued shares have all been fully paid. The shares have no nominal value. The company has one share class. Each share carries one vote.

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.

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, 2019 the parent company held 3,506,620 own shares. The acquisition cost for this treasury stock was EUR 2,426.516.86, 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 fiscal period.

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

	2019	2018
Non-current		
Loans from financial institutions	**5,804**	5,396
Lease liabilities	**663**	0
Total	**6,467**	5,396
Current		
Financial leases/lease liabilities	**427**	5
Other liabilities	**643**	289
Loans from financial institutions	**4,994**	6,265
Factoring	**1,111**	1,148
Total	**7,175**	7,706
Interest-bearing liabilities total	**13,642**	13,102

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)

The Group adopted the new IFRS 16 standard effective from January 1, 2019. The Group applied the modified retrospective approach in the adoption of the standard by recognizing the cumulative effect in the opening balance sheet of January 1, 2019, and thus, comparative information has not been restated. The adoption of IFRS 16 moves previously off-balance sheet items into the balance sheet, leading to growth in assets as well as liabilities while leasing payments are reported as depreciation and interest expenses.

For leases for 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, incentives and potential residual value guarantees over the probable term of the lease are taken into consideration. If the contract includes an option to purchase the right-of-use asset and it is probable that the option will be exercised, the exercise price will be included in the lease payments. 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, company-specific 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 act as a lessor.

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Right-of-use assets	Buildings and structures	Machinery, equipment and vehicles	Total
Carrying amount Jan. 1, 2019	1,845	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

The increases consist of changes to leases. The decreases are related to the carrying amounts of discontinued operations as of November 28, 2019. The depreciation for the period includes depreciation for discontinued operations, which have not been itemized in the balance sheet for the financial year.

Bridge calculation for lease liability:	EUR million
Lease liabilities as of December 31, 2018	2.6
Short-term leases and leases of low value	-0.2
Effect of the discount rate	-0.2
Lease liabilities as of January 1, 2019	2.2
Depreciation January 1, 2019–December 31, 2019	-0.7
Additions January 1, 2019–December 31, 2019	0.2
Discontinued operations	-0.6
Lease liabilities as of December 31, 2019	1.1

Lease liabilities as of December 31, 2019	Lease liability
Less than 1 year	427
1–5 years	663
More than 5 years	0
Total	1,091

Leases for continuing operations in the income statement:	2019
Depreciation of right-of-use assets	-457
Short-term leases and leases of low value	-260
Interest expenses for lease liabilities	-60
Total	-777

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

	2019	2018
Current		
Advances received	**220**	88
Trade payables	**10,406**	16,923
Other liabilities	**693**	1,158
Accruals and deferred income	**1,294**	1,655
Total	**12,613**	19,824

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

Material items included in accruals and deferred income	2019	2018
Accrued personnel expenses	**1,132**	1,607
Current interest payable	**82**	0
Other items	**80**	48
Total	**1,294**	1,655

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 accumulated 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.

	2019	2018
Pension obligations on Jan. 1	**1,183**	1,316
Changes recognized in income statement		
Interest expense	**16**	19
Benefits paid	**-37**	-127
Remeasurements recognized in equity:		
Actuarial gains (+)/ losses (-) based on experience	**-5**	-7
Actuarial gains (+)/ losses (-) based on changes in demographic assumptions	**-1**	0
Actuarial gains (+)/ losses (-) based on changes in financial assumptions	**114**	-19
Pension obligations on Dec. 31	**1,271**	1,183

	2019	2018
The benefits expected to be paid to post-employment benefit plans in the next financial year (year 1) are as follows:	**87**	87
During years 2–5 the annual estimated benefits to be paid are, on average:	**68**	59

Actuarial assumptions	**2019**	**2018**
Discount rate	**0.63%**	1.64%
Salary rate	**1.50%**	1.50%
Pension rate	**2.63%**	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:

	2019		2018	
	Change +0.25%	Change -0.25%	Change +0.25%	Change -0.25%
Discount rate	**1,243**	**1,304**	1,173	1,229
Salary rate	**1,292**	**1,254**	1,218	1,183
	Change +1%	**Change -1%**	**Change +1%**	**Change -1%**
Pension rate	**1,261**	**1,286**	1,196	1,205

26. PROVISIONS (EUR 1,000)

	2019	2018
Non-current provisions	**211**	634
Warranty provision Jan. 1	**333**	0
Increases, from the acquisition of Powernet International Oy	**0**	247
Additions, other		86
Provisions used	**-197**	0
Warranty provision Dec. 31	**136**	333
Other provisions Jan. 1	**301**	251
Additions	**0**	50
Provisions used	**-226**	0
Other provisions Dec. 31	**75**	301
Current provisions	**0**	165
Warranty provision Jan. 1	**165**	219
Provisions used	**-165**	-53
Warranty provision Dec. 31	**0**	165
Restructuring provision Jan.1.	**0**	130
Provisions used	**0**	-130
Restructuring provision Dec 31.	**0**	0
Provisions total Dec. 31	**211**	799

Products subject to the Powernet International Oy sub-group's warranty reserve were tested and repaired in 2019 for a total of EUR 129 thousand and the warranty reserve was reduced accordingly. Under an agreement signed with a third party, the company receives full monetary compensation for products repaired by the Power International Oy sub-group. 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 27% 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 2019, the primary hedging method was to match foreign currency income and expense flows. Derivatives are used in the group as hedges of risks related to the currency positions in the balance sheet.

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 correct 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 no interest rate derivatives.

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 net interest-bearing liabilities were EUR 12.6 million (EUR 9.4 million) at the end of the financial year. The adoption of IFRS 16 increased net financial liabilities by EUR 1.1 million as of the end of the financial year. The Group's solvency ratio at the end of December was 11.5% (20.6%) and the net gearing ratio was 342.1% (100.6%). Cash and cash equivalents totaled EUR 1.1 million (EUR 3.7 million) at the end of the financial year. At the end of December, the Group had undrawn credit facilities, excluding factoring limits, amounting to EUR 2.2 million (EUR 1.5 million). On the financial statements date, December 31, 2019, credit limits in use totaled EUR 2.5 million. On December 31, 2018, credit limits in use totaled EUR 2.0 million.

The Group's financing reserves consisted of unused credit limits, which amounted to EUR 2.2 million (EUR 1.5 million) on December 31, 2019, and of which EUR 0.0 million (EUR 0.4 million) will fall due within one year and EUR 2.2 million (EUR 1.1 million) are valid indefinitely. 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. During the financial year, the parent company withdrew a loan of EUR 1.0 million from Jussi Capital Oy.

As part of its new strategy, the Group is planning on harmonizing its debt financing. The purpose is to provide adequate resources to execute the strategy and to improve the use of capital. Related to the plans for harmonizing financing, the Group agreed on a stand-still agreement with its main financier bank and Jussi Capital Oy until June 30, 2020.

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 counterparties and only signing agreements with leading domestic and international banks and financial institutions.

FINANCIAL POSITION

The Group's net interest-bearing liabilities were EUR 12.6 million (EUR 9.4 million) at the end of the financial year. Lease liabilities accounted for EUR 1.1 million of that total.

Cash flow from operating activities in January–December was EUR -0.5 million (EUR -2.8 million). Cash flow from operating activities adjusted by discontinued operations was EUR 0.0 million (EUR -0.6 million). The negative cash flow was attributable to the loss for the period and the increase of net working capital in the Telecom business in the second half of the year in particular, until the divestment of the business. Cash flow after investments was EUR -1.3 million (EUR -9.6 million). The Group's solvency ratio at the end of December was 11.5% (20.6%) and the net gearing ratio was 342.1% (100.6%).

Cash and cash equivalents totaled EUR 1.1 million (EUR 3.7 million) at the end of the financial year. At the end of December, the Group had undrawn credit facilities, excluding factoring limits, amounting to EUR 2.2 million (EUR 1.5 million).

A new payment plan for the next five years was negotiated in December 2018 for the repayment of the EUR 6.0 million in loans from the main financier bank maturing on 31 December 2018. The bank also waived its right to early expiration of the loans. The Group amortized the loan by EUR 0.2 million at the end of 2018 and by EUR 0.6 million in 2019. On the financial statements date, the Group's outstanding loans from its main financier bank amounted to EUR 5.2 million.

On July 31, 2019, the Group agreed on EUR 1.0 million in short-term bridge financing with Jussi Capital Oy. The purpose of the short-term financing arrangement was to finance the increased net working capital of the Telecom business and to secure the divestment of the Telecom business. The short-term financing agreement with Jussi Capital Ltd was carried out on market terms.

As part of its new strategy, the Group is planning on harmonizing its debt financing. The purpose is to provide adequate resources to execute the strategy and to improve the use of capital. Related to the plans for harmonizing financing, the Group agreed on a stand-still agreement with its main financier bank and Jussi Capital Oy until June 30, 2020. Pursuant to the stand-still agreement, the loan covenants will next be evaluated on December 31, 2020.

The Group met its covenant terms with respect to its Italian subsidiary. The covenants of the subsidiary Powernet International Oy were breached during the financial year and the loan amount related to the covenant was EUR 0.4 million.

The management's assessment is that the planned financing arrangements and cash flow from operating activities ensure adequate financing, continuity as a going concern and support for growth.

