



Half Year Financial Report H1/2022

ENEDO PLC PUBLISHES HALF YEAR FINANCIAL REPORT JANUARY 1 – JUNE 30, 2022

January – June 2022 in brief

- Net sales increased 15% and was EUR 20,9 million (EUR 18,1 million)
- Adjusted EBITDA positive with EUR 1,3 million (EUR -0,6 million)
- Adjusted operating profit EUR -0,2 million (EUR -2,3 million)
- Profit/loss for the period, EUR -1,3 million (EUR -0,4 million)*
- Orderbook increased to EUR 35,4 million (EUR 16,0)
- Turnaround program executed, savings in expenses EUR 1,4 million compared to H1 2021
- On July 1, 2022 Inission AB has increased ownership in Enedo to 80,43 % and is preparing a mandatory public tender for remaining part of the shares in Enedo Plc.

The figures in the release are presented from continuing operations unless otherwise noted.

Key indicators, EUR million	1-6/22 6mo	1-6/21 6mo	1-12/21 12mo
Net Sales	20,9	18,1	36,4
Power Supplies	13,0	11,4	23,4
Led Drivers	5,2	4,5	9,2
Power Systems	2,6	2,2	3,9
Adjusted EBITDA	1,3	-0,6	-0,8
EBITDA	1,0	-1,2	-3,2
Adjusted operating profit/loss	-0,2	-2,3	-4,2
Operating profit/loss	-0,5	-2,9	-6,6
Profit/loss before taxes*	-1,3	-0,4	-4,6
Earnings per share, EUR*	-0,02	-0,01	-0,08
Solvency ratio, %	10,4	27,1	14,9
Net Gearing, %	337,7	58,5	173
Cash flow from operating activities	-3,1	-1,8	-3,3

*1-6/2021 figures include gross EUR 3,3 million benefit from loan cancellation as part of the completed loan arrangement and related transaction expenses EUR 0,4 million. Net impact EUR 2,9 million.

Key indicators Half year, EUR million	H1/2022	H2/2021	H1/2021
Net Sales	20,9	18,3	18,1
Adjusted EBITDA	1,3	-0,2	-0,6
EBITDA	1,0	-2,0	-1,2
Adjusted operating profit/loss	-0,2	-1,9	-2,3
Operating profit/loss	-0,5	-3,7	-2,9

	1-6/22	1-6/21	1-12/21
ADJUSTED OPERATING PROFIT/LOSS, EUR million	6mo	6mo	12mo
Operating profit/loss	-0,5	-2,9	-6,6
Adjustments in operating profit/loss			
Resctructuring costs related to personnel		0,3	1,6
Cloud based ERP implementation expenses			0,3
Provision related to a claim	0,1	0,2	0,2
Sale of a subsidiary			0,3
Provision for bad debt	0,2		
Adjustments in operating profit/loss Total	0,3	0,6	2,4
Adjusted operating profit/loss Total	-0,2	-2,3	-4,2

	1-6/22	1-6/21	1-12/21
ADJUSTED EBITDA, EUR million	6mo	6mo	12mo
EBITDA	1,0	-1,2	-3,2
Adjustments in EBITDA			
Resctructuring costs related to personnel		0,3	1,6
Cloud based ERP implementation expenses			0,3
Provision related to a claim	0,1	0,2	0,2
Sale of a subsidiary			0,3
Provision for bad debt	0,2		
Adjustments in EBITDA Total	0,3	0,6	2,4
Adjusted EBITDA Total	1,3	-0,6	-0,8

Estimate of financial development in 2022

The company has decided to continue the policy of not to give an estimate for 2022 financial development.

Mikael Fryklund, Enedo President and CEO

Enedo's first half net sales of EUR 20,9 million increased EUR 2,8 million or 15% compared to last year. Our financial performance improved according to plans and the Adjusted Ebitda was positive with 1,3 million EUR, an improvement of 2,5 million EUR compared to H1 2021. The improved financial performance is due to our high order stock which enables the growth in net sales and due to the executed turnaround program which has heavily decreased our expenses. The order intake has continued strong during H1 2022. The global shortage of components continues to impact our performance negatively and has decreased the net sales due to missing components and increased our inventories and thereby our liquidity situation has remained challenging.

The Power Supplies product category's net sales increased to EUR 13,0 million with an increase of EUR 1,6 million, 14%, compared to net sales of EUR 11,4 million in H1 2021. The growth in orderbook has continued strong.

The Led Drivers product category's net sales were EUR 5,2 million, an increase of EUR 0,7 million, 16%, compared to H1 2021. The increase of the Led Drivers product category was mainly driven by the continued strong demand by our customers in sport stadium and public environment businesses.

The net sales of the Power Systems product category increased with EUR 0,4 million and was EUR 2,6 million, 15%, compared to H1 2021. The order intake of Power Systems product category has continued strong which has increased the orderbook from H1 2021.

