UTG

MIXING GROUP

PLC UUTECHNIC GROUP OYJ

FINANCIAL STATEMENT 2020

REVIEW BY THE BOARD

PLC UUTECHNIC GROUP OYJ REVIEW OF FINANCIAL STATEMENTS FOR 1 JANUARY – 31 DECEMBER 2020

YEAR 2020 IN BRIEF

UTG Mixing Group's turnover from continuing operations from the period 1.1.-31.12.2020 was EUR 17,0 million (16,8 million) and its operating loss was EUR -0,3 million (profit 0,9 million). The loss for the fiscal year was EUR -1,7 million (profit 1,0 million). The operating loss includes non-recurring items of EUR 1,2 million. Comparable operating profit excluding non-recurring items was EUR 1,0. million. UTG Mixing Group's continuing operations received new orders EUR 18,1 million (16,3 million) and the order backlog was at the end of the year EUR 7,4 million (6,2 million). The earnings per share from the Group's continuing operations was EUR -0,03 (0,02).

July-December in brief

The turnover from continuing operations from July – December was EUR 8,9 million (9,0 million) and the operating loss was EUR -0,7 million (profit 0,8 million). New orders were EUR 9,2 million (6,7 million) and the order book stood at EUR 7,4 million (6,2 million).

Key Figures, continuing operations 1000 EUR	**1-12/ 2020 12 months**	**1-12/ 2019 12 months**	**7-12/ 2020 6 months**	**7-12/ 2019 6 months**	**1-6/ 2020 6 months**	**1-6/ 2019 6 months**
Turnover	16 954	16 849	8 875	9 043	8 079	7 806
Operating profit/loss	-288	881	-694	840	406	41
Operation profit/loss %	-2 %	5 %	-8 %	9 %	5,0 %	0,5 %
Order backlog at the end of the period	7 438	6 214	7 438	6 214	7 197	8 529
Orders received	18 140	16 273	9 156	6 658	8 984	9 615

BUSINESS 2020

Net sales for the financial year were higher than in the previous year, but operating profit was weaker. In the second half of the year, non-recurring items of EUR 1,2 million were recognized in operating profit. Excluding non-recurring items, profitability was slightly better than in the previous year. The order backlog increased from the end of June and extends to 2022.

The pandemic did not significantly hamper the operations of the Group companies. Production has been in operation and remote work has gone well in terms of basic functions. The challenge has been a reduced delivery reliability of suppliers, but with a flexible organization, our delivery times to customers have been in a reasonably good level. Travel restrictions have further hampered planned new customer acquisition as well as internal development projects. Pandemic preparedness continues.

In connection with the brand reform, the updating of the new website has continued, and the digital marketing environment was introduced. After the financial year and the change of the ownership, the decision to implement the information system project has been cancelled. Therefore, in the financial statements 2020, the information system investment, EUR 0,5 million, has been recognized as an expense.

Outlook

Despite the slowdown in the global economy, there will be no clear decline in the mixer market in the near future. Based on the steady order acquisition and good order backlog so far, the outlook for the near future is moderately good.

The outlook for the mixer market remains uncertain due to the impact of the corona pandemic. However, in the medium term, the growth of the mixer market is not expected to reach previous long-term forecasts, as uncertainty and labour challenges caused by pandemic will delay large industrial investments. Also increasing market share in the new operating environment is challenging, and the effectiveness of new sales and marketing methods cannot yet be assessed.

A PUBLIC CASH TENDER OFFER FOR ALL SHARES IN PLC UUTECHNIC GROUP OYJ

On December 2020 Plc Uutechnic Group Oyj announced that SPX Flow Technology Germany GmbH, a German limited liability company indirectly wholly owned by SPX FLOW, Inc. a corporation incorporated under the laws of the State of Delaware in the United States, have entered into a combination agreement pursuant to which SPX Flow will make a voluntary recommended public cash tender offer to purchase all of the issued and outstanding shares in UTG that are not owned by UTG or any of its subsidiaries. In the Tender Offer, UTG's shareholders will be offered a cash consideration of EUR 0,60 for each share. The Board of Directors of UTG has unanimously decided to recommend that the shareholders of UTG accept the Tender Offer. The acceptance period under the Tender Offer commenced on 15 December 2020 and expired on 12 January 2021. On 18.1.2021 SPX Flow announced that According to the preliminary result of the Tender Offer, the Shares which have been validly tendered (and not validly withdrawn) during the Offer Period represent 97,94 % of all issued and outstanding Shares and votes in UTG.

At the same time, SPX Flow announced the creation of a redemption right and obligation pursuant to Chapter 18, Section 1 of the Companies Act. and that it will initiate arbitration proceedings under the Companies Act as soon as possible for the redemption of all shares issued by UTG and outstanding held by the remaining minority shareholders. According to the offer document, SPX Flow will also ensure that UTG applies for the delisting of its shares from the Nasdaq Helsinki stock exchange as soon as it is permitted and practicable in accordance with applicable laws and regulations.

Issues related to Japrotek in the merger agreement:

In relation to UTG's minority ownership in Japrotek Oy Ab, UTG together with certain other parties, has agreed on an arrangement which is conditional on the Offeror declaring that the Offer Conditions of the Tender Offer have been satisfied or waived and which will be completed in connection with the completion of the Tender Offer, comprising (a) the disposal by UTG of all shares in Japrotek owned by UTG, constituting in total approximately 19% of all issued and outstanding shares in Japrotek, and the receivables under certain capital loans granted by UTG to Japrotek, (b) the release by Uurec Holding Oy of a guarantee granted by UTG in favour of Uurec Holding Oy with respect to Japrotek's obligations under a lease agreement between Japrotek and Uurec Holding Oy, and (c) a guarantee granted to UTG by the purchaser of UTG's shares in Japrotek for any liabilities realised under two counter guarantees granted by UTG to Turku District Co-operative Bank.

NEW ORDERS AND ORDER BOOK

During fiscal year 2020 new orders of continuing operations was EUR 18,1 million, (16,3 million). The order book at the end of the year was EUR 7,4 million (6,2 million).

TURNOVER AND PROFITABILITY

UTG Mixing Group's turnover from continuing operations for 2020 was EUR 17,0 million (16,8 million) and the operating loss was EUR -0,3 million (0,9 million).

Finland represented approximately 18,9% of the Group's turnover, the rest of the Europe accounted for 60,6%, Asia 18,9%, North America 1,3% and South America 0,3%.

Operating loss includes non-recurring items of EUR 1,2 million. euros. Comparable operating profit excluding non-recurring items was EUR 1,0 million.

The Group's loss for the financial year was EUR -1.7 million. In addition to non-recurring expenses, the result includes the sale of subordinated loan receivable of a former subsidiary, Japrotek Ab Oy, to a third party. In the financial statements the loan receivable is presented as current and valued at the selling price. The valuation result is presented in the income statement in financial expenses. The sale of the receivables took place after the end of the financial year on 18 January 2021, when the terms of SPX Flow's offer were met.