Maturities of financial liabilities, 2019	Carrying	Amount contractual cash flows	6 months or less	6–12 months	Later
Trade payables and advances received	10,626	10,626	10,206	344	75
Loans from financial institutions	10,798	10,798	3,056	1,937	5,804
Lease liabilities	1091	1,091	212	215	663
Other non-current liabilities	643	643	643	0	0
Factoring (the Group's liquidity risk)	1,111	1,111	1,111	0	0

Maturities of financial liabilities, 2018	Carrying	Amount contractual cash flows	6 months or less	6–12 months	Later
Trade payables and advances received	17,011	17,011	17,011	0	0
Loans from financial institutions	11,660	11,660	5,448	817	5,396
Finance lease liabilities	5	5	5	0	0
Other non-current liabilities	1,020	1,020	289	0	731
Factoring (the Group's liquidity risk)	1,148	1,148	1,148	0	0

INTEREST RATE AND CURRENCY SENSITIVITY

	Operational transaction risk	
MEUR	**+10%**	**-10%**
EUR/USD	-0.6	0.7
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	-0.0	0.0
Other interest-bearing liabilities	-0.0	0.0
Total	-0.1	0.1

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

No derivatives was used in 2019.

29. OPERATING LEASE COMMITMENTS (EUR 1,000)

	2019	2018
Group as lessee		
Non-cancellable minimum operating lease payments:		
Within 1 year	**118**	1,018
1–5 years	**8**	1,562
Total	**126**	2,580

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

The company has a significant financial contract that include a condition normal for the branch of industry, according to which the contract may be terminated if a control is transferred to another company.

31. CONTINGENT LIABILITIES (EUR 1,000)

	2019	2018
Security given on own behalf		
Business mortgages	**15,248**	15,248
Other contingent liabilities	**78**	78
Liabilities guaranteed by business mortgages		
Loans from credit institutions*	**5,703**	5,800
Factoring in use	**842**	4,022
Total	**6,545**	9,822
Credit insurance liability according to factoring contract. The liability has not been realized.	**42**	201

* Shares in subsidiaries with a carrying value of EUR 3.8 million have been pledged as collateral for the parent company's loans from financial institutions.

32. RELATED PARTY TRANSACTIONS (EUR 1,000)

The Group's related parties include the subsidiaries and the key employees, consisting of the members of the Board of Directors, the President and CEO as well as the Executive Management Team.

The parent and subsidiary relationships in the Group are:	Registered office	Home country	Group ownership %	Share of voting rights %	Parent company ownership %
Parent company					
Enedo Plc (formerly Efore Plc)	Vantaa	Finland			
Shares in subsidiaries owned by parent company Enedo Plc					
Efore (USA), Inc.	Dallas TX	USA	100	100	100
Efore OÜ	Tallinn	Estonia	100	100	100
Efore (Hongkong) Co., Limited	Kowloon	China	100	100	100
Efore (Suzhou) Automotive Technology	Suzhou	China	100	100	100
Efore SpA	Osimo	Italy	100	100	100
Powernet International Oy	Vantaa	Finland	100	100	100
Shares in subsidiaries owned by Powernet International Oy:					
Efore Powernet Oy	Vantaa	Finland	100	100	
Shares in subsidiaries owned by Efore SpA:					
Efore Sarl	Charguia	Tunisia	99.72	100	
Efore Inc	Pennsylvania	USA	100	100	

		2019	2018
President and CEO, remuneration			
Vesa Leino		**236**	
Jorma Wiitakorpi			263
Members of the Board of Directors, remuneration			
Lähdesmäki Tuomo	Jan. 1, 2019–Dec. 31, 2019	**44**	42
Miettinen Marjo	Jan. 1, 2019–Apr. 11, 2019	**6**	21
Sivula Antti	Jan. 1, 2019–Dec. 31, 2019	**23**	21
Miettunen Matti	Jan. 1, 2019–Dec. 31, 2019	**23**	15
Narvanmaa Taru	Jan. 1, 2019–Dec. 31, 2019	**30**	15
Simola Jarmo	Jan. 1, 2018–Mar. 28, 2018		5
		126	120
Executive Management Team, remuneration		**747**	699
including fees		**6**	0
Key management			
Salaries and other short-term employment benefits		**1,109**	1,082
Benefits after termination of employment			
Total		**1,109**	1,082

* Executive Management Team member and CFO Vesa Leino was not an employee of the company from January 1, 2018 to December 31, 2018.

No pension commitments with special terms have been granted nor have any other securities been granted on behalf of the related parties in 2019. On December 31, 2019 and December 31, 2018, the Board of Directors, President and CEO and the Executive Management Team held no executable stock options. The remuneration of the members of the Board of Directors was paid in cash in 2019 and 2018.

33. EVENTS AFTER THE END OF THE FINANCIAL PERIOD

On February 3, 2020, Enedo Plc (formerly Efore Plc) called an Extraordinary General Meeting to decide on a reverse share split, the company's new name, domicile and reduction of share capital. The Extraordinary General Meeting was held on February 25, 2020.

In accordance with the proposal of the Board of Directors, the Extraordinary General Meeting resolved to change the name of the company to Enedo Plc and its domicile to Vantaa.

The Extraordinary General Meeting resolved, in accordance with the proposal of the Board of Directors, that the company's registered share capital be reduced from EUR 15,000,000 by EUR 14,900,000 to EUR 100,000 and that the reduced amount of EUR 14,900,000 be transferred to the reserve for invested unrestricted equity.

The reduction of the share capital requires a public notice in accordance with the Companies Act.

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 reverse share split date (hereinafter referred to as the "Transaction Day"), on the basis of which the number of shares to be transferred to and redeemed from a shareholder is determined, was February 27, 2020. The number of shares in Enedo Plc after the reverse share split is 8,432,735.

The Extraordinary General Meeting resolved on the proposal of the Board of Directors to amend the authorization given by the Annual General Meeting on April 11, 2019, to issue shares as well as option rights and other special rights so that the authorization would comprise a total of a maximum of 1,686,500 shares, which corresponds to approximately 20 percent of the shares in the company after the registration of the share split.

Enedo Plc's Shareholders' Nomination Board prepared proposals on the composition of the Board of Directors and the remuneration of the Board of Directors to the Annual General Meeting. The proposals were published in a stock exchange release on March 3, 2020.

Efore Powernet Oy, subsidiary of the Group, name was changed. New name of the company is Enedo Finland Oy and it was registered on 20th March 2020.

After the end of the financial year, the coronavirus (COVID-19) that originated in China and has spread throughout the world has created economic and market uncertainty. Many countries have restricted the movement of their citizens and implemented other exceptional measures to prevent the spread of the virus and mitigate its impacts. The impacts of the coronavirus pandemic on the operations of Enedo (formerly Efore) cannot be precisely evaluated at the present time, but there may be effects related to component availability, the delivery capability of subcontractors, or the availability of purchased products or customer demand.

For the reasons set out above Enedo started employee co-operation negotiations in all operations. Company gave a stock exchange release on the matter on 23th March 2020.

INCOME STATEMENT FOR THE PARENT COMPANY, EUR 1,000

	Note	Jan. 1–Dec. 31, 2019	Jan. 1–Dec. 31, 2018
NET SALES	1	13,365	16,532
Change in inventories of finished goods and work in progress		260	-849
Other operating income	2	581	7
Materials and services			
Materials and consumables			
Purchases during the financial year	3	10,238	11,843
External services	3	-4	214
		10,234	12,057
Personnel expenses			
Wages, salaries and fees	4	1,987	2,429
Social security expenses			
Pension expenses	4	297	412
Other social security expenses	4	7	23
		2,291	2,865
Depreciation, amortization and impairments			
Depreciation and amortization according to plan	5	864	1,047
Impairment on non-current assets	5		437
		864	1,484
Other operating expenses	6	17,902	4,060
OPERATING PROFIT (LOSS)		-17,084	-4,775
Financial income and expenses			
Income from group companies	7	275	72
Other interest and financial income	7, 9	225	152
Interest expenses to group companies	8	-181	-209
Impairment on fixed assets from group companies	8	-200	-2,000
Impairment on long-term loan receivables from group companies	8		-3,000
Interest and other financial expenses	8, 9	-1,020	-2,034
		-902	-7,020
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		-17,986	-11,795
Tax on income from operations			
Tax on income from operations	10	-52	-87
PROFIT (LOSS) FOR THE PERIOD		-18,038	-11,882

BALANCE SHEET FOR THE PARENT COMPANY, EUR 1,000

ASSETS	Note	Dec. 31, 2019	December 31, 2018
NON-CURRENT ASSETS			
Intangible assets			
Development costs	11		4,032
Intangible rights	11	**16**	50
Other intangible assets	11	**17**	26
Prepaid expenses	11		7
		34	4,116
Tangible assets			
Machinery and equipment	11	**18**	182
Other tangible assets	11	**7**	12
		25	194
Investments			
Holdings in group companies	12, 13	**21,584**	14,442
Other shares and holdings	12, 13	**2**	2
		21,586	14,443
CURRENT ASSETS			
Inventories			
Work in progress			36
Finished goods			456
			491
Non-current receivables			
Receivables from group companies	14		23,933
			23,933
Current receivables			
Trade receivables	14	**46**	943
Receivables from group companies	14	**2,083**	2,876
Other receivables	14	**51**	151
Prepayments and accrued income	14	**80**	229
		2,260	4,199
Cash and cash equivalents		**26**	2,627
TOTAL ASSETS		**23,930**	50,004

BALANCE SHEET FOR THE PARENT COMPANY, EUR 1,000

EQUITY AND LIABILITIES	Note	Dec. 31, 2019	December 31, 2018
EQUITY			
Share capital	15	**15,000**	15,000
Other reserves	15	**39,176**	39,176
Retained earnings	15	**-26,039**	-14,157
Profit (loss) for the period	15	**-18,038**	-11,882
		10,100	28,137
MANDATORY PROVISIONS	16		86
Other mandatory provisions			86
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans from financial institutions	17	**4,850**	4,805
Liabilities to group companies	17	**1,398**	2,876
Other non-current liabilities	17		731
		6,248	8,412
Current liabilities			
Loans from financial institutions	17	**1,705**	995
Advances received	17		41
Trade payables	17	**519**	1,546
Liabilities to group companies	17	**5,128**	10,067
Other liabilities	17	**27**	90
Accruals and deferred income	17	**203**	629
		7,582	13,369
TOTAL EQUITY AND LIABILITIES		**23,930**	50,004