Actions to improve our logistic procedures have continued through H1 2022, and further actions will be taken during H2 2022. The scouting for external EMS partners to improve the service to our clients continues.

On July 1, 2022 Inission AB has increased ownership in Enedo to 80,43 % and is currently preparing a mandatory public tender for remaining part of the shares in Enedo Plc. This transaction will further improve the co-operation between Enedo & Inission and will further enable synergies and co-operation. Becoming a subsidiary of Inission will also strengthen our financial capabilities.

January-June net sales, ebitda and operating profit

Net sales were EUR 20,9 million (EUR 18,1 million).

Ebitda turned positive during H1 2022 with EUR 1,0 million compared to negative ebitda of EUR 1,2 million in the comparison period. Operating loss decreased to EUR -0,5 million from EUR -2,9 in the comparison period, an improvement of EUR 2,4 million.

Business environment

The overall demand in the power supply services market continued good despite the war in Ukraine and continued lock-downs in China and other countries. This has affected electronics industry globally. The rising inflation and cost of manufacturing as well as shortages in component availability has continued through the reporting period.

Enedo is working in close co-operation with the suppliers and customers to keep adequate inventory levels to mitigate the risks regarding the global component shortage. While growing inventories decrease the risk of component availability, it has at the same time caused challenges in our working capital financing.

Short-term risks and uncertainties

General economic developments may affect the company's business environment. The war in Ukraine has led increasing risks on economic growth which if continued may effect the demand for Enedo's products. Covid-19 is still effecting to uncertainty in the industry and, depending on the development of the pandemic, may have potential effects on our customers' ability to operate

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

A substantial risk is the required improvements of production planning and procurement procedures in Tunis and capacity constraints in respect of machine capacity, which in a growing market with shortage of components makes the situation even more challenging. Improvement actions are taking place in this respect.

Due to the nature of the business, Enedo is subject to claims, of which the final solution cannot be predicted. Based on current information, there are no claims that are expected to have a material impact on the Group's financial position.

The delivery times of the components required by the company are partly long and there may be difficulties in obtaining certain components from time to time, which may affect the delivery capacity. Covid-19 has also increased the level of uncertainty in each country, which may affect our delivery capacity.

There are some risks related to the adequacy of financing, and the company aims to manage these risks by actively planning and implementing diverse options. In December 2021, the company signed a EUR 5.0 million loan arrangement with a loan period of 9 months. The company does not expect to be able to repay the loan by maturity using its cash flow from operating activities. Due to the current strong order backlog and the reduced expenses under the turnaround program, the company will seek either to agree with the lender on an extension of the loan period or negotiate a new loan with another financial institution. According to the terms of the loan arrangement, Inission AB has guaranteed the repayment of the loan if none of the above two alternatives are implemented by September 30, 2022. In May 2022 Enedo has signed a shareholder loan with 3 biggest shareholders with a maturity date of 30 September 2022. Enedo is currently evaluating the alternatives regarding the Eur 5,0 million loan and the shareholder loan of Eur 1,95 million in co-operation with our new parent company Inission AB.

The war in Ukraine

The war in Ukraine has caused economic and geopolitical uncertainty globally. Economic bans concerning various goods and components are restricting the availability of raw materials and drive cost increases in supply chains all over the world.

As a consequence of the EU bans to Russia Enedo has suspended all deliveries to Russia since the bans became effective. Enedo's export to Russia has earlier been around 1% of the total annual net sales.

Due to significant uncertainties related to export and receivables from Russia Enedo has recorded a write off of Eur 0,15 million on receivables from our customers in Russia.

Covid-19

Throughout the review period, we have continued to take active internal measures to ensure the health of our employees and continuity of business. We have implemented internal guidelines and followed the guidelines of the local authorities in each country. Our management team monitors the development of Covid-19 and responds to changes immediately when necessary.

As the Covid-19 pandemic continues and business environment adjusts to the situation, it is challenging to differentiate the effects of the pandemic from other factors influencing business. Global recovery from Covid-19 has resulted in a global shortage of critical components in the market impacting lead-times and thereby our business growth.

Investments and product development

Investments in the Group's operations during the financial year were EUR 0,9 million (EUR 1,3 million), of which product development capitalizations accounted for EUR 0,6 million (EUR 0,7 million). At the end of the review period, capitalized product development costs in the balance sheet were EUR 4,1 million (EUR 4,9 million).

During the review period, there was no impairment on the capitalized product development costs (EUR 0,2 million).

In total, product development costs during H1 2022 were EUR 1,9 million (EUR 2,2 million), of which EUR 0,6 million (EUR 0,7 million) were capitalized in the balance sheet and EUR 1,3 million (EUR 1,5 million) were recognized as expenses which was 6,1 % (8,3 %) of net sales.