FINANCIAL STANDING AND LIQUIDITY

At the end of the financial year, Uutechnic Group's balance sheet total stood at EUR 15,4 million (17,8 million). The Group's interest-bearing liabilities totalled EUR 2,3 million (3,4 million) and cash and equivalents EUR 1,7 million (2,8 million.) The Group's cash flow from operations for the financial year was EUR 0,6 million (2,4 million).

At the end of the financial year, the Group's equity ratio was 63,4 % (70,8 %) and net gearing was 7,2 % (5,7 %). Return on investment was 4,4 % (4,4) and return on equity was negative (9,4 %).

Non-current assets on Uutechnic Group's balance sheet totalled EUR 6,3 million (9,7 million).

EQUITY

The Group's equity stood at EUR 9,3 million (11,6 million). During the financial year, the company paid dividends of EUR 0.01 per share.

RESEARCH, PRODUCT DEVELOPMENT AND INVESTMENTS

The Group's research and development expenses for the financial year totaled EUR 0,2 million (0,5 million). Group received EUR 0,1 million of external grants for the development projects.

The Group's investments in fixed assets totaled EUR 0,1 million (0,7 million).

PERSONNEL

At the end of the financial year, Uutechnic Group had 92 (87). Employees, of whom 51 (49) were white collar and 41 (38) were blue collar. Of the employees, 27 worked in Finland and 65 in Germany.

ENVIRONMENTAL POLICY

Sustainability is a key element of UTG Mixing Group's durable and competitive business operations. Financial and social responsibility as well as product and environmental responsibility build a sustainable future for our customers, personnel, investors, suppliers and other stakeholders.

UTG's business idea is based on sustainability. We provide mixing technology that enables a durable lifecycle of our customers' processes and improves the energy efficiency of processes. Our technology helps customers produce the best possible process result while consuming as little energy and materials as possible.

SHARES

On 31 December 2020 Plc Uutechnic Group Oyj had 1 363 registered shareholders. The number of shares was 56 501 730, of which 2 468 678 were nominee-registered shares. The total number of shares owned directly or through controlled companies by the Board of Directors, CEO, Deputy CEO and Group Management Team was 10 840 476 shares, 19,2 % of all shares and votes in the company.

Board members, CEO, Deputy CEO or other members of the Group Management Team have no holdings or special rights based on the company's share-based incentive systems.

After the end of the financial year, at the end of the tender offer period, SPX Flow Technology Germany GmbH stated that it held approximately 97,94% of all issued and outstanding shares and votes in UTG.

AUTHORISATION TO ISSUE SHARES

The Annual General Meeting of 30th June 2020 decided to authorise the Board of Directors to resolve on the issue of new shares and other special rights that entitle their holders to subscribe for shares in accordance with Chapter 10, Section 1 of the Limited Liability Companies Act, in one or more instalments. The Board is authorised to issue a maximum of 10 000 000 new shares, including shares based on special rights. The authorisation entitles the Board to decide on all terms and conditions for the issuance of shares and special rights, including any deviations from the shareholders' pre-emptive right. The authorisation is valid until the following Annual General Meeting, unless a general meeting decides to amend or revoke the authorisation before that date. The authorisation revoked all previously granted unused authorisations to issue shares.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

On 30 June 2020, the Annual General Meeting elected Hannu Kottonen, Jouko Peräaho and Johan Slotte as Board members. Hannu Kottonen and Johan Slotte are independent of the company and its major shareholders. Hannu Kottonen was elected as the Chairman of the Board. After the end of the financial year, at the Extraordinary General Meeting held on February 10, 2021, Peter J Ryan, Arno Glöckner and Dominic Hill were elected to the Board of Directors. The Board of Directors is not independent in relation to a significant shareholder.

Jouko Peräaho has served as the CEO since 9 March 2017. After the end of the financial year on February 10, 2021, Dominic Hill was appointed as CEO.

Ernst & Young, Authorized Public Accountants, served as the Group's auditor, with Osmo Valovirta, APA, as the principal auditor.

The company complies with the Finnish Corporate Governance Code 2020 issued to companies listed on the NASDAQ Helsinki. The report on the Group's corporate governance is published on the Group's website.

REMARKABLE RISKS AND UNCERTAINTY FACTORS AND THEIR MANAGEMENT

The demand for UTG's products is dependent on trends and developments in the global economy and the Group's customer industries, which poses a general external risk to its operations. The Group seeks to mitigate the risks arising from changes in demand by targeting its sales operations in line with current trends in various market areas and customer industries.

According to the Board of Directors of the Group's parent company, other significant risks and uncertainty factors to which the Group is exposed are related to at least the following aspects:

- The Group will continue to implement consolidation processes and pursue identified synergies to improve profitability. It is possible that not all of the identified synergies will be achieved, or that processes will fail.
- The acquisition prices paid in the context of business combinations in 2015 and the goodwill generated by them involve risks. The Group's calculations to test goodwill are based on financial forecasts and assumptions prepared by the management.
- Part of the Group's business operations consist of major or large project deliveries. Extensive and complicated projects involve the risk that the result of the project may prove weaker than expected. In contracts for extensive projects, there may be claims for compensation for delayed delivery or deficient performance.
- Unfavorable changes in the financial markets may have an effect on the Group's results and the availability of equity and debt financing on competitive terms. Uncertainty in the international economy may lead to payment delays and an increased risk of credit losses.

- In conjunction with the divestment of the majority of shares in Japrotek Oy Ab, Uutechnic Group's intra-group receivables and guarantor liabilities became external receivables and liabilities. It is possible that the receivables or guarantor liabilities will result in credit losses or payment obligations over time.
- From the point of view of international business, foreign, trade and foreign exchange policies, related international agreements and protectionist measures, customs duties, taxes or parafiscal charges in different countries may change the competitive situation in some markets. Recently, political risks have increased, and it is possible that competition in some existing or new markets will become more difficult.
- Epidemics, pandemics, extreme weather events or other disasters have become more common. It is possible that, quickly, for the reasons mentioned above, directly or indirectly, operations in some countries or continents will become more difficult.

The Group seeks to protect itself against remarkable risks using all measures that can reasonably be implemented. These include, among other things, measures aimed at improving profitability and productivity, training for employees, guidelines and instructions, insurance policies, contingency plans, critical examination of the terms and conditions of commercial agreements and the systematic monitoring and development of operations.

THE BOARD'S PROPOSAL FOR THE DISTRIBUTION OF DIVIDEND

The parent company's loss for the financial year was EUR -1,1 million. The Group's parent company's distributable funds at the end of the financial year were EUR 7,0 million. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2020 financial year.

ANNUAL GENERAL MEETING

The Annual General Meeting of Plc Uutechnic Group Oyj is scheduled to be held on June 30, 2021.