PARENT COMPANY CASH FLOW STATEMENTS, EUR 1,000

	Jan. 1–Dec. 31, 2019	Jan. 1–Dec. 31, 2018
Cash flow from operating activities		
Customer payments received	**15,162**	16,598
Cash paid to suppliers and employees	**-19,085**	-18,242
Cash generated from operations	**-3,923**	-1,645
Interest paid	**-189**	-286
Dividends received	**247**	0
Interest received	**76**	114
Other financing items	**-566**	-845
Income taxes paid	**-52**	-87
Net cash from operating activities (A)	**-4,407**	-2,748
Cash flows from investing activities		
Purchase of tangible and intangible assets	**-559**	-1,210
Proceeds from sale of tangible and intangible assets	**7**	0
Acquisition of subsidiaries	**175**	-3,534
Disposal of subsidiaries	**2,374**	0
Increase in loans receivable	**-1,135**	-1,600
Decrease in loans receivable	**188**	1,600
Net cash used in investing activities (B)	**1,051**	-4,743
Cash flows from financing activities		
Proceeds from issue of share capital	**0**	6,176
Proceeds from short-term borrowings	**3,525**	4,607
Repayment of short-term borrowings	**-2,770**	-3,241
Proceeds from long-term borrowings	**0**	1,800
Net cash used in financing activities (C)	**755**	9,341
Net decrease (-)/increase (+) in cash and cash equivalents (A+B+C)	**-2,601**	1,850
Cash and cash equivalents at the beginning of the period	**2,627**	776
Net increase/decrease in cash and cash equivalents	**-2,601**	1,850
Cash and equivalents at the end of the period	**26**	2,627

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year, the parent company transferred the Systems business to its subsidiary Powernet International Oy on June 1, 2019, and concluded a business transaction with its subsidiary Efore Telecom Finland Oy on August 31, 2019, regarding the Telecom business. The business transfer and transaction affect the comparability of the financial statements between financial years.

On July 31, 2019, the parent company's Board of Directors approved the offer by Shenzhen Kexin Communication Technologies Co. Ltd to acquire the Group's Telecom business. The transaction was closed on November 28, 2019. The effect of the transaction concerning the shares in the subsidiary is itemized in note 6 to the parent company's financial statements.

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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).

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. Derivatives for hedging currency positions in balance sheet items are recognized at fair value and the change in fair value changes is recorded in financial items.

EVALUATION OF NON-CURRENT ASSETS

Intangible and tangible assets are stated at historical cost less accumulated amortization, depreciation and impairment. Planned depreciation on intangible and tangible assets is made on a straight-line basis over their estimated 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:

Development expenditure	3–5 years
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.

Development expenditure relating to the largest projects is capitalized as intangible assets. The capitalized development expenditure is amortized over the financial periods in which income is generated.

HOLDINGS IN GROUP COMPANIES AND NON-CURRENT 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.

INVENTORIES

Inventories are stated at the lowest of historical cost, net realizable value. Variable purchasing costs are included in the the cost of inventories. The cost of inventories is calculated on the weighted average cost basis.

MANDATORY PROVISIONS

Future expenditure and losses that the company is committed to cover but which have not yet realized are presented as provisions in the balance sheet. The provision includes costs for warranty repairs and reorganizations among other things costs. Changes in the provisions are recognized in the corresponding expenses in the income statement.

NET SALES

Net sales is calculated by deducting from revenue discounts granted, indirect taxes and exchange rate differences from trade receivables.

LEASING

All leasing charges are treated as rental expenses. The unpaid leasing commitments 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 deductible and non-deductible taxes at source are recognized as income taxes in the profit and loss statement.

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY, EUR 1,000

1. NET SALES

	2019	2018
EMEA	10,797	15,875
Americas	2,269	46
APAC	299	611
Total	13,365	16,532

2. OTHER OPERATING INCOME

	2019	2018
Product development and company grants	62	7
Gain on sale on business transfer	519	0
Total	581	7

3. MATERIALS AND SERVICES

	2019	2018
Materials and supplies		
Purchases during the financial year	10,238	11,843
External services	-4	214
Materials and services in total	10,234	12,057

4. PERSONNEL EXPENSES

	2019	2018
Wages, salaries and fees	1,987	2,429
Pension expenses	297	412
Other social security expenses	7	23
Total	2,291	2,865
Management salaries and fees		
President and CEO, Members of the Board of Directors	362	383
Total personnel		
Salaried employees, average	40	57
Salaried employees, end of the period	7	58

5. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

	2019	2018
Depreciation and amortization according to plan:		
Development costs	773	929
Intangible rights	34	43
Other intangible assets	8	14
Machinery and equipment	45	57
Other tangible assets	4	4
Total	864	1,047
Impairment on development costs	0	437
Total	0	437

6. OTHER OPERATING EXPENSES

	2019	2018
Losses on the disposal of shares in subsidiaries and costs of sale	15,132	0
Other ordinary business expenses	2,770	4,060
Total	17,902	4,060
Audit fees:		
KPMG		
Audit	61	44
Other services	22	188
Total	83	232

7. FINANCING INCOME

	2019	2018
Dividend income from Group companies	247	0
Interest income from Group companies	28	72
Interest income from others	18	43
Exchange rate gains from loans and other receivables	206	109
Total	500	224

8. FINANCING EXPENSES

	2019	2018
Interest expenses to group companies	181	209
Impairment on investments in Group companies	200	2,000
Impairment on loan receivable from Group company	0	3,000
Interest expenses to others	210	331
Exchange rate losses	325	400
Cost of Share issue	0	760
Other financial expenses	485	543
Total	1,402	7,244

9. EXCHANGE RATE DIFFERENCIES

		2019	2018
Itemization of net exchange rate gains (+) and losses (-) according to financial statement items			
Sales	Gains	37	28
	Losses	-18	-30
	Net	19	-2
Purchases	Gains	4	0
	Losses	0	-1
	Net	4	0
Financial items	Gains	39	32
	Losses	-47	-49
	Net	-8	-16
Intra-group receivables and liabilities	Gains	126	48
	Losses	-260	-321
	Net	-134	-272
Total	Gains	206	109
	Losses	-325	-400
	Net	-119	-291

10. INCOME TAXES

	2019	2018
Deductible and non-deductible taxes at source	52	87
Total	52	87

11. NON-CURRENT ASSETS

	2019	2018
Intangible assets		
Development costs		
Acquisition cost on Jan. 1	**8,329**	7,154
Additions	**509**	1,175
Disposals	**-8,837**	0
Acquisition cost on Dec. 31	**0**	8,329
Accumulated amortization and impairment on Jan. 1	**4,297**	2,931
Accumulated depreciation on disposals	**-5,070**	0
Depreciation for the period	**773**	929
Impairment	**0**	437
Accumulated amortization and impairment on Dec. 31	**0**	4,297
Book value on Dec. 31	**0**	4,032
Intangible rights		
Acquisition cost on Jan. 1	**391**	379
Additions	**0**	12
Disposals	**-111**	0
Acquisition cost on Dec. 31	**280**	391
Accumulated planned depreciation on Jan. 1	**341**	298
Accumulated depreciation on disposals	**-111**	0
Depreciation for the period	**34**	43
Accumulated planned depreciation on Dec. 31	**263**	341
Book value on Dec. 31	**16**	50
Other intangible assets		
Acquisition cost on Jan. 1	**72**	72
Disposals	**-35**	0
Acquisition cost on Dec. 31	**38**	72
Accumulated planned depreciation on Jan. 1	**46**	32
Accumulated depreciation on disposals	**-34**	0
Depreciation for the period	**8**	14
Accumulated planned depreciation on Dec. 31	**20**	46
Book value on Dec. 31	**17**	26
Prepaid expenses		
Acquisition cost on Jan. 1	**7**	7
Disposals	**-7**	0
Acquisition cost on Dec. 31	**0**	7
Book value on Dec. 31	**0**	7

	2019	2018
Tangible assets		
Machinery and equipment		
Acquisition cost on Jan. 1	**1,012**	989
Additions	**23**	23
Disposals	**-994**	0
Reclassifications	**30**	0
Acquisition cost on Dec. 31	**70**	1,012
Accumulated planned depreciation on Jan. 1	**829**	773
Accumulated depreciation on disposals	**-822**	0
Depreciation for the period	**45**	57
Accumulated planned depreciation on Dec. 31	**52**	829
Book value on Dec. 31	**18**	182
Other tangible assets		
Acquisition cost on Jan. 1	**20**	20
Disposals	**-1**	0
Acquisition cost on Dec. 31	**19**	20
Accumulated planned depreciation on Jan. 1	**8**	4
Depreciation for the period	**4**	4
Accumulated planned depreciation on Dec. 31	**12**	8
Book value on Dec. 31	**7**	12
Advance payments and work in progress		
Acquisition cost on Jan. 1	**0**	0
Change Jan. 1 - Dec. 31	**30**	0
Reclassification	**-30**	0
Acquisition cost on Dec. 31	**0**	0
Book value on Dec. 31	**0**	0

12. INVESTMENTS

	2019	2018
Holdings in group companies		
Book value on Dec. 31	**14,442**	12,908
Additions during the financial year	**7,453**	3,534
Deductions	**-111**	0
Impairment	**-200**	-2,000
Book value on Dec. 31	**21,584**	14,442

	2019	2018
Other shares and holdings		
Shares on Jan. 1	**2**	2
Book value on Dec. 31	**2**	2