Financing

The net interest-bearing liabilities were EUR 12,1 million (EUR 5,1 million) at the end of the financial period. The net interest-bearing liabilities include EUR 0,5 million (EUR 0,8 million) of IFRS 16 lease liabilities. Main reason for increased net interest bearing liabilities has been the funds used to execute our restructuring program and the increased levels of inventories due to high order stock and measures to ensure component availability due to global component shortage.

The cash flow from operating activities during the review period was EUR -3,1 million (EUR -1,8 million). The negative cash flow was mainly caused by increased need for working capital and payments regarding the dismissal costs in Italy of around Eur 1,1 million. The cash flow after investing activities was EUR -4,0 million (EUR -3,1 million). The Group's solvency ratio was 10,4 % (27,1 %), net gearing 337,7% (58,5%) and the closing balance sheet was EUR 32,3 million (EUR 32,5 million).

The cash position without undrawn credit facilities totaled EUR 1,4 million (EUR 3,6 million). At the end of the period, the Group had EUR 0,1 million (EUR 1,0 million) of undrawn credit facilities excluding factoring limits.

Enedo signed a new loan of EUR 5,0 million at the end of December 2021 and the loan is fully raised by the end of March 2022. Most of the MEUR 1,5 million raised during H1 2022 was used to finance the Turnaround program and to amortize other short term loans.

In May 20, 2022 Enedo signed a shareholder bridge loan agreement in the amount of Eur 1 950 000 including a convertible component in the total amount of EUR 650 000 to the Lenders. The due date of the loan is 30th of September 2022 and the conversion right of Eur 0,10 per share can only be used if the loan is not repaid at due date.

The above mentioned EUR 5,0 million and Eur 1,95 million loan arrangements have a maturity date of 30th September 2022. The company has started a process to either prolong the maturity dates or negotiate a new loan with another loan provider to repay the loans with increased loan amount and longer maturities. The company is currently evaluating the alternatives with it's new parent company Inission AB.

On May 20, 2022 Enedo informed about the plan to organize an extraordinary shareholder's meeting to arrange a share issue to increase the liquidity and the equity of the company. After becoming a subsidiary of Inission AB this plan has been removed and the liquidity planning will be instead done as part of the Inission Group.

Group structure

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

Since July 1, 2022 Inisison AB owns 80,43 % of Enedo and Enedo is part of Inisison Group.

Personnel

Average number of the group personnel was 326 (354). At the end of the H1 2022 the number of group personnel was 320 (359).

Board of Directors and Executive Management Team

In the Annual General Meeting held on 23th May 2022, Olle Hulteberg, Fredrik Berghel and Antti Sivula were re-elected as members of the Board of Directors and Vesa Mäkelä and Martin Sjöstrand were elected as the new members of the Board of Directors.

The members of the Executive Management Team and their global responsibilities at the date of publishing of this release are: Mikael Fryklund (Interim President and CEO), Hannu Hiillos (Finance and ICT), Riccardo Buffa (Italy), Paul Vuolle (Finland) and Luciano Vissani (Operations).

Shares, share capital and shareholders

At the end of the period under review, the number of shares outstanding was 68 453 944 (68 453 944).

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

The highest share price during the period under review was EUR 0,40 (0,80) and the lowest price was EUR 0,25 (0,27). The average price during the period under review was EUR 0,321 (0,41) and the closing price was EUR 0,27 (0,43). The market capitalization calculated at the final trading price at the end of the period under review was EUR 18,5 (29,4) million.

The total turnover value of Enedo shares traded on the Nasdaq Helsinki during the financial period under review was 3,1 (15,9) million pcs. This accounted for 4,5 % (23,3 %) of the total number of shares. The total number of fully paid-up shares was 68 523 193 (68 523 193) pcs and the number of shareholders totaled 4 948 (4 992) at the end of the financial period.

Flagging notifications

There were no flagging notifications during the reporting period.

Decisions of the General Meeting

The Annual General Meeting of Enedo Plc (the "Company") was held on 23 May 2022 in Vantaa. In order to limit the spread of the COVID-19 pandemic, the Annual General Meeting was held without the presence of shareholders or their representatives at the venue.

The Annual General Meeting adopted the annual accounts of the Company for the financial period 1 January 2021 - 31 December 2021 and discharged the Board of Directors and the

CEO from liability for their actions in the past financial period. Further, the Annual General Meeting resolved to adopt the Remuneration Report for 2021.

The Annual General Meeting approved the proposal of the Board of Directors not to distribute any dividend to the shareholders for the financial period 1 January 2020 through 31 December 2021.

In accordance with the proposal of a shareholder holding 49.6 per cent of all shares and votes in the Company, the Annual General Meeting set the number of the members of the Board of Directors at five. Olle Hulteberg, Fredrik Berghel and Antti Sivula were re-elected as members of the Board of Directors and Vesa Mäkelä and Martin Sjöstrand were elected as the new members of the Board of Directors. The Board of Directors was elected for a period ending at the end of the Annual General Meeting 2022.