STOCK EXCHANGE RELEASES AND PRESS RELEASES PUBLISHED DURING THE REVIEW PERIOD

Stock exchange releases:

29.01.2020	Uutechnic Group is sharpening its organization
20.02.2020	Uutechnic Group changes its name to UTG Mixing Group
25.02.2020	Review of Financial Statements 1 January – 31 December 2019
25.02.2020	UTG Mixing Group confirms its strategy for years 2020-2022 and financial targets
04.03.2020	Invitation to the Annual General Meeting of Plc Uutechnic Group Oyj
04.03.2020	Financial Statements, Corporate Governance Statement and Remuneration Statement for 2019 have been published
18.03.2020	Plc Uutechnic Group Oyj cancels Its Annual General Meeting
27.04.2020	Business review January – March 2020
08.06.2020	Invitation to the Annual General Meeting of Plc Uutechnic Group Oyj
08.06.2020	Correction to the Plc Uutechnic Group Oyj's invitation to the Annual General Meeting
30.06.2020	The resolutions of the Annual General Meeting of Plc Uutechnic Group Oyj and the decisions of the
20.07.2020	Half Year Report 1 January – 30 June 2020
13.08.2020	Significant Order for UTG Mixing Group
19.10.2020	Business review from January to September 2020
07.12.2020	SPX Flow Technology Germany GmbH announces a voluntary recommended public cash tender offer for all shares in Plc Uutechnic Group Oyj
08.12.2020	Statement of the Board of Directors of Plc Uutechnic Group Oyj regarding the recommended voluntary public cash tender offer by SPX Flow Technology Germany GmbH
14.12.2020	SPX Flow Technology Germany GmbH commences its voluntary recommended public cash tender offer for all shares in Plc Uutechnic Group Oyj on 15 December 2020
18.12.2020	UTG Group Financial Information 2021

Press Releases:

16.7.2020	Significant order for UTG Mixing Group
12.08.2020	Significant order for UTG Mixing Group

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

After the end of the financial year, the company has issued the following stock exchange releases:

05.01.2021	SPX Flow Technology Germany GmbH has received required antitrust approval for the recommended cash tender offer for all shares in Plc Uutechnic Group Oyj
13.01.2021	Preliminary result of SPX Flow Technology Germany GmbH's voluntary recommended public cash tender offer for all shares in Plc Uutechnic Group Oyj
15.01.2021	Final result of SPX Flow Technology Germany GmbH's voluntary recommended public cash tender offer for all shares in Plc Uutechnic Group Oyj; SPX Flow Technology Germany GmbH completes the tender offer
18.01.2021	SPX Flow Technology German GmbH to commence redemption proceedings in respect of the remaining Plc Uutechnic Group Oyj's minority shares
18.01.2021	Notification pursuant to chapter 9, section 5 of the Securities Markets Act
18.01.2021	Plc Uutechnic Group Oyj's CEO Jouko Peräaho steps down from his position, Dominic Hill appointed as the new CEO
19.01.2021	Notification pursuant to chapter 9, section 5 of the Securities Markets Act
19.01.2021	Notice to convene Plc Uutechnic Group Oyj's Extraordinary General Meeting of shareholders
10.02.2021	Decisions of Plc Uutechnic Group Oyj's Extraordinary General Meeting
26.02.2021	Special representative appointed for the arbitration proceedings concerning the redemption of the minority shares in Plc Uutechnic Group Oyj
30.03.2021	Plc Uutechnic Group Oyj changes its financial reporting practice
31.03.2021	Plc Uutechnic Group Oyj: Review of Financial Statements 1 January – 31 December 2020
09.04.2021	Plc Uutechnic Group Oyj: Arbrital tribunal appointed for the arbitration proceedings concerning the redemption of the minority shares in Plc Uutechnic Group Oyj

FINANCIAL STATEMENT 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

1000 EUR	1.1.-31.12.2020	1.1.-31.12.2019	Note
CONTINUING OPERATIONS			
REVENUE	**16 954**	**16 849**	**3**
Change in inventories of finished goods and work in progress	-61	-525	
Other operating income	135	117	5
Material and services	-7 490	-6 829	
Employee benefits expense	-6 246	-5 860	8
Depreciation and amortisation	-499	-447	7
Impairment	-5	0	
Other operating expenses	-3 076	-2 425	6
OPERATING PROFIT	**-288**	**881**	
Financing income	0	129	
Financing expenses	-1 350	-148	10
PROFIT/LOSS BEFORE TAX	**-1 638**	**862**	
Tax on income from operations	-63	215	11
Profit/loss from continuing operations	**-1 701**	**1 077**	
		0	
Profit/loss from discontinued operations	**0**	**-33**	
PROFIT/LOSS FOR THE PERIOD	**-1 701**	**1 044**	
Other comprehensive income:			
TOTAL COMPREHENSIVE INCOME	**-1 701**	**1 044**	
Profit attributable to:			
Owners of the parent company	-1 701	1 077	
Total comprehensive income attributable to:			
Owners of the parent company	-1 701	1 044	
Earnings per share calculated on profit attributable to equity holders of the parent:			**12**
EPS undiluted, euros/share, continuing operations	-0,03	0,02	
EPS diluted, euros/share, continuing operations	-0,03	0,02	
EPS undiluted, euros/share	-0,03	0,02	
EPS diluted, euros/share	-0,03	0,02	
Average number of shares			
Undiluted EPS (FAS and IFRS) divisor, outstanding during the financial year	56 501 730	56 501 730	
Diluted EPS (FAS and IFRS) divisor, outstanding during the financial year	56 501 730	56 501 730	

CONSOLIDATED SATEMENT OF FINANCIAL POSITION

1000 EUR	**31.12.2020**	**31.12.2019**	**Note**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	828	731	15
Goodwill	2 291	2 291	16
Tangible assets	2 862	3 421	14
Receivables from subordinated loans	0	2 870	20
Available for sale investments	0	5	17
Deferred tax asset	351	400	18
NON-CURRENT ASSETS	**6 333**	**9 717**	
CURRENT ASSETS			
Inventories	2 297	2 398	
Trade receivables and other receivables	4 201	2 598	20
Current receivables for revenue recognized in part prior to project completion	736	98	20
Tax Receivable, income tax	139	175	
Cash and cash equivalents	1 670	2 774	21
CURRENT ASSETS	**9 043**	**8 044**	
ASSETS	**15 376**	**17 761**	
EQUITY AND LIABILITIES			
Owners of the parent company			
Share capital	2 872	2 872	
Unrestricted equity reserve	6 376	6 376	
Accumulated earnings	92	2 358	
Owners of the parent company	**9 340**	**11 607**	
EQUITY	**9 340**	**11 607**	**22**
NON-CURRENT LIABILITIES			
Deferred tax liability	81	59	18
Non-current liabilities, interest-bearing	1 466	2 015	25
Non-current provisions	303	326	23
NON-CURRENT LIABILITIES	**1 850**	**2 399**	
CURRENT LIABILITIES			
Current interest-bearing liabilities	878	1 426	24
Trade Payables and Other Liabilities	3 307	2 329	26
Tax liability, income tax	1	1	26
CURRENT LIABILITIES	**4 185**	**3 755**	
EQUITY AND LIABILITIES	**15 376**	**17 761**	