13. HOLDINGS IN GROUP COMPANIES

		2019
		Book value
Efore (USA), Inc., Dallas TX	USA	**0**
Efore (Hong Kong) Co. Limited, Kowloon	China	**1**
Efore (Suzhou) Automotive Power Technology Co., Ltd., Suzhou	China	**0**
Efore SpA, Osimo	Italy	**11,596**
Powernet International Oy, Vantaa	Finland	**3,781**
Efore Oü, Tallinna	Estonia	**6,206**
		21,584

14. RECEIVABLES

	2019	2018
Non-current receivables from Group companies		
Subordinated loans on Jan. 1	32,000	32,000
Impairment of subordinated loan on Jan. 1	-8,067	-5,067
Impairment of subordinated loan in fiscal period	0	-3,000
Deduction of subordinated loan during the financial year	-23,933	0
Non-current receivables from Group companies in total	0	23,933
Current receivables		
Trade receivables	46	943
Other receivables	51	151
Prepayments and accrued income	80	229
	177	1,323
Current receivables from group companies		
Trade receivables	642	1,563
Loan receivables	1,436	1,280
Interest receivables	4	33
	2,083	2,876
Current receivables in total	2,260	4,199
Prepayments and accrued income		
Prepayments and accrued income include the following items:		
Accrued personnel expenses	0	7
Product development and company grants	50	19
Prepaid expenses	20	177
Unbilled revenue	-1	4
Other items	11	22
	80	229

15. EQUITY

	2019	2018
Share capital on Jan. 1	15,000	15,000
Share capital on Dec. 31	15,000	15,000
Own shares on Jan. 1	-2,427	-2,427
Own shares on Dec. 31	-2,427	-2,427
Other reserves		
Unrestricted equity reserve on Jan. 1	39,176	28,201
Share Issue	0	10,976
Unrestricted equity reserve on Dec. 31.	39,176	39,176
Retained earnings	-23,613	-11,731
Result for the period	-18,038	-11,882
Equity total	10,100	28,137

DISTRIBUTABLE FUNDS

	2019	2018
Retained earnings	-23,613	-11,731
Result for the period	-18,038	-11,882
Reserve for invested unrestricted equity	39,176	39,176
Treasury shares	-2,427	-2,427
Deferred development costs	0	-4,032
Distributable funds	0	9,106
Parent company share capital		
one type of shares		
	pcs	pcs
Outstanding shares on Jan. 1	418,130,168	52,270,896
Purchase of own shares	0	-4,625
Share issue	0	365,863,897
Outstanding shares on Dec. 31	418,130,168	418,130,168
Share capital in Parent company	pcs	pcs
one type of shares	421,636,788	421,636,788

16. MANDATORY PROVISIONS

	2019	2018
Other mandatory provisions on Jan. 1	86	0
Other mandatory provisions, change	-86	86
Other mandatory provisions on Dec. 31	0	86

17. LIABILITIES

	2019	2018
Non-current liabilities		
Loans from financial institutions	4,850	4,805
Other non-current liabilities	0	731
	4,850	5,536
Non-current Intercompany liabilities		
Other non-current liabilities	1,200	2,656
Accruals and deferred income	198	220
	1,398	2,876
Non-current liabilities Total	6,248	8,412
Current liabilities		
Loans from financial institutions	1,705	995
Advances received	0	41
Trade payables	519	1,546
Other current liabilities	27	90
Accruals and deferred income	203	629
	2,454	3,302

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. More detailed information on the financial position is presented in note 27 to the consolidated financial statements.

	2019	2018
Current liabilities to group companies		
Trade payables	50	5,714
Other current liabilities	4,125	3,500
Accruals and deferred income	953	853
	5,128	10,067
Current liabilities total	7,582	13,369
Accruals and deferred income		
External accruals and deferred income include the following items:		
Accrued holiday pay	65	528
Accrued other personnel expenses	17	78
Accrued financial items	82	0
Other items	38	23
	203	629

18. CONTINGENT LIABILITIES

	2019	2018
Security given		
Security given on own behalf		
Business mortgages	**5,000**	5,000
Other contingent liabilities	**78**	78
	Pcs	pcs
Pledged Powernet International Oy shares, pcs	**24,091,404**	12,515,001
Book value of shares, EUR	**3,781,207,05**	3,533,624,20
Liabilities guaranteed by business mortgages. Liabilities include covenant terms.		
Loans from financial institutions	**5,555**	5,800
Factoring limits in use on Dec 31	**842**	4,022
	6,397	9,822
Liability engagements and other contingent liabilities		
Rent and leasing commitments on own behalf		
Payable in the following financial year	**35**	372
Payable later	**21**	644
Credit insurance liability according to factoring contract. The liability has not been realized.	**42**	201

19. RELATED PARTY TRANSACTIONS

The company had no transactions with related parties outside the Group that deviated from the ordinary course of business.

20. EVENTS AFTER THE END OF THE FINANCIAL YEAR

On February 3, 2020, Enedo Plc called an Extraordinary General Meeting to decide on a reverse share split, the company's new name, domicile and reduction of share capital. The Extraordinary General Meeting was held on February 25, 2020.

In accordance with the proposal of the Board of Directors, the Extraordinary General Meeting resolved to amend the Articles of Association so 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, in accordance with the proposal of the Board of Directors, that the company's registered share capital be reduced from EUR 15,000,000 by EUR 14,900,000 to EUR 100,000 and that the reduced amount of EUR 14,900,000 be transferred to the reserve for invested unrestricted equity.

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 reverse share split date (hereinafter referred to as the "Transaction Day"), on the basis of which the number of shares to be transferred to and redeemed from a shareholder is determined, was February 27, 2020. The reverse share split was carried out in the book-entry system after the stock market trading ended on the Transaction Day.

The Extraordinary General Meeting resolved on the proposal of the Board of Directors to amend the authorization given by the Annual General Meeting on April 11, 2019, to issue shares as well as option rights and other special rights so that the authorization would comprise a total of a maximum of 1,686,500 shares, which corresponds to approximately 20 percent of the shares in the company after the registration of the share split.

Enedo Plc's Shareholders' Nomination Board prepared proposals on the composition of the Board of Directors and the remuneration of the Board of Directors to the Annual General Meeting. The proposals were published in a stock exchange release on March 3, 2020.

Efore Powernet Oy, subsidiary of the Group, name was changed. New name of the company is Enedo Finland Oy and it was registered on 20th March 2020.

After the end of the financial year, the coronavirus (COVID-19) that originated in China and has spread throughout the world has created economic and market uncertainty. Many countries have restricted the movement of their citizens and implemented other exceptional measures to prevent the spread of the virus and mitigate its impacts. The impacts of the coronavirus pandemic on the operations of Enedo (formerly Efore) cannot be precisely evaluated at the present time, but there may be effects related to component availability, the delivery capability of subcontractors, or the availability of purchased products or customer demand.

For the reasons set out above Enedo started employee co-operation negotiations in all operations. Company gave a stock exchange release on the matter on 23th March 2020.

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

Vantaa, March 24, 2020

Tuomo Lähdesmäki
Chairman

Antti Sivula

Matti Miettunen

Taru Narvanmaa

Vesa Leino
President and CEO

AUDITOR'S REPORT

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Enedo Plc (previously Efore Plc)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Enedo Plc (business identity code 0195681-3) for the year ended 31 December 2019. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

— the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

— the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 8 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter	How the matter was addressed in the audit
Divestment of Telecom business (Consolidated financial statements accounting principles and note 3 and parent company's financial statements note 6)	
— In November 2019, Enedo completed the divestment of its Telecom business. — The Telecom business comprised a significant part of Enedo Group's business operations and has been presented as discontinued operations in the financial statements. — A disposal loss of EUR 0,6 million, including costs for sale, has been recognised in the Group's result. A disposal loss of EUR 15,1 million has been recognised in the parent company's result, including costs for sale. — We considered the divestment of Telecom business as a key audit matter because of the size and complexity of the transaction.	— We reviewed the documentation and accounting entries in relation to the divestment of the Telecom business and evaluated the appropriateness of the accounting treatment of the transaction in relation to the applicable accounting principles. — We evaluated the appropriateness of the presentation of discontinued operations in the consolidated income statement and in the notes to the consolidated financial statements. — In addition, we evaluated the adequacy of the disclosures in relation to the divestment of the business.

The key audit matter	How the matter was addressed in the audit
Valuation of capitalized development costs, goodwill and allocated fair value to intangible assets / parent company investments in subsidiaries (Consolidated financial statements accounting principles and notes 2 and 14 and parent company's financial statements accounting principles and notes 12, 13 and 14)	
— The Research and Development function is significant for the industry Enedo Group operates in. The development expen-ditures are capitalised in the consolidated balance sheet to the extent that they meet the capitalisation criteria set out in the relevant accounting standard (IAS 38) and are assessed to contribute future economic benefits. The assessment may change even in a rather short term, e.g. as a result of technical development. At the end of 2019 the capitalised development costs in the consolidated balance sheet amounted EUR 5.4 million. — At the end of 2019, the value of goodwill amounted EUR 4.3 million and allocated fair value to intangible assets to EUR 1.2 million. — Parent company's investments in subsidiaries comprise a significant part of parent company assets. Valuation of these investments depend on the financial performance of the subsidiaries. — The capitalised development costs, goodwill, fair values allocated to intangible assets and parent company investments in subsidiaries are tested for impairment at least annually. — Management makes several estimates of assumptions used in the impairment calculations. The future cash flow projections require management judgement in regard to eg. sales growth, profitability, terminal growth and discount rates applied. — We considered the valuation of capitalized development costs, goodwill and allocated fair value to intangible assets and parent company investments in subsidiaries as a key audit matter because of the management judgement involved in the assumptions used in the impairment testing and the significance of their balance sheet values.	— We assessed the appropriateness of the capitalisation process of development expenditures and considered whether the development costs capitalised during the year had met the capitalisation criteria under the relevant accounting standard. — Our audit procedures on the impairment testings included, among others, the following: o We evaluated the reasonableness of the future cash flow projections. o We evaluated the key assumptions used in the impairment tests, such as profitability, discount rates and terminal growth. o We involved KPMG valuation specialists to test the arithmetical accuracy of the impairment calculations and to compare the assumptions used against market and industry specific data. — In addition, we assessed the adequacy and appropriateness of the disclosures presented.