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 as well as 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 6,850,000 shares, corresponding to approximately 10 % of all the shares in the Company.

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

The authorization cancels the authorization given by the Annual General Meeting on 24 April 2021 to decide on the issuance of shares and special rights entitling to shares and the authorizations given by the Extraordinary General Meeting on 9 March 2021 to decide on a rights issue and a directed issuance of shares.

The authorization is in force until the end of the next Annual General Meeting, however no longer than until 30 June 2023.

Authorized Public Accountants KPMG Oy Ab was re-elected as the company's auditor. KPMG Oy Ab has informed that Authorized Public Accountant Kim Järvi will act as the responsible auditor. The auditor will be reimbursed according to the reasonable invoice of the auditor.

Events after the review period

Inission AB has on July 1, 2022 number of 21,113,257 shares in Enedo Plc . Pursuant to this, Inission's ownership in Enedo has increased to approximately 80.43 per cent of all the shares and related voting rights in the Company. As a result of the acquisition of the shares, Inission will be obligated to make a mandatory public tender offer for all the other shares and securities entitling to the shares in Enedo in accordance with Chapter 11, Section 19 of the Finnish Securities Markets Act.

Pursuant to the Finnish Securities Markets Act Section 22 of Chapter 11, the mandatory tender offer has been published in August 1, 2022 and the tender offer process shall begin within a month from the publishing of the tender offer.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

EUR million	1-6/22 6mo	1-6/21 6mo	1-12/21 12mo
Net sales	20,9	18,1	36,4
Change in inventories of finished goods and work in progress	0,1	0,0	-0,4
Work performed for own purposes and capitalised	0,2	0,1	0,2
Other operating income	0,3	0,3	0,3
Materials and services	-14,2	-12,2	-24,3
Employee benefits expenses	-3,9	-5,4	-10,9
Depreciation and amortization	-1,5	-1,5	-3,1
Impairment	0,0	-0,2	-0,4
Other operating expenses	-2,4	-2,0	-4,6
Operating profit/loss	-0,5	-2,9	-6,6
Financing income	0,4	3,5	3,7
Financing expenses	-1,3	-1,0	-1,6
Profit/loss before taxes	-1,3	-0,4	-4,6
Tax on income from operations	0,0	0,0	0,1
Profit/loss for the period	-1,3	-0,4	-4,5
Other comprehensive income			
Items that will not be reclassified to statement of income			
Remeasurements of the net defined benefit liability	0,0	0,0	0,0
Items that may be reclassified subsequently to profit or loss			
Translation differences	0,0	0,0	0,0
Total comprehensive income	-1,3	-0,4	-4,5
Profit/loss from continuing operations, attributable to:			
Owners of the parent company	-1,3	-0,4	-4,5
Non-controlling interests	0,0	0,0	0,0
Profit/loss, attributable to:			
Owners of the parent company	-1,3	-0,4	-4,5
Non-controlling interests	0,0	0,0	0,0
Total comprehensive income attributable to:			
Owners of the parent company	-1,3	-0,4	-4,5
Non-controlling interest	0,0	0,0	0,0
EARNINGS PER SHARE CALCULATED ON PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT:			
Earnings per share, basic,eur	-0,02	-0,01	-0,08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

EUR million	June 30, 2022	June 30, 2021	Dec. 31, 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	4,6	5,5	4,9
Goodwill	4,3	4,3	4,3
Tangible assets	3,0	3,6	3,4
Non-current trade and other receivables	0,3	0,4	0,3
Other non-current financial assets	0,0	0,0	0,0
Deferred tax asset	1,5	1,5	1,5
Total non-current assets	13,7	15,3	14,3
CURRENT ASSETS			
Inventories	11,0	7,2	9,4
Trade receivables and other receivables	5,9	6,3	5,1
Tax receivable, income tax	0,1	0,1	0,1
Cash and cash equivalents	1,4	3,6	2,7
Total current assets	18,4	17,2	17,3
TOTAL ASSETS	32,2	32,5	31,6
EQUITY AND LIABILITIES			
OWNERS OF THE PARENT COMPANY			
Share capital	0,1	0,1	0,1
Reserve for invested unrestricted equity and Other reserves	65,1	65,1	65,1
Treasury shares	-2,4	-2,4	-2,4
Translation differences	2,6	2,7	2,7
Retained earnings	-62,1	-56,7	-60,8
Owners of the parent company	3,3	8,7	4,6
Non-controlling interests	0,0	0,0	0,0
Total equity	3,3	8,7	4,6
NON-CURRENT LIABILITIES			
Deferred tax liabilities	0,0	0,2	0,1
Non-current liabilities, interest-bearing	1,7	3,6	2,6
Other non-current liabilities	0,2	0,2	0,3
Pension obligations	0,7	1,1	1,0
Provisions	0,0	0,4	0,1
Total non-current liabilities	2,7	5,5	4,0
CURRENT LIABILITIES			
Current interest-bearing liabilities	11,8	5,1	8,1
Trade payables and other liabilities	13,9	12,8	14,4
Tax liability, income tax	0,3	0,2	0,3
Provisions	0,3	0,2	0,1
Total current liabilities	26,2	18,2	22,9
Liabilities	28,9	23,8	27,0
TOTAL EQUITY AND LIABILITIES	32,2	32,5	31,6