CONSOLIDATED STATEMENT OF CASH FLOWS, INDIRECT

1000 EUR	1.1.-31.12.2020	1.1.-31.12.2019	Note
Cash flows from operating activities			
Profit/loss for the period	-1 701	1 077	
Profit/loss for the period, discontinued operations	0	-33	
Depreciation, amortisation & impairment	499	542	7
Depreciation, amortization and impairment loss of acquisition	0	38	
Gains and losses of disposals of fixed assets and other non-current assets	5	589	
Other non-cash items	0	-471	
Financial income and expenses	1 350	27	10
Tax on income from operations	63	9	
Other adjustments	0	64	
Flow of funds from operations before the change in working capital	**216**	**1 843**	
Working capital changes			
Increase / decrease in inventories	101	1 162	
Increase /decrease in trade and other receivables	-590	175	
Increase / decrease in trade payables	978	-517	
Change in provisions	-22	0	
Flow of funds from operations before the change in working capital	**683**	**2 663**	
Interest paid	-106	-265	
Dividends received	0	0	
Interest received	0	65	
Other financing items	-25	0	
Income taxes paid	44	-54	
Net cash from operating activities	**596**	**2 409**	
Cash flows from investing activities			
Purchase of tangible and intagible assets	-58	-676	14,15
Proceeds from sale of tangible and intangible assets	19	3 500	
Net cash used in investing activities	**-39**	**2 824**	
Cash flows from financing activities			
Proceeds from current borrowings	13	213	
Repayment of current borrowings	-925	-1 140	
Proceeds from non-current borrowings	36	0	
Leasing payments	-221	-204	14
Repayment of non-current borrowings	0	-707	
Payment of finance lease liabilities	0	-1 000	
Dividends paid	-565		
Net cash used in financing activities	**-1 661**	**-2 838**	
Change of liquid funds	**-1 104**	**2 395**	
Cash and cash equivalents, opening amount	2 774	379	
Liquid assets at the end of the fiscal year	1 670	2 774	
Change in liquid assets according to the balance sheet	**-1 104**	**2 395**	

Under IFRS 16, payments for the principal of a lease liability are recognized in the cash flow from financing activities. Payments of interest on the lease debt are reported in operating cash flow as part of interest paid.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity to the owners of the parent company				
1000 EUR	**Share capital**	**Share premium account**	**Unrestricted equity reserve**	**Retained earnings**	**Equity Total**
EQUITY 1.1.2020	**2 872**	**0**	**6 376**	**2 358**	**11 607**
Adjustment to previous year	0	0	0	0	0
Adjusted equity	**2 872**	**0**	**6 376**	**2 358**	**11 607**
Comprehensive income					
Profit/loss for the period	0	0	0	-1 701	-1 701
TOTAL COMPREHENSIVE INCOME	**0**	**0**	**0**	**-1 701**	**-1 701**
Transactions with owners					
Dividend distribution	0	0	0	-565	-565
Total transactions with owners	**0**	**0**	**0**	**0**	**-565**
Changes in ownership interests in subsidiaries	**0**	**0**	**0**	**0**	**0**
TOTAL EQUITY 31.12.2020	**2 872**	**0**	**5 811**	**657**	**9 340**

	Equity to the owners of the parent company				
1000 EUR	**Share capital**	**Share premium account**	**Unrestricted equity reserve**	**Retained earnings**	**Equity Total**
EQUITY 1.1.2019	**2 872**	**6**	**6 376**	**1 326**	**10 580**
				-17	
Adjusted equity	**2 872**	**6**	**6 120**	**1 309**	**10 563**
Comprehensive income					
Profit/loss for the period	0	0	0	1 044	1 044
TOTAL COMPREHENSIVE INCOME	**0**	**0**	**0**	**1 044**	**1 044**
Transactions with owners					
Total transactions with owners	**0**	**0**	**0**	**0**	**0**
Changes in ownership interests in subsidiaries		**-6**			
TOTAL EQUITY 31.12.2019	**2 872**	**0**	**6 376**	**2 353**	**11 607**

KEY FIGURES

Business indicators **1000 EUR**	**2020** **IFRS**	**2019** **IFRS**
Turnover, continuing operations	16 954	16 849
Revenue change, %	0,6	1,8
Operating profit	-288	881
% of turnover	-1,7	5,2
Profit/loss before taxes, continuing operations	-1638	862
% of turnover	-9,7	5,1
Profit/loss, continuing operations	-1701	1077
% of turnover	-10,0	6,4
Profit/loss, discontinuing operations	0	-33
% of turnover	0,0	-0,2
Profit/loss for the period	-1701	1044
% of turnover	-10,0	6,2
Equity holders of the parent	-1701	1044
% of turnover	-10,0	6,2
Return on equity (ROE), %	Neg	9,4
Return on investment (ROI), %	4,4	4,4
Equity ratio, %	63,4	70,8
Net gearing	7,2	5,7
Current Ratio	2,2	2,1
Gross investments in fixed assets	58	676
% of turnover	0,3	4,0
Order backlog	7 438	6 214
Consolidated balance sheet total	15 376	17 761
Total number of personnel at the end of the period	92	87

Share figures	**2020**	**2019**
Earnings per share, continuing opeartions, euros	-0,03	0,02
Earnings per share, euros	-0,03	0,02
Shareholders´ equity, euros	0,17	0,21
Dividend per share, euros	0*)	0,01
Osinko tuloksesta, %	0	54,14
Efektiivinen osinkotuotto, %	0	3,03
Price earnings ratio (P/E)	-19,9	17,9
Number of shares outstanding at the end of the period	56 501 730	56 501 730
Number of shares outstanding, average	56 501 730	56 501 730

Share prices €	**2020**	**2019**
A share		
- high	0,60	0,47
- low	0,22	0,31
- average	0,37	0,38
- share price at the end of the fiscal year	0,60	0,33
Total market value, million euros	33,9	18,5
Number of shares traded during the fiscal year	7 807 448	10 318 503
Number of shares traded, %	13,81	18,26
Number of shareholders	1 363	1 575

*) proposal by the Board of Directors

Due to classifications in previous periods figures are presented for two financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Plc Uutechnic Group Oyj, the parent company of UTG Mixing Group, is a Finnish public limited liability company domiciled in Uusikaupunki. Its registered business address is Muottitie 2, 23500 Uusikaupunki. Its shares have been listed on the Helsinki stock exchange (Nasdaq Helsinki) since 1989.