The key audit matter	How the matter was addressed in the audit
Sufficiency of financing (Consolidated balance sheet, Consolidated financial statements accounting principles and notes 22, 27 and 33)	
— The consolidated operating loss from continuing operations for the year was EUR 2.6 million. — The Group's interest-bearing liabilities exceeded cash and cash equivalents by EUR 8.3 million at year-end 2019. — Enedo, its main financier bank and Jussi Capital Oy have made a stand-still agreement until June 30, 2020. As a result, testing of the covenant terms will be postponed until December 31, 2020. Enedo is also planning to restructure its Group financing. — The preparation of the financial statements on a going concern basis requires that the Group's financing be secured for at least a 12-month period from the balance sheet date. The company assesses that the financing is secured for a 12-month period from the balance sheet date. — We considered the sufficiency of financing as a key audit matter because of the operating losses and the significance of the financing arrangements.	We assessed: — management's view on the applicability of the going concern principle, — the effects of the terms and conditions of the financing arrangements to classification and recognition by reference to relevant accounting policies for the consolidated financial statements and applicable financial reporting framework and — the appropriateness of the disclosures provided on the financing arrangements and interest-bearing liabilities in the consolidated financial statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

INFORMATION ON OUR AUDIT ENGAGEMENT

We were first appointed as auditors by the Annual General Meeting in 2007 and our appointment represents a total period of uninterrupted engagement of 13 years.

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 25 March 2020
KPMG OY AB

Henrik Holmbom
Authorised Public Accountant, KHT

GROUP KEY FIGURES

GROUP KEY FIGURES, MEUR		IFRS 2019	IFRS 2018	IFRS 2017*
Income statement				
Net sales	MEUR	**43.3**	33.7	69.9
Adjusted EBITDA	MEUR	**1.2**	-0.6	3.6
EBITDA	MEUR	**1.1**	-1.1	3.6
Adjusted operating profit/loss	MEUR	**-2.4**	-3.3	-0.2
Operating profit/loss	MEUR	**-2.6**	-3.8	-0.2
Profit/loss before taxes	MEUR	**-2.7**	-4.8	-1.0
Profit/loss for the period	MEUR	**-2.6**	-4.1	-0.6
Gross investments	MEUR	**3.2**	2.6	5.2
2017 figures have not been restated to continuing operations				
Profitability				
Return on equity (ROE) *	%	**-39.2**	-95.4	-7.9
Return on investment (ROI) *	%	**-9.2**	-35.4	-2.2
* comparison periods have not been adjusted to continuing operations				
Finance and financial position				
Net interest-bearing liabilities	MEUR	**12.6**	9.4	8.1
Net gearing	%	**342.1**	100.6	115.6
Current ratio		**0.7**	0.8	0.7
Solvency ratio	%	**11.5**	20.6	17.9
Cash flows from operating activities (continuing operations 2019–2018)		**-0.5**	-2.8	4.7
Other key figures (continuing operations 2019–2018)				
Personnel, average		**388**	324	432
Wages, salaries and fees	MEUR	**9.5**	7.4	11.0
Product development costs (expensed)	MEUR	**2.4**	1.4	5.8
- percent of net sales				8.3
Product development costs (capitalized in balance sheet)	MEUR	**2.1**	1.6	3.4
- percent of net sales				4.9
Product development costs total	MEUR	**4.5**	3.0	9.2
- percent of net sales				13.2

KEY FINANCIAL INDICATORS PER SHARE		IFRS 2019	IFRS 2018	IFRS 2017
Earnings per share for continuing operations		**-0.01**	-0.08	-0.01
Diluted earnings per share for continuing operations		**-0.01**	-0.08	-0.01
Earnings per share	EUR	**-0.01**	-0.14	-0.01
Diluted earnings per share	EUR	**-0.01**	-0.14	-0.01
Dividend/share	EUR	**0.0**	0.0	0.0
Dividend payout ratio	%	**-**	-	-
Effective dividend yield	%	**-**	-	-
Distribution of assets from the reserve of invested unrestricted equity	EUR	**-**	-	-
Equity per share, adjusted for share issue	EUR	**0.009**	0.02	0.13
Closing share price	EUR	**0.05**	0.04	0.43
P/E ratio		**-4.73**	-0.29	-43.00
Market value				
Market capitalization	MEUR	**22.100**	16.900	22.5
Trading				
Shares traded	million pcs	**81.5**	39.0	9.4
Trading, %	%	**19.3**	9.3	16.9
Number of outstanding shares				
- average on December 31	1,000 pcs	**418,130**	56,278	52,271
- diluted number of shares on December 31	1,000 pcs	**418,130**	56,278	52,271
- actual number of shares on December 31	1,000 pcs	**418,130**	418,130	52,271
Share prices				
lowest	EUR	**0.04**	0.03	0.42
highest	EUR	**0.07**	0.22	0.70
Closing share price	EUR	**0.05**	0.04	0.43
Average price	EUR	**0.06**	0.10	0.56

CALCULATION OF KEY FIGURES AND RATIOS

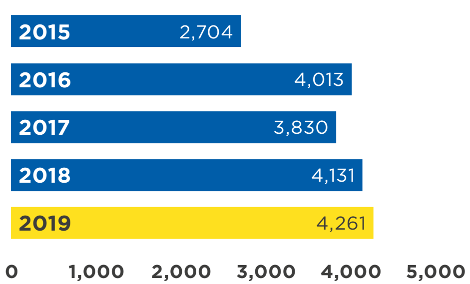
EBITDA	=	Operating profit/loss + depreciation and amortization of tangible and intangible assets + impairment
Adjusted EBITDA	=	EBITDA adjusted by items affecting comparability, related to e.g. restructuring measures
Adjusted operating profit/loss		Operating profit/loss adjusted by the items affecting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

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 result for the financial year is the result attributable to the owners of the parent company.

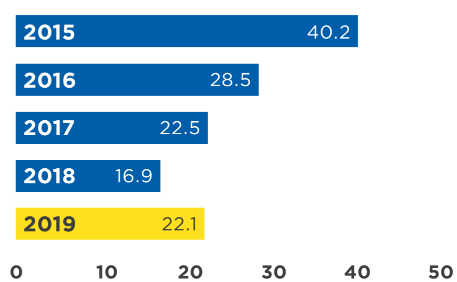
SHARES AND SHAREHOLDERS

ENEDO PLC'S (FORMERLY EFORE PLC) SHARE PRICE AND TRADING VOLUME IN 2015–2019

NUMBER OF REGISTERED SHAREHOLDERS



MARKET CAPITALIZATION, (MEUR)



SHARES AND SHAREHOLDERS

CHANGES IN SHARE CAPITAL 2004–2019

Share capital Nov. 1, 2003				8,135,104 pcs		13,830 (EUR 1,000)	
Year	**Subscription/ share relationship**	**Subscription/ registering time**	**Subscription price EUR**	**New shares pcs**	**Change EUR 1,000**	**New share capital EUR 1,000**	**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
Share capital Dec. 31, 2019				421,636,788 pcs		15,000 (EUR 1,000)	

Share capital Dec. 31, 2019	421,636,788 pcs	15,000 (EUR 1,000)
Own shares Dec 31, 2019	3,506,620 shares	
Shares outstanding per December 31, 2019	418,130,168 shares	

SHARES AND SHAREHOLDERS

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF HOLDING, DECEMBER 31, 2019

Shares	Number of shareholders pcs	Proportion of shareholders %	Total number of shares and votes pcs	shares and votes %
1–100	711	16.69	32,351	0.01
101–500	686	16.11	204,894	0.05
501–1 000	427	10.03	359,748	0.09
1,001–5,000	1,033	24.26	2,740,250	0.65
5,001–10,000	422	9.91	3,284,925	0.78
10,001–50,000	626	14.70	15,332,624	3.64
50,001–100,000	136	3.19	9,943,359	2.36
100,001–500,000	147	3.45	31,662,032	7.51
500,001–	71	1.67	358,076,605	84.93
Total	4,259	100	421,636,788	100
of which nominee registered	10		38,838,258	9.21
On wait list, total	0		0	0
In joint account			0	0
In special accounts total			0	0
Total			421,636,788	100

DISTRIBUTION OF SHAREHOLDINGS BY SHAREHOLDER CATEGORY, DECEMBER 31, 2019

	Number of shareholders pcs	Proportion of shareholders %	Shares, pcs pcs	shares and votes %
Enterprises total	180	4.23	226,367,280	53.69
Financial- and insurance institutions total	14	0.33	14,683,361	3.48
Households total	4,038	94.81	125,259,299	29.71
Non-profit organizations total	13	0.31	15,973,830	3.790
Outside Finland	14	0.33	514,760	0.12
Total	4,259	100	382,798,530	90.79
of which nominee registered				
On wait list, total			0	0
In joint account			0	0
In special accounts total			0	0
Total			421,636,788	100