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

	1–6/22	1–6/21	1–12/21
EUR million	6 mo	6 mo	12 mo
Cash flow from operating activities			
Customer payments received	20,6	17,8	37,1
Cash paid to suppliers and employees	-22,8	-18,5	-38,9
Cash generated from operations	-2,3	-0,8	-1,8
Interest paid	-0,3	-0,3	-0,5
Interest received	0,0	0,0	0,0
Other financing items	-0,4	-0,6	-1,0
Income taxes paid	-0,1	-0,1	0,0
Net cash from operating activities (A)	-3,1	-1,8	-3,3
Cash flow from investing activities			
Purchase of tangible and intangible assets	-0,9	-1,3	-2,2
Proceeds from sale of tangible and intangible assets	-0,0	0,0	0,0
Disposal of subsidiaries less cash and cash equivalents			-0,3
Net cash used in investing activities (B)	-0,9	-1,3	-2,5
Cash flows from financing activities			
Proceeds from issue of share capital		11,3	11,3
Proceeds from short-term borrowings	3,5		5,5
Repayment of short-term borrowings	-0,6	-2,4	-4,9
Working capital financing and credit limits	0,1	-2,3	-3,1
Repayment of long-term borrowings		-0,8	-0,8
Payment of lease liabilities	-0,3	-0,3	-0,5
Net cash used in financing activities (C)	2,7	5,5	7,4
Net increase/decrease in cash and cash equivalents (A+B+C)	-1,3	2,5	1,6
Cash and cash equivalents at beginning of period	2,7	1,1	1,1
Net increase/decrease in cash and cash equivalents	-1,3	2,5	1,6
Effects of exchange rate fluctuations on cash held	0,0	0,0	0,0
Cash and cash equivalents at end of period	1,4	3,6	2,7

Notes to the half year condensed report

Accounting principles

The condensed half-year report has been prepared in accordance with IAS 34 Interim Financial Reporting standard and the Group's accounting principles presented in financial statements 2021. The financial statement release has been prepared in accordance with going concern. The information in the condensed report is unaudited.

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

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

The cloud based ERP implementation costs based on IFRIC agenda decision released in April 2021 are recorded at the implementation costs as expenses.

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

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

Going concern

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

The renegotiation of the Eur 5,0 million loan and the Eur 1,95 million are the main components of the financial planning for the next 12 months. The company has during Q2 2022 started negotiations to extend the maturity of the Eur 5,0 million loan up to 30 June 2023 or beyond. Initial indications from the loan provider have been positive. The process to extend the loan period for the Eur 1,95 million loan has also been started, the initial indication from main shareholder has been positive.

The realization of the company's cash flow forecast for the next 12 months and thus ensuring the continuity of operations requires that Enedo is able to deliver to its customers the high product order stock of Eur 35,5 million. One major component ensuring the deliveries is that Enedo can purchase the needed components and that our production unit in Tunis is able to produce according to rescheduled production plan. Enedo is currently searching for new EMS partners to share the manufacturing risk and is also working in co-operation with its new parent company Inission AB to overcome the challenges.

The overall component shortage continues at least through the H2 2022 and may have impacts on deliveries to our customers.

A significant part of the company's working capital financing comes from the financing of invoice receivables, so the development of net sales and delivery capacity is a significant factor in the company's cash flow. In addition, the development of the margin has a significant effect on operating cash flow. Should the cash flow from operating activities be significantly weaker than forecasted, this would weaken the implementation of the company's strategy and increase liquidity risk over the next 12 months.

The management believes that the successfully executed turnaround program, high order stock and the co-operation with our new parent company Inission AB would ensure enough financial resources for the coming 12 months period. However, the uncertainties about securing sufficient long-term funding, shortage of components and its impact on business, are such material uncertainties that increase the risk about the entity's ability to continue as a going concern. Based on the overall assessment regarding the strong orderbook, the reduced costs and the co-operation with the new parent company, the company considers it justified to prepare the financial statement release in accordance with the principle of going concern.

Impairment testing

The impairment testing as per June 30, 2022 did not indicate impairments to goodwill or acquisition related intangible assets. Based on the valuation calculation the deferred tax asset related to losses in Italian subsidiary remain with the same valuation as in 2021 financial statements.

The impairment test of capitalized development expenses did not indicate any impairment to the values recorded in the balance sheet.