Uutechnic Group focuses on improving the competitiveness of its customers by providing them with advanced process technology and a unique service concept worldwide. Its product range includes agitators, pressure vessels, process and storage tanks, reactors and heat exchangers, as well as different types of long welded and machined axially symmetrical parts, such as rolls, cylinders, pipes and cones. Its main industries are hydrometallurgy and the mining, pulp, paper and food industries, as well as the fertiliser industry and other chemical industries, and environmental technology. All of the Group's business operations are reported under one segment.

At its meeting on April 23, 2021 the Board of Directors of Plc Uutechnic Group Oyj approved these financial statements to be published. In accordance with the Finnish Limited Liability Companies Act, the shareholders of the company have the opportunity to approve or reject the financial statements after their publication. They also have the opportunity to decide that the financial statements be amended.

A PUBLIC CASH TENDER OFFER FOR ALL SHARES IN PLC UUTECHNIC GROUP OYJ

On December 2020 Plc Uutechnic Group Oyj announced that SPX Flow Technology Germany GmbH, a German limited liability company indirectly wholly owned by SPX FLOW, Inc. a corporation incorporated under the laws of the State of Delaware in the United States, have entered into a combination agreement pursuant to which SPX Flow will make a voluntary recommended public cash tender offer to purchase all of the issued and outstanding shares in UTG that are not owned by UTG or any of its subsidiaries. In the Tender Offer, UTG's shareholders will be offered a cash consideration of EUR 0,60 for each share. The Board of Directors of UTG has unanimously decided to recommend that the shareholders of UTG accept the Tender Offer. The acceptance period under the Tender Offer commenced on 15 December 2020 and expired on 12 January 2021. On 18.1.2021 SPX Flow announced that According to the preliminary result of the Tender Offer, the Shares which have been validly tendered (and not validly withdrawn) during the Offer Period represent 97,94 % of all issued and outstanding Shares and votes in UTG.

At the same time, SPX Flow announced the creation of a redemption right and obligation pursuant to Chapter 18, Section 1 of the Companies Act. and that it will initiate arbitration proceedings under the Companies Act as soon as possible for the redemption of all shares issued by UTG and outstanding held by the remaining minority shareholders. According to the offer document, SPX Flow will also ensure that UTG applies for the delisting of its shares from the Nasdaq Helsinki stock exchange as soon as it is permitted and practicable in accordance with applicable laws and regulations.

Issues related to Japrotek in the merger agreement:

In relation to UTG's minority ownership in Japrotek Oy Ab, UTG together with certain other parties, has agreed on an arrangement which is conditional on the Offeror declaring that the Offer Conditions of the Tender Offer have been satisfied or waived and which will be completed in connection with the completion of the Tender Offer, comprising (a) the disposal by UTG of all shares in Japrotek owned by UTG, constituting in total approximately 19% of all issued and outstanding shares in Japrotek, and the receivables under certain capital loans granted by UTG to Japrotek, (b) the release by Uurec Holding Oy of a guarantee granted by UTG in favour of Uurec Holding Oy with respect to Japrotek's obligations under a lease agreement between Japrotek and Uurec Holding Oy, and (c) a guarantee granted to UTG by the purchaser of UTG's shares in Japrotek for any liabilities realised under two counter guarantees granted by UTG to Turku District Co-operative Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INSIDER MANAGEMENT

Plc Uutechnic Group Plc follows the guidelines for Insiders issued by Nasdaq Helsinki Ltd. In addition, the company has insider guidelines.

Insider management until 2.7.2016

The public insiders included the President and CEO, the Deputy Managing Director, the members of the Board of Directors, the auditors and the members of the Group Executive Team. Company-specific insiders included those who regularly handle or receive unpublished information affecting the value of the shares for their duties.

Insider management from 3.7.2016

The regulation of insiders changed from 3 July 2016, when the MAR Directive and the revised insider guidelines for the Helsinki Stock Exchange entered into force in Finland. Public insider register was replaced by announcement of the management and related parties' transactions. The UTG Mixing Group's management includes members of the Board of Directors, the President and CEO, the Group Executive Team and the Managing Directors of the subsidiaries and the plant managers. In addition, the company maintains a list of permanent insiders who have access to insider information. The persons listed in the list are bound to follow the closed window of the company's instructions. The list of permanent insiders is not public.

In addition, Plc Uutechnic Group Oyj maintains project-specific insider registers. Project means a confidently prepared, individually identifiable package of measures or arrangements that, according to the Company, are inside information and the company has decided to postpone disclosure.

The insider trading prohibition of insiders begins at the end of the reporting period, however at least 30 days prior to the publication of the interim and semi-annual financial statements or financial statements and ends when the corresponding stock exchange release is published. The company seeks to avoid investor relations during the period when the closed window is valid.

RELATED PARTY TRANSACTIONS

The Group has related party relationships with members of the Board of Directors and management team, managing director and major shareholders. In addition, related parties include all entities controlled or jointly controlled by a person idenfitied as related party.

Uutechnic Oy's office premises are leased from UuCap Oy, where Jouko Peräaho and Timo Lindström, a related party, exercise control.

The lease agreement of the former subsidiary Japrotek Oy Ab, agreed on September 9, 2010, includes parent company's own debt guarantee obligation Guarantee obligation is valid until December 31, 2026. The lease has been transferred to Uurec Holding Oy on 22 June 2016 under the former terms and conditions. Jouko Peräaho, Timo Lindströn and Sami Alatalo control Uurec holding Oy.

Transactions with related parties are disclosed in the notes to the financial statements.

After the end of the financial year, at the end of the tender offer period, SPX Flow Technology Germany GmbH stated that it held approximately 97.94% of all issued and outstanding shares and votes in UTG. Jouko Peräaho continued as President and CEO until 19 January 2021. The guarantee issued by the parent company in connection with Japrotek's lease was transferred to a third party on 18 January 2021.

2. ACCOUNTING PRINCIPLES

Basis of preparation

UTG Mixing Group's consolidated financial statement for the financial year 1 January–31 December 2020 done in accordance with the International Financial Reporting Standards (IFRS) and related interpretations approved for application within the European Union. The consolidated financial statement complies with the IAS and IFRS standards and SIC and IFRIC interpretations effective on 31 December 2020. The consolidated financial statement notes also comply with the provisions of Finnish accounting and corporate law.

The consolidated financial statement is based on original acquisition costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial year

Plc Uutechnic Group Oyj's financial year is the calendar year, from 1. January to 31. December.

Consolidation principles

The consolidated financial statement includes the parent company, Plc Uutechnic Group Oyj, and all of the subsidiaries controlled by the parent company. The control is based on the full ownership of the subsidiaries share capital.

Acquired subsidiaries are consolidated to the consolidated financial statement from the day Group gains control over them. Mutual ownership between group companies is eliminated by using the acquisition cost method. The acquisition cost is allocated to the identifiable assets and liabilities in acquired company and are valued at their fair value on the time of acquisition. The difference between the acquisition cost of a subsidiary and the identifiable acquired assets and liabilities is recognized as goodwill on the balance sheet.