SHARES AND SHAREHOLDERS

THE 20 LARGEST SHAREHOLDERS, DECEMBER 31, 2019

	Shares pcs	shares and votes %
JUSSI CAPITAL OY	79,685,422	18.90
RAUSANNE OY	43,425,404	10.30
SOINITILAT OY	25,346,952	6.01
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINKI BRANCH	22,524,698	5.34
4CAPES OY	19,000,000	4.51
HEININEN JAAKKO MAURI	16,290,815	3.86
YLEINEN TYÖTTÖMYYSKASSA YTK	14,000,000	3.32
HEININEN PEKKA TAPANI	10,766,000	2.55
ADAFOR OY	10,582,406	2.51
DANSKE BANK A/S HELSINKI BRANCH	10,421,107	2.47
UMO CAPITAL OY	7,928,145	1.88
HEININEN INVEST OY	7,808,936	1.85
LAAKKOSEN ARVOPAPERI OY	6,857,624	1.63
ARVOJYVA OY	6,728,216	1.60
LAAKKONEN MIKKO KALERVO	6,000,400	1.42
EVLI PANKKI OYJ	5,685,304	1.35
NORDEA BANK ABP	5,367,117	1.27
ENEDO PLC	3,506,620	0.83
SORMUNEN MARTTI JUHANI	2,598,378	0.62
AHOMÄKI TIMO ANTERO	2,364,640	0.56
Total	306,888,184	72.78

SHAREHOLDINGS OF THE MANAGEMENT AND THE BOARD OF DIRECTORS ON DECEMBER 31, 2019

Total shareholdings	819,833 pcs
Shares	421,636,788 pcs
Proportion of shares and votes	0.19 %

ENEDO PLC'S (FORMERLY EFORE PLC) CORPORATE GOVERNANCE STATEMENT 2019

The obligations of Enedo's (formerly Efore Plc) decision-making bodies are defined in accordance with the Finnish legislation and the principles established by the Board of Directors. Enedo's (formerly Efore Plc) corporate governance complies with the provisions of the Companies Act. In addition, Enedo (formerly Efore Plc) complies with the Insider Guidelines issued by Nasdaq Helsinki Ltd and the Finnish Corporate Governance Code 2015 issued by the Securities Market Association. The Corporate Governance Code 2020 will enter into effect on January 1, 2020. This Corporate Governance Statement has been prepared in accordance with the Finnish Corporate Governance Code 2015. This statement has been issued separately from the report by the Board of Directors. The Corporate Governance Code is publicly available at www.cgfinland.fi. This statement was approved for publication by the Board of Directors of Enedo Plc (formerly Efore Plc) on March 24, 2020. It is included in the Annual Report and also available on the company website at www.enedopower.com.

COMPOSITION AND OPERATIONS OF THE BOARD OF DIRECTORS

As set out in the Articles of Association, the Board of Directors shall have no fewer than three and no more than ten ordinary members. The company's President and CEO is not a member of the Board of Directors. The composition shall take into account the company's operational needs and stage of development. A person to be elected to the Board shall have the qualifications required by the duties as well as sufficient knowledge of financial matters and business operations. A person to be elected to the Board shall have the possibility to devote a sufficient amount of time to the work.

The majority of the members of the Board shall be independent of the company. In addition, at least two of the members representing this majority shall be independent of the company's significant shareholders.

The Annual General Meeting held on April 11, 2019, re-elected Tuomo Lähdesmäki, Antti Sivula, Taru Narvanmaa and Matti Miettunen to the Board of Directors. Marjo Miettinen served as a Board member until April 11, 2019.

Composition of the Board of Directors on December 31, 2019:

Tuomo Lähdesmäki, b. 1957
- Education: M.Sc. (Eng.), MBA
- Board member and Chairman since January 31, 2017
- Primary occupation: Board professional
- Independent of the company and its significant shareholders
- Owns 304,828 shares in Enedo (formerly Efore Plc)*

Matti Miettunen, b. 1963
- Education: M.Sc. (Econ.)
- Board member since April 12, 2018
- Primary occupation: Professional investor, management consultant
- Independent of the company and its significant shareholders
- Owns 340,005 shares in Enedo (formerly Efore Plc)*

Taru Narvanmaa, b. 1963
- Education: M.Sc. (Econ.)
- Board member since April 12, 2018
- Primary occupation: Board professional
- Independent of the company and its significant shareholders
- Share ownership: no shares*

Antti Sivula, b. 1961
- Education: M.Sc. (Eng.)
- Board member since 2016
- Primary occupation: Mekitec Group, Managing Director
- Independent of the company and its significant shareholders
- Share ownership: no shares*

*Share ownership information as of December 31, 2019

Remuneration of the Board of Directors in 2019

The Chairman of the Board was paid a fee of EUR 3,750 per month and the members EUR 2,000 per month. The Chairman of the Audit Committee was paid a fee of EUR 750 per month.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors has general decision-making authority in all company matters that are not stipulated (by law or under the Articles of Association) to be decided or acted on by another party. The Board is responsible for the governance of the company and for duly organizing its operations. It also approves the corporate strategy, the risk management principles, the Group's corporate values, the operating plan and related annual budget, and decides on major investments.

The main duties and operating principles of the Board of Directors are laid out in a separate Charter, which covers the declaration of a quorum at Board meetings, the writing and approval of minutes, and the preparations needed on matters for decision.

More specifically, the Board:

- approves the company's values and strategy
- approves annually the company's main targets of business operations and monitors the Group's profit performance
- decides on the Group's major investments and reorganization measures
- reviews and approves interim reports and financial statements
- appoints and discharges the President and CEO and decides on the conditions of the President and CEO's service contract and remuneration principles
- decides on the compensation scheme of the management and personnel
- monitors the major risks and their management as well as approves the principles of risk management

The Board of Directors reviews its own working procedures by means of an annual self-evaluation process or in co-operation with an external party.

BOARD MEMBERS' ELECTION PROCEDURES AND THE BOARD'S DIVERSITY PRINCIPLES

The Annual General Meeting elects the members of the Board of Directors by a simple majority vote for a term of office that ends at the close of the next Annual General Meeting following their election. The Board of Directors elects a Chairman and a Vice Chairman from among its members.

The composition of the Board of Directors must take into account the company's operational objectives and stage of development. The diversity of the Board of Directors supports the development of the business. When preparing the composition of the Board of Directors, the way in which the members' skills, education and experience complement each other is also assessed. The objective is that both genders are represented on the Board as well as the members at different ages and with a different educational background and experience.

BOARD COMMITTEES

The Board of Directors decides on establishing committees as necessary and appoints the members and chairmen of committees from among its members. The committees regularly report to the Board of Directors on their work.

Audit Committee 2019

The Audit Committee shall consist of at least three Board members who are independent of the company. In addition, at least one member shall be independent of the company's significant shareholders. The members shall have the qualifications required for the performance of the responsibilities of the committee, and at least one member shall have special expertise in accounting, bookkeeping or auditing.

In the financial year 2019 the members of the Audit Committee were Taru Narvanmaa (Chairman), Tuomo Lähdesmäki and Matti Miettunen until April 11, 2019. In its constitutive meeting held after the Annual General Meeting on April 11, 2019, the Board of Directors decided to establish a separate Audit Committee and appointed Taru Narvanmaa (Chairman), Tuomo Lähdesmäki, Matti Miettunen and Antti Sivula as its members.

The Audit Committee assists the Board of Directors by preparing the tasks assigned to the Board of Directors. The Committee regularly reports to the Board of Directors on the matters it has discussed and the measures it has taken. The Committee submits decisions proposals to the Board of Directors when appropriate. The primary tasks of the Audit Committee are to review the company's financial reporting and supervise compliance with laws and regulations.

- monitor the financial statements reporting process
- supervise the financial reporting process
- monitor the effectiveness of the company's internal control, internal auditing and risk management systems
- review the description of the main features of the internal control and risk management systems related to the financial reporting process, which is included in the company's Corporate Governance Statement
- monitor the statutory audit of the financial statements and consolidated financial statements
- evaluate the independence of the statutory audit or auditing firm and, in particular, the auditor's provision of supplementary services to the company
- prepare a draft resolution regarding the election of the auditor
- evaluate compliance with laws and regulations as well as the company's operating procedures and monitor significant legal processes involving Group companies, and
- exercise other duties as authorized by the Board of Directors.

In its first meeting following the Annual General Meeting, the Board of Directors shall appoint the members of the Audit Committee from among its members and appoint one of them to be the Chairman of the Audit Committee. The members' term of office shall be one year, ending at the conclusion of the Annual General Meeting following their appointment.

Attendance in Board and Audit Committee meetings in 2019

A total of 30 Board meetings and 7 Audit Committee meetings were held during the financial year 2019.

	Board meetings	Audit Committee meetings
Tuomo Lähdesmäki	29/30	7/7
Marjo Miettinen (member of the Board until April 11, 2019)	8/30	
Matti Miettunen	30/30	7/7
Taru Narvanmaa	29/30	7/7
Antti Sivula (member of the Audit Committee from April 11, 2019)	30/30	3/7

SHAREHOLDERS' NOMINATION BOARD

Shareholders' Nomination Board 2019

The Annual General Meeting 2017 decided to establish a permanent Shareholders' Nomination Board to prepare proposals concerning the election and remuneration of the members of the Board of Directors to the General Meetings. The Annual General Meeting 2017 also adopted the charter of the Shareholders' Nomination Board.

The Nomination Board consists of four (4) members, with the company's three (3) largest shareholders each having the right to nominate one member. The Chairman of the Board of Directors of the company shall serve as the fourth member. The company itself cannot be a member of the Shareholders' Nomination Board.

On January 14, 2019, the following shareholders appointed the following members to the Nomination Board that submitted proposals to the Annual General Meeting 2019:

- Jussi Capital Oy: Jarkko Takanen
- Rausanne Group: Jarmo Malin
- Jaakko Heininen and related parties: Jaakko Heininen
- Tuomo Lähdesmäki, Chairman of the Board of Directors of Enedo (formerly Efore Plc), served as the fourth member.

In its constitutive meeting, the Nomination Board elected Jarkko Takanen as its Chairman.

The Nomination Board submitted its proposal regarding the composition and remuneration of the Board of Directors on January 16, 2019.