Key assumptions and sensitivity analysis

Cash flow estimates are based on management approved estimates that cover a period of 5 years. The discount rate used in the testing has been defined as weighted average cost of capital (WACC). Enedo SpA's discount rate, 12,48 % (14,90 %) is a pre-tax rate. The long-term growth factor is 1,5 % (0,9 %).

According to the sensitivity analysis, the present value of discounted cash flow would equal the carrying amount of the tested assets if EBITDA would be 28 % (19 %) lower for Enedo SpA during the years next 5 years, or if the discount rate would be 9,6 % (6,0 %) higher.

Based on the impairment testing, Enedo SpA's value in use exceeds the tested book value of EUR 11,7 million by 87 % (84%).

	1-6/22	1-6/21	1-12/21
NET SALES BY AREA, EUR million	6mo	6mo	12mo
Americas	4,9	3,3	7,4
EMEA	10,9	10,4	19,3
APAC	3,3	2,3	5,1
Finland	1,9	2,1	4,6
Total	20,9	18,1	36,4

	1-6/22	1-6/21	1-12/21
NET SALES BY PRODUCT CATEGORIES, EUR million	6mo	6mo	12mo
Power Supplies	13,0	11,4	23,4
Led Drivers	5,2	4,5	9,2
Power Systems	2,6	2,2	3,9
Total	20,9	18,1	36,4

	1-6/22	1-6/21	1-12/21
KEY FIGURES, EUR million	6mo	6mo	12mo
Earnings per share, basic, eur*	-0,02	-0,01	-0,08
Equity per share, eur*	0,05	0,13	0,07
EBITDA	1,0	-1,2	-3,2
Adjusted EBITDA	1,3	-0,6	-0,8
Operating profit/loss	-0,5	-2,9	-6,6
Adjusted operating profit/loss	-0,2	-2,3	-4,2
Return on equity (ROE), %*	-33,4	-12,3	-97,5
Return on investment (ROI), %*	0,0	-0,4	-15,5
Net interest-bearing liabilities, MEUR	12,1	5,1	8,1
Solvency ratio, %	10,4	27,1	14,9
Net gearing, %	336,5	58,5	173,1
Current ratio	0,7	0,9	0,7
Investments (intangible and tangible assets)	0,9	1,3	2,1
% of net sales	4,3	7,1	5,8
Average personnel	326	354	350
Average number of outstanding shares (1000 pcs)	68 454	38 644	53 637
Number of outstanding shares at end of financial year (1000 pcs)	68 454	68 454	68 454

*1-6/2021 figures include gross EUR 3,3 million benefit from loan cancellation as part of the completed loan arrangement and related transaction expenses EUR 0,4 million. Net impact EUR 2,9 million.

Financial position

The net interest-bearing liabilities were EUR 12,1 million (EUR 5,1 million) at the end of the financial period. The net interest-bearing liabilities include EUR 0,5 million (EUR 0,8 million) of IFRS 16 lease liabilities. Main reason for increased net interest bearing liabilities has been the funds used to execute our restructuring program and the increased levels of inventories due to high order stock and measures to ensure component availability due to global component shortage.

The cash flow from operating activities during the review period was EUR -3,1 million (EUR -1,8 million). The negative cash flow was mainly caused by increased need for working capital and payments regarding the dismissal costs in Italy of around Eur 1,1 million. The cash flow after investing activities was EUR -4,0 million (EUR -3,1 million). The Group's solvency ratio was 11,3 % (27,1 %), net gearing 336,5% (58,5%) and the closing balance sheet was EUR 32,3 million (EUR 32,5 million).

The cash position without undrawn credit facilities totaled EUR 1,4 million (EUR 3,6 million). At the end of the period, the Group had EUR 0,1 million (EUR 1,0 million) of undrawn credit facilities excluding factoring limits.

Enedo signed a new loan of EUR 5,0 million at the end of December 2021 and the loan is fully raised by the end of March 2022. Most of the MEUR 1,5 million raised during H1 2022 was used to finance the Turnaround program and to amortize other short term loans.

In May 20, 2022 Enedo signed a shareholder bridge loan agreement in the amount of Eur 1 950 000 including a convertible component in the total amount of EUR 650 000 to the Lenders. The due date of the loan is 30th of September 2022 and the conversion right of Eur 0,10 per share can only be used if the loan is not repaid at due date.

The above mentioned EUR 5,0 million and Eur 1,95 million loan arrangements have a maturity date of 30th September 2022. The company aims to either agree to prolong the maturity dates or negotiate a new loan with another loan provider to repay the loans. The company is currently evaluating the alternatives with it's new parent company Inission AB.

On May 20, 2022 Enedo informed about the plan to organize an extraordinary shareholder's meeting to arrange a share issue to increase the liquidity and the equity of the company. After becoming a subsidiary of Inission AB this plan has removed and the liquidity planning will be instead done as part of the Inission Group.