All intra-group business transactions, receivables, liabilities and unrealized gains, as well as the internal distribution of profits, are eliminated when preparing the consolidated financial statements. The profit for the period attributable to the shareholders of the parent company and that attributable to non-controlling interest are presented in the income statement. Equity attributable to non-controlling interest is presented as a separate item in equity on the balance sheet. Loss attributable to non-controlling interest is recognized in the consolidated financial statement in the amount of the investment at the maximum.

Non-current assets available for sale and discontinued operations

Non-current assets held for sale, disposal groups, and liabilities related to assets held for sale are classified as assets held for sale and are valued at the book value, or to the lower current value excluding sales costs, If their book value is be generated mostly from asset sale instead of continuous use. In this case, the Group's management is committed to the sale of the asset in question and sale during the next 12 months is expected to be highly likely and considered executable in the intermediate time.

An operation is classified to be discontinued on the date it fulfils either of following preconditions: It fulfils the prerequisites of an asset held for sale or the operation has been disposed of. A discontinued operation is a part of an entity that has been disposed or classified as an asset held for sale and represents a separate, important business area or geographic area of operation; is part of a single co-ordinated plan addressing disposing of operations in a separate, important business area or geographic area of operation; or is a subsidiary that has been acquired with the sole intention of it being resold.

In the comparison figures of the financial statements 2020, AP-Tela, which was sold on June 3, 2019, is presented as discontinued operations

Application of new or amended standards and interpretations

IFRS standards that have been issued and are effective for future years The International Accounting Standards Board (IASB) has issued new standards or revised standards and interpretations that the Group applies from the effective date of each standard and interpretation. If the effective date is other than the first day of the financial year, the Group applies the standard from the beginning of the financial year following the effective date.

Classification of liabilities into current or non-current items - Amendments to IAS 1

The presentation of financial statements standard clarifies that liabilities are classified as either current or non-current based on rights existing at the end of the reporting period. The classification is not affected by the Company's intentions or events after the reporting period (e.g., obtaining a "waiver" or breaking a covenant). The amendments also clarify what IAS 1 means when referring to the 'settlement' of a liability. The changes may affect the classification of liabilities, particularly for companies that have previously considered management's intentions in their classification, and for some liabilities that can be converted into equity. The amendments shall be applied retrospectively in accordance with the normal requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment to the standard is not expected to have a significant effect

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

on Plc Uutechnic Group Plc's consolidated financial statements.

Property, plant and equipment: Pre-commission income - Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment prohibits entities from deducting from the cost of an item of property, plant and equipment income that an entity receives from assets produced and sold before the asset is taken into use. In addition, the amendment clarifies that when an entity 'tests an asset for proper functioning' before putting it into use, it assesses the technical and physical viability of the asset. The economic viability of the asset is not relevant in this assessment. Entities shall disclose separately the amounts of revenue and expenses associated with the production of assets that are not part of the revenue of the entity's normal operations. The amendment to the standard is not expected to have a significant effect on Plc Uutechnic Group Plc's consolidated financial statements.

Reference to the Conceptual Framework for Financial Reporting - Amendments to IFRS 3

Minor changes were made to IFRS 3 Business Combinations when the references to the revised Conceptual Framework for Financial Reporting were updated. An exception was added to the standard for the recognition of liabilities and contingent liabilities that are within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 Government Payments. In addition, the amendment clarifies that contingent assets should not be recognized at the time of acquisition. These updates do not change the accounting treatment of the business combination. The amendment to the standard is not expected to have a significant effect on Plc Uutechnic Group Plc's consolidated financial statements.

Reform of interest rate benchmarks (IBOR) and its implications for financial reporting - IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Phase 2

The IASB has amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to make it easier for companies to account for changes in financial reporting caused by the IBOR reform. The changes cover the following areas: - How to deal with changes in the contractual cash flow criteria that result directly from the IBOR reform - Certain facilitations to hedge accounting to prevent hedge accounting from failing solely because of the IBOR reform - Notes on the implementation and impact of the IBOR reform have been added. The reform is not expected to have a significant impact on Plc Uutechnic Group Plc's consolidated financial statements.

Other standards and interpretations effective from 1.1.2021 or later

Other published standards for future financial years are not expected to have a significant impact on Plc Uutechnic Group Plc's consolidated financial statements.

Assets and liabilities in foreign currencies

The consolidated financial statement is presented in euros, which is the functioning and presentation currency of the Group.

Transactions denominated in foreign currencies are converted into euros at the exchange rate applicable on the date of the transaction. Assets and debts denominated in foreign currencies are converted into euros at the exchange rate in effect on the balance sheet date. Foreign exchange gains and losses are included in the corresponding items above operating profit. Currency translation differences related to financial items are included in financing gains or losses.

In the consolidated financial statement, the income statements of foreign Group companies are converted to euros at the average exchange rate for the period, and balance sheets are converted at the exchange rate in effect on the balance sheet date. Currency translation differences caused by the use of different exchange rates and by the elimination of the cost of acquisition of foreign subsidiaries are entered under the Group's shareholders' equity as a separate item.

Revenue recognition principles

UTG Mixing Group adopted IFRS 15 Revenue from Contracts with Customers on 1 January 2018, replacing the IAS 18 Revenue and IAS 11 Construction Contracts standards. IFRS 15 establishes a five-step model for

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

recognising revenue from contracts with customers. Revenue is recognised when, or as, the customer obtains control of the goods or services, and the amount recognised reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. UTG Mixing Group adopted the new standard retroactively so that the effect accumulated due to the application of this standard was recognised as an adjustment to the opening balance of retained earnings on the date of adoption for the financial period beginning on 1 January 2018.

The standard includes a five-step model in which the contract with the customer and related performance obligations are identified, the transaction price is determined, it is allocated to the performance and the revenue is recognised. In our view, the identification of contracts with customers pursuant to IFRS 15 corresponds to the Group's previous practice. Combination of contracts, any amendments to contracts and options included in contracts require more careful review than before. Free products, agent services and additional guarantees related to the identification of performance obligations have a slight effect on the operating result of UTG Mixing Group. In determining the transaction price, the amended parts of the contract should be considered and allocated to the corresponding performances. These qualifying attributes require a more careful review in determining sales revenue compared to the previously used percentage of completion method, but the effect on figures is minor.

According to IFRS 15, revenue must be recognised either over time or at a point in time. Because UTG Mixing Group manufactures unique products for customers, their recognition takes place over time using the input-based method. With regard to products and services in which the conditions for recognition over time are not met, recognition takes place at a point in time. Because the Group has previously been using percentage of completion-based recognition of long-term projects, the amendment is not very significant.