The Nomination Board convened three times in 2019, with all of the members attending the meetings.

THE PRESIDENT AND CEO AND HIS DUTIES

The Board of Directors appoints the company's President and CEO and supervises his actions. The main terms and conditions governing the President and CEO's appointment are detailed in a written contract approved by the Board of Directors. The President and CEO manages and supervises the Group's business operations within the guidelines and directives issued by the Board of Directors, and ensures that the company's accounting accords with the law and that the financial management system is reliable.

Vesa Leino, who had previously served as the Group CFO since summer 2017, was appointed as Enedo Plc's (formerly Efore Plc) new President and CEO effective from January 1, 2019.

OTHER MANAGEMENT

The corporate management of Enedo Group (formerly Efore Plc) consists of the Chief Executive Officer (CEO) and the Executive Management Team.

The Executive Management Team has no powers based on law or the Articles of Association. The Executive Management Team assists the CEO in the development of the Group's business. The Executive Management Team's duty is to prepare strategy proposals for the Board and execute the approved strategy. The Executive Management Team members are accountable for the performance and development of their respective areas of responsibility and they supervise the operations of the units belonging to their areas.

Members of the Executive Management Team and their areas of responsibility on December 31, 2019:

Vesa Leino, b. 1969, M.Sc. (Econ.)
- President and CEO
- Share ownership: 175,000*

Olli Mustonen, b. 1985, M.Sc. (Econ.)
- CFO
- Share ownership: no shares*

Carlo Rosati, b. 1966, M. Degree in Business and Economics
- Executive Vice President, Digital Power and Light Business Line
- Share ownership: no shares*

Ruben Tomassoni, b. 1974, LL.M.
- Vice President, Operations
- Share ownership: no shares*

* shareholding information
as of December 31, 2019

AUDITORS

The principal auditor of Enedo Plc (formerly Efore Plc) is responsible for the Group's audit and the related directions and coordination. The principal auditor prepares an annual audit plan and presents it to the Board of Directors. The plan specifies the focus areas of the audit and is subject to approval by the Audit Committee. The auditor issues an auditor's report on the consolidated financial statements and the report of the Board of Directors to the company's shareholders as required by law. Furthermore, the auditor reports their findings to the Audit Committee.

The Annual General Meeting held on April 11, 2019, re-elected KPMG Oy Ab as the company's auditor. Authorized Public Accountant Henrik Holmbom served as the responsible auditor during the financial year 2019.

The fees for auditing the official financial statements amounted to EUR 101,304 in 2019. The auditing company charged the Group a total of EUR 34,567 for other services during the financial year.

THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Internal control systems

The Board of Directors is responsible for ensuring that the internal control and risk management are adequately and effectively arranged. In addition, it is the responsibility of the Board to ensure that the internal control of the company's accounting and financial management is appropriately arranged. The Audit Committee is responsible for the control of the financial reporting process. The financial management function communicates its findings to the relevant members of the management.

The Group has financial reporting systems for monitoring business operations, financial management and risks. The Board of Directors has approved the management organization and principles, decision-making authorizations and approval procedures, operating policies of the various areas of the company's administration, financial planning and reporting as well as remuneration principles.

The Group does not have a separate internal audit function. Instead, the internal audit is part of the Group's financial administration. Representatives of the Group's financial administration perform certain control functions when they visit the subsidiaries. The financial management reports the findings to the President and CEO and the Audit Committee which, in turn, report to the Board.

The Group's financial management, together with the other management, prepares a monthly financial report. The report contains a summary of the net sales, gross profit, costs level, results, net working capital, cash flow and personnel development for the previous month, the year to date and a forecast for the remainder of the year. The report also includes the company's key risks and opportunities. The report is delivered to the Board of Directors, Executive Management Team and the financial management of the largest subsidiaries. It is also delivered to the auditors when it concerns interim reports. In addition to the monthly reporting, the management follows certain items more actively in weekly meetings. The Group aims to further simplify its financial processes and main business processes as well as reduce risks related to maintaining several parallel systems.

The Group's financial management oversees the centralized interpretation and application of accounting standards (IFRS). The Group's financing and hedging against currency risks are centralized in the head office in Finland. The Board's Audit Committee evaluates the financial statements and interim statements as well as certain other areas that are of significance to the result of the Group's business operations. The Audit Committee reports its findings to the Board, which monitors that the necessary measures are taken.

Risk management

The aim of Enedo's (formerly Efore Plc) risk management system is to identify the Group's strategic, operational and financing risks as well as any conventional risks of loss. In its operations, the Group takes risks related to the pursuit of its strategy and goals. Risk management seeks to control these risks in a proactive and comprehensive manner. The measures taken can include risk avoidance, risk reduction or risk transfer by insurance or agreement.

Risk management forms an integral part of the Group's business processes in all of its operational units. In this way, the risk management process is tied to internal controls. The Group and its operational units assess the risks of their operations, prepare risk management plans and report risks in accordance with the organizational structure.

The Group CFO oversees that risk management is arranged efficiently and that the effectiveness of its performance is ensured. The CFO is responsible for the general development of Enedo's (formerly Efore Plc) risk management. The CFO reports the Group's risk status to the Audit Committee and acts as a representative of the Executive Management Team in Audit Committee meetings.

The Audit Committee and the Board of Directors address risks in connection with addressing other business operations. Risk management is taken into consideration in the Group's quality systems, which also include contingency plans. A more detailed statement on the Group's risks and their management is available in the Investors section of the Efore website.

RELATED PARTY TRANSACTIONS

Efore maintains a list of its related parties. The company evaluates and monitors transactions carried out between the company and its related parties and ensures that it identifies, decides on, approves, reports, and monitors related party transactions in accordance with appropriate procedures. Related party transactions are reported in accordance with the Finnish Limited Liability Companies Act and regulations concerning the drawing up of financial statements and published, when certain conditions are satisfied, in accordance with the rules of the Helsinki Stock Exchange.

In decision-making pertaining to potential related party transactions, the company ensures that decisions are based on exceptionally careful preparatory work and appropriate reports, opinions and/or assessments. In arranging preparatory work, decision-making, and the evaluation and approval of individual transactions, the company takes into account all relevant disqualification provisions and the appropriate decision-making body in each individual matter to ensure that a representative of a related party does not participate in the decision-making.

An absolute guarantee issued for a loan in 2016 by Jussi Capital Oy is still valid. The arrangement was carried out on acceptable grounds for the Group's business interests and under ordinary market terms. During the financial year 2019, Jussi Capital Oy granted Enedo (formerly Efore Plc) a loan of EUR 1.0 million and put up security for the withdrawal of a credit limit of EUR 1.0 million. The arrangement involving the pledging of security was carried out on acceptable grounds for the Group's business interests and under ordinary market terms.

INSIDER ADMINISTRATION

Enedo (formerly Efore Plc) has drawn up Group-level Insider Guidelines, which cover topics including the prohibition on unlawful disclosure and the abuse of inside information, insider lists, notification requirements and trading restrictions. The Insider Guidelines have been confirmed by the Board of Directors of Enedo (formerly Efore Plc). The Group CFO is responsible for insider administration.

The Group does not maintain a list of permanent insiders. A project-specific insider list according to the Nasdaq Helsinki Guidelines for Insiders is prepared when Efore has an ongoing project.

The persons discharging managerial responsibilities in the Group are the members of the Board of Directors, the President and CEO and the CFO. The persons discharging managerial responsibilities in the Group and persons closely associated with them have an obligation to notify the Group and the FIN-FSA about transactions relating to the Group's financial instruments. The Group then discloses the information as a separate stock exchange release.

Enedo (formerly Efore Plc) has organized regular supervision of the trading and the notification requirement concerning persons included in insider lists as well as persons discharging managerial responsibilities and persons closely associated with them in such a way that the company annually checks the information to be notified with the persons discharging managerial responsibilities and the persons closely associated with them. Enedo's (formerly Efore Plc) duty of supervision also extends to any external advisors registered in the insider list who have taken on the duty of drawing up and maintaining the insider list. It is therefore recommended that the company agree in writing (e.g. by e-mail) with such external advisors on the maintenance of the insider list and assure that such parties are aware of the obligations and duties under MAR and the Group's Insider Guidelines.

The persons discharging managerial responsibilities at Enedo (formerly Efore Plc) are not allowed to trade in Enedo's (formerly Efore Plc) financial instruments for their own account or for the account of a third party during the closed period, which begins 30 days before the disclosure of financial statement releases and half-year financial reports and ends on the day following the disclosure of such information. In the exceptional event that the financial statements release does not include all of the relevant information regarding the financial position of the company, in which case the closed period also applies during the 30 days prior to the publication of the financial statements, the company will separately inform the parties concerned.

Trading in Enedo's (formerly Efore Plc) financial instruments is allowed outside closed periods, provided that the person in question is not entered into a project-specific insider list and they do not otherwise possess inside information at the time. Prior to trading, the person in question also needs to have received a statement, in writing by e-mail, from the person responsible for insider administration at Enedo (formerly Efore Plc), indicating that there is no obstacle to trading.

Persons in the service of Efore Plc may, via an independent channel, report any suspected infringements of rules and regulations concerning the financial market, including violations of the company's Insider Guidelines and the Nasdaq Helsinki Guidelines for Insiders. Such reports are made by a free-form letter (anonymously, if necessary) addressed to the President and CEO.

ENEDO GROUP (FORMERLY EFORE PLC) REMUNERATION STATEMENT 2019

Enedo's (formerly Efore Plc) remuneration report has been drawn up in accordance with the Finnish Corporate Governance Code 2015 (www.cgfinland.fi) issued by the Securities Market Association. The remuneration report discloses the remuneration and other financial benefits paid to the members of the Board of Directors as well as the CEO and the members of the Executive Management Team during the financial year January 1–December 31, 2019.