Maturities of financial liabilities

Jun 30 2022, EUR million	Carrying amount	Contractual cash flows*	< 6 mo	6–12 mo	> 12 mo
Trade payables and advances received	11,9	11,9	11,8	0,0	0,0
Loans from financial institutions and others	10,7	11,3	8,7	0,8	1,9
Lease liabilities	0,5	0,6	0,2	0,2	0,1
Overdraft and Factoring	2,2	2,3	2,3		
Total	25,4	26,0	23,0	1,0	2,1

Jun 30 2021, EUR million	Carrying amount	Contractual cash flows*	< 6 mo	6–12 mo	> 12 mo
Trade payables and advances received	10,0	10,0	9,5	0,2	0,2
Loans from financial institutions	4,9	5,8	0,6	1,1	4,0
Lease liabilities	0,8	0,9	0,3	0,2	0,4
Overdraft and Factoring	3,0	3,0	3,0		
Total	18,7	19,7	13,5	1,6	4,6

*Contractual cash flow includes interest payments

Credit risk and other counterparty risks, accounts receivable

The management of credit risk is primarily the responsibility of the operating units. The management of credit risk is based on the Group's credit policy and the aim is to obtain security when the customer's creditworthiness requires it. Impairment related to trade receivables is evaluated for significant receivables on a counterparty-specific basis to estimate impairment losses. Credit risks related to the investment of liquid assets and the signing of derivative agreements are minimized by establishing credit limits on counterparties and only signing agreements with leading domestic and international banks and financial institutions. Due to the COVID-19 pandemic, credit risk monitoring has been intensified to identify risky customers and to ensure that credit decisions are based on up to date information of customers liquidity and recent changes in liquidity. There were no credit losses during the review period. Substantial portion of group's receivables are within supplier and factoring financing. The group has in total EUR 4,5 million of unused supplier financing and factoring limits. The group bears risks relating to possible cancellation of factoring and supplier financing or a reduction to granted limits.

Due to significant uncertainties related to export and receivables from Russia, Enedo has recorded a write off of Eur 0,15 million on receivables from our customers in Russia. The remaining amount of receivables from Russia is Eur 0,15 million.

Fair values of derivative financial instruments

The group has a derivative in one of its loans in Italy to hedge interest risk. Fair value of the derivative instrument is EUR 0,0 million.

GROUP, CHANGES IN INTANGIBLE ASSETS

Jan. 1, 2021 – June 30, 2021 EUR million	Development costs	Immaterial rights	Other intangible assets	Advance payments for intangible assets	Goodwill	Total
Cost on 1 Jan.2021	15,4	3,2	4,6	0,1	4,3	27,6
Translation differences			0,0			0,0
Additions	0,7		0,0	-0,1		0,6
Disposals	-0,3	0,0	0,0	0,0		-0,3
Cost on 30 June 2021	15,8	3,2	4,6	0,0	4,3	27,9
Accumulated amortisation and impairment on 1 Jan 2021	-10,5	-3,2	-3,7		0,0	-17,3
Translation differences			0,0			0,0
Accumulated amortisation on disposals and reclassifications	0,3	0,0	0,0			0,3
Depreciation and Amortisation	-0,7	0,0	-0,2			-0,9
Impairment	-0,2					-0,2
Accumulated amortisation and impairment on 30 June 2021	-11,1	-3,2	-3,8		0,0	-18,1
Carrying amount on 1 Jan 2021	4,9	0,0	1,0	0,1	4,3	10,3
Carrying amount on 30 June 2021	4,7	0,0	0,8	0,0	4,3	9,8

Jan. 1, 2022 – June 30, 2022 EUR million	Development costs	Immaterial rights	Other intangible assets	Advance payments for intangible assets	Goodwill	Total
Cost on 1 Jan.2022	15,5	2,9	4,7	0,0	4,3	27,3
Translation differences			0,0			0,0
Additions	0,6					0,6
Cost on 30 June 2022	16,1	2,9	4,7	0,0	4,3	27,9
Accumulated amortisation and impairment on 1 Jan 2022	-11,3	-2,9	-4,0		0,0	-18,2
Translation differences			0,0			0,0
Accumulated amortisation on disposals and reclassifications			0,0			0,0
Depreciation and Amortisation	-0,7	0,0	-0,2			-0,9
Accumulated amortisation and impairment on 30 June 2022	-11,9	-2,9	-4,2		0,0	-19,0
Carrying amount on 1 Jan 2022	4,2	0,0	0,6	0,0	4,3	9,1
Carrying amount on 30 June 2022	4,1	0,0	0,5	0,0	4,3	8,9