The comprehensive service concept also includes technology services from spare parts deliveries to maintenance, fleet modernization and consulting. Project deliveries include both product and service sales, so the breakdown of the Group's net sales into pure product and service sales cannot be reliably presented

Subsidies received

Public subsidies are booked as income in the income statement at the same time as the expenses are booked. Subsidies related to the acquisition of tangible assets are recognised as a deduction in the carrying amount of tangible assets.

Employee benefits

Pension liabilities for the Group's Finnish personnel have been covered through a pension insurance company. All of the Group's pension arrangements are defined contribution arrangements, and the related costs are entered in the income statement for the fiscal year in which they were incurred.

Operating profit

The Group has defined operating profit as follows: operating profit is the net sum obtained after adding other operating income to the turnover and then deducting purchasing costs, adjusted by the change in stocks of finished products and work in progress and the expenses of products manufactured for the Group's own use; costs of employee benefits; depreciation; any impairment losses; and other operating expenses excluding acquisitions and depreciation on disposals. All other income statement items are presented below the operating profit. Currency translation differences are included in the operating profit if they arise from items connected with business operations; otherwise, they are entered among financial items. Shares of profits of affiliated companies are included in the operating profit if the operation of the affiliated company is considered to be closely related to the Group's business, otherwise they are included in the financial items. Group had no affiliated companies during financial year 20.

Borrowing costs

Borrowing costs are recorded as an expense in the financial year in which they are incurred. Transaction costs that are directly related to the taking out of loans and are clearly linked to a specific loan are included in the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

amortised cost and are amortised as interest costs using the effective interest rate method if they are significant.

Income tax

The tax expense in the income statement consists of current tax, based on the taxable profit for the period, and deferred tax. Current tax is calculated on the taxable profit in accordance with the local tax laws applied to each Group company. The tax is adjusted by any relevant tax amounts for previous years.

Deferred tax is calculated for temporary differences between accounting and taxation at the tax rate applicable on the date of the financial statement. Temporary differences are caused by, e.g., depreciation of property, plants, and equipment; non-tax-deductible impairment items; internal stock margin; and unused taxation losses. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which they can be utilised. Prerequisites for defered tax receivables bookings are evaluated at the end of every reporting period.

Tangible assets

Property, plant and equipment are valued at their original acquisition cost minus accumulated depreciation and any impairment losses.

If a property, plant, or equipment item consists of several parts with different useful lives, each part is accounted for as a separate item. When such a part is replaced, the related costs are capitalised. Otherwise, subsequent expenses are included in the carrying amount for property, plant, and equipment only if it is probable that they will increase the economic benefit to the company and that the acquisition cost of the item can be determined reliably. The earnings impact of other repair and maintenance costs is recognised as incurred.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life. Land is not depreciated. The estimated useful lives are as follows:

Buildings	35–40 years
Machinery and equipment	5–25 years

The residual value of assets and their useful lives are reassessed annually when the financial statements are prepared, and they are adjusted if necessary. Gains or losses from the sale or disposal of property, plants, and equipment are recognised as either other operating income or other operating expenses.

Intangible assets:

Goodwill

Goodwill represents that amount of the acquisition cost that exceeds the Group's share of the fair value on the date of acquisition of the net assets of a company acquired after the IFRS transition date. Planned depreciation is not deducted from the consolidated goodwill. Instead, it is tested annually for impairment. For this purpose, goodwill is allocated to cash-generating units. Goodwill is valued at the original acquisition cost, with any impairment deducted. In the financial statements, part of the goodwill is allocated to the subsidiaries' brands. This item is not amortized but is included in items subject to annual impairment testing.

Expenditure on research and development

Research costs are entered in the income statement as expenses. Development costs for new or more advanced products are capitalised on the balance sheet as intangible assets when the product is technologically viable and commercially exploitable and when economic benefits can be expected from the product. Development costs previously entered as expenses are not capitalised later. Depreciation is recognised for the asset from the date it is ready for use. The useful life of capitalised development expenditure is five years, and capitalised assets are amortised on a straight-line basis over this period.

Other intangible assets

An intangible asset is included in the balance sheet figures only if its acquisition cost can be determined reliably and if it will increase the economic benefit to the company. Patents, trademarks, and licenses whose useful life is finite are entered on the balance sheet at the original acquisition cost and amortised in the income

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statement on a straight-line basis over their known or estimated useful life.

Costs for development and construction of significant new software are capitalised on the balance sheet as intangible assets and amortised on a straight-line basis over their useful life. The direct costs capitalised include consulting and specialist fees paid to third parties, software licenses purchased for applications, and other direct costs. Software maintenance and operation costs are recorded as an expense for the financial year in which they are incurred.

The depreciation periods are as follows:

Intangible rights	5 years
IT software	3–5 years
Other intangible assets	2–5 years

Impairment

Annually, on the balance sheet date, the Group reviews its assets to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is also estimated annually for goodwill, irrespective of whether there is any indication of impairment.

The recoverable amount is calculated as the higher of 1) fair value minus cost to sell and 2) value in use. The value in use is the present value of the estimated future net cash flows obtainable from the asset or cash-generating unit. An impairment loss is recognised if the carrying amount of an asset exceeds the recoverable amount. An impairment loss is reversed if conditions have changed and the recoverable amount for the asset changed after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been declared if no impairment loss had been recognised. Impairment losses recognised on goodwill are never reversed.

Inventories

Inventories are stated at the lower of acquisition cost and probable net realisable value. The acquisition cost is based on the FIFO principle. The acquisition cost of manufactured products and work in progress includes the cost of raw materials, direct labour costs, and an appropriate share of variable and fixed production overheads based on normal operating capacity. The net realisable value is the estimated selling price in the ordinary course of business, minus the costs of completion and the selling expenses.

Trade and other receivables

Trade and other receivables are recognised at original value. Credit losses are expensed when there is sufficient evidence that the Group will not obtain all of its receivables under the original terms.

Financial assets and liabilities

Financial assets are classified in accordance with IFRS 9 Financial Instruments into financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost. The classification is made based on the purpose of the acquisition and type of cash flows upon the original acquisition. Financial assets are derecognised when the Group has lost the contractual right to cash flows or transferred the risks and benefits of the financial asset to a significant extent outside the Group. Financial assets maturing within the next 12 months are included in current assets. Financial assets at fair value through profit or loss include derivative instruments to which hedge accounting is not applied. All purchases and sales of financial assets are recognised on the transaction date. Unlisted shares are classified into financial assets at fair value through other comprehensive income. When a share is derecognised, the profit or loss previously recognised in other reserves is reclassified to retained earnings and not the income statement.

Financial assets at amortised cost include trade receivables, prepayments and accrued income, assets based on contracts with customers and other receivables. Due to the short-term nature of the receivables, their original book value is equal to the fair value of the receivable. With regard to trade receivables and assets based on customer contracts, Uutechnic applies the simplified IFRS 9 model for assessing credit losses, regularly assessing and identifying expected credit losses from receivables. No credit losses have been recognized during the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

financial year and the amount of the credit loss provision at the end of the fiscal year is EUR 0.1 million. On the date of the financial statements, the trade receivables on the balance sheet do not include any significant risk concentrations. The company does not consider the risk of credit loss significantly increased due to pandemic.