BOARD OF DIRECTORS

The Annual General Meeting decides on the Board of Directors' monthly fees. The Annual General Meeting on April 5, 2017 decided to establish a permanent Shareholders' Nomination Board to prepare future proposals concerning the election and remuneration of the members of the Board of Directors to the General Meetings.

At the end of the financial year, on December 31, 2019, the members of the Board of Directors were Tuomo Lähdesmäki, Matti Miettunen, Taru Narvanmaa and Antti Sivula. Marjo Miettinen resigned from the Board of Directors on April 11, 2019.

The following monthly remuneration was paid to the members of the Board of Directors:

- the Chairman of the Board of Directors: EUR 3,750 per month
- the other members of the Board of Directors: EUR 2,000 per month
- the Chairman of the Audit Committee: EUR 750 per month.
- travel and other accommodation expenses are payable against receipt

CEO AND EXECUTIVE MANAGEMENT TEAM

The Board of Directors decides on the terms of service and the performance-based pay system for the CEO and the members of the Executive Management Team.

Enedo (formerly Efore Plc) CEO Vesa Leino's remuneration consists of a fixed monthly salary and a performance bonus. Starting from January 1, 2019, the CEO's fixed monthly salary was EUR 20,000. The CEO was not paid a signing fee. No performance bonus was paid in 2019.

At the end of 2019, Enedo's (formerly Efore Plc) Executive Management Team consisted of the CEO and the following executives: Olli Mustonen (CFO), Carlo Rosati (EVP, Digital Power and Light) and Ruben Tomassoni (VP, Operations).

In 2019, the Executive Management Team also included Heikki Viika from January 1, 2019 to April 28, 2019, Jorma Wiitakorpi from January 1, 2019 to June 30, 2019 and Ari Kemppainen from January 1, 2019 to November 28, 2019.

The Executive Management Team had an incentive scheme in 2019. The incentive scheme was based on the development of net sales and profitability in 2019.

The retirement age of the members of the Executive Management Team is determined by local legislation.

The notice period stipulated by the service contracts of the members of the Executive Management Team is, as a rule, six months for both the company and the employee.

Remuneration of the CEO and the Executive Management Team:

Board members	Period	Total remuneration, EUR 1,000
Lähdesmäki Tuomo	Jan. 1, 2019–Dec. 31, 2019	44
Miettinen Marjo	Jan. 1, 2019–Apr. 11, 2019	6
Sivula Antti	Jan. 1, 2019–Dec. 31, 2019	23
Miettunen Matti	Jan. 1, 2019–Dec. 31, 2019	23
Narvanmaa Taru	Jan. 1, 2019–Dec. 31, 2019	30

	Period	Salaries, EUR 1,000
Vesa Leino	Jan. 1, 2019–Dec. 31, 2019	236
Executive Management Team	Jan. 1, 2019–Dec. 31, 2019	747

STOCK OPTION PLAN

Enedo (formerly Efore Plc) does not have any stock option plans currently in effect, nor were any stock option plans in effect in the financial year 2019.

ENEDO PLC (FORMERLY EFORE PLC) BOARD OF DIRECTORS ON JANUARY 1, 2020

Tuomo Lähdesmäki
b. 1957, M. Sc. (Eng.), MBA

Board member since 2017
Chairman of the Board

Primary occupation:
Boardman Oy, Founding Partner since 2002

Primary work experience:
Elcoteq Network Plc, President & CEO, 1997–2001
Leiras Ltd, President & CEO, 1991–1997
Swatch Group, VP & General Manager, 1990–1991
Nokia Mobile Phones, VP & General Manager, 1986–1989

Primary positions of trust:
Sievi Capital Oyj, Chairman of the Board since 2019
Fondia, Vice Chairman of the Board since 2017
Kitron ASA, Chairman of the Board since 2014
Meconet Oy, Board member since 2006
Turku University Foundation, Chairman of the Board since 1995, Board member since 1992

Independent of the company or its significant shareholders
Share ownership: 304,828 Enedo (formerly Efore Plc) shares*

Matti Miettunen
b. 1963, M.Sc. (Econ.)

Board member since 2018

Primary occupation:
Professional investor, management consultant

Primary work experience:
Delta Freight Oy, Managing Director, Consultant, since 1990
Mandatum Life, Director of Sales, 2011–2015
RH Freight Oy, Managing Director, 2007–2008
Frans Maas Finland Oy, Managing Director, 2001–2006
GT-Trans Oy, Managing Director, 1987–2001

Primary positions of trust:
-

Independent of the company and its significant shareholders
Share ownership: 340,005 Enedo (formerly Efore Plc) shares*

Taru Narvanmaa
b. 1963, M.Sc. (Econ.)

Board member since 2018
Vice chairman of the Board

Primary occupation:
Board professional

Primary work experience:
Aktia Plc, Senior Vice President and Deputy Managing Director 2011–2017 (2014–2017)
Aktia/Veritas Life Insurance, Managing Director, 2007–2011
Raisio Plc, EVP, Communications and IR, 2001–2007
Sampo Plc, several expert and management positions, 1989–2001

Primary positions of trust:
Pohjantähti Mutual Insurance Company, Board member since 2018
Puutarhaliike Helle, Chairman of the Board since 2015
Åbo Akademi, Vice Chairman of the Board since 2015
Veritas Pension Insurance, member of Supervisory Board since 2013
Stiftelsen Eschnerska Frilasaretten, member of Supervisory Board since 2013

Independent of the company and its significant shareholders
Share ownership: no shares*

Antti Sivula
b. 1961, M. Sc. (Eng.)

Board member since 2016

Primary occupation:
Mekitec Group, CEO since 2015

Primary work experience:
Bluegiga Technologies Oy, CEO, 2011–2015
Elektrobit Corporate, EVP, Global Sales and Marketing, 2007–2011
Orbis Group, Finland/Orbis International Technologies, USA, VP of Sales and Marketing, 2004–2007

Primary positions of trust:
-

Independent of the company and its significant shareholders
Share ownership: no shares*

* Shareholding information as of December 31, 2019

EXECUTIVE MANAGEMENT TEAM AS OF JANUARY 1, 2020

Vesa Leino
b. 1969, M.Sc. (Econ.)

President and CEO of Enedo Group

Employed by the company since August 2017

Vesa Leino was previously the CFO of Enedo Group. Prior to joining Enedo, he worked as Head of Finance in the Phones business at Microsoft. He previously held several management positions at Nokia, with responsibilities related to product management, product development and business planning in Finland, China, Hong Kong and the UK.

Share ownership: 175,000 Enedo (formerly Efore Plc) shares*

Olli Mustonen
b. 1985, M.Sc. (Econ.)

Enedo Group CFO

Employed by the company since April 2018

Olli Mustonen was previously Enedo Group's Group Controller. Prior to joining Enedo, he worked as a Financial Director in Raisio Group and as a Finance Director in the Raisio Branding division.

Fabio Orlandini
b. 1968, Bachelor's degree in Engineering

Director, Sales

Employed by the company since July 2013

Fabio Orlandini was previously the sales director for North America for Efore Inc. and Roal Electronics Inc.

Carlo Rosati
b. 1966, M. Degree in Business and Economics

Executive Vice President, Italy Products and Sales

Employed by the company since June 2018

Carlo Rosati was previously the Finance Director and CEO of Efore SpA. Before joining Enedo, he held various senior positions at Alitalia Group, with responsibilities including financial reporting.

Jussi Vanhanen
b. 1972, M. Sc. (Eng.)

Vice President, Sales

Employed by the company since March 2019

Jussi Vanhanen has previously worked in international sales and marketing at Ensto Oy, The Switch Oy and ABB Oy.

* Information on shares and stock options held as of December 31, 2019

INFORMATION FOR SHAREHOLDERS

Enedo Plc's registered office is in Vantaa, Finland. The company's Business ID is 0195681-3.

ANNUAL GENERAL MEETING

The Annual General Meeting of Enedo Plc will be held on Friday, April 24, 2020.

THE BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING

The Board of Directors proposes to the Annual General Meeting of April 24, 2020, that no dividend be distributed.

CHANGES OF ADDRESS

Shareholders are advised to report any changes of their address to their book-entry securities account provider.

FINANCIAL REPORTS IN 2020

Each year, Enedo publishes a financial statements release, an annual report and a half-year report. Stock exchange releases are made available on the company website after their publication. The annual report is published only in PDF format on the company website.

ANNUAL REPORT 2019

Week 13/2020

HALF-YEAR REPORT 2020

(Jan. 1–Jun. 30, 2020) August 13, 2020

BASIC INFORMATION ABOUT THE SHARE

Exchange listing:
Nasdaq OMX Helsinki, The Nordic Exchange (Small Cap)
Trading code ENEDO
Trading lot 1 share
Number of shares on December 31, 2019: 421,636,788 pcs
Number of treasury shares on December 31, 2019:
3,506,620 shares
Number of outstanding shares on December 31, 2019: 418,130,168 shares
Share capital: EUR 15,000,000

ANALYSTS MONITORING ENEDO

Information on analysts monitoring Enedo Plc is available on the company website at https://enedopower.com/investors/share-and-shareholders/analysts/. The list may be incomplete and Enedo Plc accepts no responsibility for evaluations or recommendations published by analysts.

INVESTOR RELATIONS

The objective of the company's investor relations is to provide accurate and up-to-date information on the Enedo Group's business operations and financial development. Enedo publishes all investor information on its website in Finnish and English. Enedo observes a 30-day silent period before the publication of results. During quiet periods, Enedo will not issue any comments on its financial position or business development.

CONTACT INFORMATION FOR INVESTOR RELATIONS

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ENEDO GROUP CONTACT DETAILS (EFORE UNTIL FEBRUARY 25, 2020)

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EFORE

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EFORE’S YEAR 2019