GROUP, CHANGES IN TANGIBLE ASSETS

	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
Jan. 1, 2021 – June 30, 2021							
EUR million							
Cost on 1 Jan.2021	0,0	1,3	15,3	0,6	1,1	0,1	18,5
Translation differences		0,0	0,0		0,0		0,0
Additions		0,0	0,7	0,0	0,0		0,7
Disposals		0,0	-0,2		0,0		-0,2
Reclassifications			0,1			-0,1	0,0
Cost on 30 June 2021	0,0	1,3	16,0	0,6	1,1	0,0	19,1
Accumulated amortisation and impairment on 1 Jan 2021	0,0	-0,6	-13,1	-0,3	-1,0		-15,0
Translation differences		0,0	0,0		0,0		0,0
Accumulated amortisation on disposals and reclassifications		0,0	0,1		0,0		0,1
Depreciation and Amortisation	0,0	-0,2	-0,3	-0,1	0,0		-0,6
Accumulated amortisation and impairment on 30 June 2021	0,0	-0,8	-13,3	-0,4	-1,0		-15,5
Carrying amount on 1 Jan 2021	0,0	0,7	2,2	0,3	0,1	0,1	3,5
Carrying amount on 30 June 2021	0,0	0,5	2,6	0,3	0,1	0,0	3,6
Jan. 1, 2022 – June 30, 2022							
EUR million							
Cost on 1 Jan.2022	0,0	1,5	16,2	0,7	1,1	0,0	19,5
Translation differences		0,0	0,0		0,0		0,0
Additions			0,3		0,0	0,0	0,3
Disposals			-0,4	-0,1	-0,2		-0,8
Reclassifications			0,0			0,0	0,0
Cost on 30 June 2022	0,0	1,5	16,0	0,6	0,9	0,0	19,1
Accumulated amortisation and impairment on 1 Jan 2022	0,0	-1,0	-13,7	-0,5	-1,0		-16,2
Translation differences		0,0	0,0		0,0		0,0
Accumulated amortisation on disposals and reclassifications			0,4	0,1	0,2		0,8
Depreciation and Amortisation	0,0	-0,2	-0,4	-0,1	0,0		-0,6
Accumulated amortisation and impairment on 30 June 2022	0,0	-1,1	-13,6	-0,5	-0,8		-16,0
Carrying amount on 1 Jan 2022	0,0	0,5	2,5	0,2	0,1	0,0	3,4
Carrying amount on 30 June 2022	0,0	0,3	2,4	0,2	0,1	0,0	3,0

GROUP CONTINGENT LIABILITIES

EUR million	June 30, 2022	June 30, 2021	Dec. 31, 2021
Contingent liabilities			
Security given on own behalf			
Business mortgages, collateral for debt	19,6	1,0	13,0
Business mortgages, available	2,2	14,2	2,2
Liabilities guaranteed by business mortgages			
Loans from credit institutions *)	5,0	0,1	3,5

* Shares in subsidiaries and loans from subsidiaries with the carrying amount of EUR 5.3 million have been pledged as collateral for the parent company's loans from financial institutions.

Events after the end of the review period

Inission AB has on July 1, 2022 number of 21,113,257 shares in Enedo Plc . Pursuant to this, Inission's ownership in Enedo has increased to approximately 80.43 per cent of all the shares and related voting rights in the Company. As a result of the acquisition of the shares, Inission will be obligated to make a mandatory public tender offer for all the other shares and securities entitling to the shares in Enedo in accordance with Chapter 11, Section 19 of the Finnish Securities Markets Act.

Pursuant to the Finnish Securities Markets Act Section 22 of Chapter 11, the mandatory tender offer has been published in August 1, 2022 and the tender offer process shall begin within a month from the publishing of the tender offer.

Related party transactions

Enedo Oyj has signed a shareholder loan with Inission AB for the amount of Eur 1,45 million. The loan interest is 7% per annum and the maturity date of the loan is September 30, 2022. Enedo Oyj and Inission AB are currently negotiating an extension for the maturity date.

Enedo has during H1 2022 recorded consultation service expenses profided by CEO Mikael Fryklund for an amount of Eur 0,1 million and other consultation services provided by Inission AB fo an amount of Eur 0,04 million.

The loan of EUR 5,0 million signed at the end of December 2021 includes a guarantee from Inission AB for the full amount of the loan.

Calculation of key figures

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

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

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

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

ENEDO PLC

Board of Directors

For further information please contact Mr. Mikael Fryklund, CEO, tel. +358 40 500 6864,
On 12th of August at 13:00–14:00

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Enedo

Enedo is a European designer and producer of high-quality electronic power supplies and systems for critical equipment even in the most demanding environments. Enedo´s mission is to make electricity better – more reliable, more secure, more energy efficient – and just right to fit its purpose. Enedo´s three main product categories are Led Drivers, Power supplies and Power Systems. In 2021 the group´s revenue was EUR 36,4 million. Enedo has 330 employees and its main functions are located in Finland, Italy, Tunisia and USA. The group´s head office is in Finland and parent company Enedo Oyj is listed on Nasdaq Helsinki Oy.

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