Cash and cash equivalents comprise cash in hand, short-term bank deposits and other short-term liquid investments with a period of maturity of no more than three months. Bank overdraft facilities are included in current interest-bearing liabilities. Financial assets are derecognised when the Group has lost the contractual right to cash flows or transferred the risks and benefits to a significant extent outside the Group.

Provisions

A provision is recognised in the balance sheet figures when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the obligation will have to be settled, and the amount of the obligation can be reliably estimated.

A warranty provision is recognised when the underlying product is sold. The warranty provision is based on past experience of actual claims over the warranty period.

A provision is recognised for unprofitable contracts when the costs required to fulfill the obligations exceed the benefits received under the contract.

Rental agreements IFRS 16

IFRS 16 Leases will take effect on 1 January 2019. UTG Mixing Group will adopt the standard as of 1 January 2019 using the simplified retrospective approach, and the comparison figures for the year preceding adoption are not adjusted. 'Following the adoption of the amended standard, the leases of leased business and production premises will be recognised on the balance sheet. Leases that include a right to use the underlying asset are recognised as assets on the lessee's balance sheet. An asset representing the right to use the underlying asset and a lease liability representing its obligation to make lease payments are recognised on the balance sheet. The lease expense associated with leases is replaced by depreciation of the right-of-use-assets and interest expense for the lease liability. The change in recording method also affects the cash flow statement, notes and key figures of the financial statements. Leases are recognised on the balance sheet upon the commencement of the lease as an asset corresponding with the current value of the minimum rents and depreciated over the period of the lease. The amount of interest-bearing liabilities on the consolidated balance sheet increases by the discounted amount of the lease liability. In addition, a change in deferred taxes is recognized under income taxes. In accordance with IFRS 16 Leases, the amount of the asset and liability based on right-of-use is calculated by discounting the future contractual minimum rents. The discount rate used in the calculation is the company's additional loan interest rate of 2.35%.

Leases of less than 12 months and leases of low value are treated as off-balance-sheet lease liabilities and are recognized as an expense in the income statement in accordance with the lease term.

Uutechnic Oy's office premises are leased from UuCap Oy, where Jouko Peräaho and Timo Lindström, a related party, exercise control. Stelzer Rührtechnic Int. GmbH has leased fixed assets.

Derivative financial instruments and hedging

Derivative financial instruments are initially entered in the accounts at their acquisition cost, which corresponds to their fair value. Subsequently, derivatives are stated at fair value.

The fair values of currency forward contracts are determined by comparing the value of the currency amount of the contract as calculated using the original forward rate with the value calculated using the forward rate on the balance sheet date. Gains and losses generated by recognition at fair value are handled in the accounts in the manner specified according to the purpose of the derivative financial instrument.

The fair values of interest derivatives are determined by discounting the contractual cash flows to the current value with the market interest rate on the balance sheet date.

Derivative instruments maybe used in the Group to hedge against exchange rate and interest rate risks. The currency forward contracts and currency option contracts are used to protect trade receivables and account

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

payables as well as future receivables and liabilities. The interest rate derivatives maybe used to hedge against the changes of interest rates.

Accounting principles requiring judgements by management and key sources of estimation uncertainty

In the preparation of the consolidated financial statements in accordance with the IFRS standards, estimates and assumptions have to be made concerning the future, and actual results may differ from these estimates and assumptions. For the most part, these estimates affect the valuation of assets, the recognition of long-term projects under the percentage-of-completion method, and the utilisation of deferred tax assets.

The Group tests goodwill annually for impairment and evaluates indications of impairment as set forth in the accounting principles above. The recoverable amount from cash-generating units is determined using calculations that are based on value in use. The use of these calculations requires the application of estimates. The cash flow forecasts used for the calculations are based on the annual predictions concerning the income statement and maintenance investments made by the management, prepared in connection with the Group's budgeting process. The management bases its forecast on actual developments and its opinion of the growth outlook for the industry. The forecasts include uncertainty in respect of the development of the industry's market situation.

As described in the section on revenue recognition principles, in IFRS15 the revenue and cost recognition is done according to completion percentage, when projects' revenue and costs can be reliable estimated. Partial revenue recognition is based on estimations about expected revenues and costs and to reliable measurement of projects's progress. If the estimations of the project's outcome change, the recognised sales and profit are amended in the fiscal year during which the change becomes known and can be estimated for the first time Any loss expected from the project is recognised as an expense immediately.

Although management has carefully assessed the uncertainties in preparing the financial statements, the uncertainty caused by the Covid-19 pandemic may have an impact on these estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING

INFORMATION ABOUT GEOGRAPHICAL AREAS

The geographical areas are presented by the main market areas. The turnover for the geographical area is presented in order of the clients' location. Assets and the investments are presented in accordance with their location. Assets include tangible and intangible assets and goodwill.

1 000 EUR Fiscal year 2020	Finland	Other Europe	North America	South America	Asia	Africa	Group total
Net turnover	3 212	10 276	219	43	3 204	0	16 954
Assets	8 201	7 175					15 376
Investments	58	0					58

Fiscal year 2019	Finland	Other Europe	North America	South America	Asia	Africa	Group total
Net turnover	2 553	11 512	684	192	1 871	37	16 849
Assets	10 069	7 692					17 761
Investments	107	569					676

INFORMATION ABOUT KEY CUSTOMERS

The Group's turnover include revenues from an individual customer exceeding 10 % of the Group's turnover.

4. PERFORMANCE OBLIGATIONS TO BE SATISFIED OVER TIME

1 000 EUR	1.1.-31.12.2020	1.1.-31.12.2019
Net turnover		
Performance obligations to be satisfied over time	4 847	3 415
Performance obligations to be satisfied at a point in time	12 107	13 434
Total	**16 954**	**16 849**
Order backlog		
Performance obligations to be satisfied over time	3 838	2 612
Performance obligations to be satisfied at a point in time	3 600	3 602
Order backlog total	**7 438**	**6 214**

The amount of the revenue recognized over time method has been deducted from the order backlog.

Specification of combined items of assets and liabilities concerning the construction contracts		
Accrued income from the construction contracts recognized over time method	1 039	507
Advances received from the customers	-303	-569
Difference	**736**	**-62**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER OPERATING INCOME

1 000 EUR	1.1.-31.12.2020	1.1.-31.12.2019
Other operating income		
Subsidy	64	89
Other income	71	28
Total	**135**	**117**

6. OTHER OPERATING EXPENSES

1 000 EUR	1.1.-31.12.2020	1.1.-31.12.2019
Other operating expenses		
Rents	13	9
Quality and environment expenses	27	29
Non-statuory employee benefits	37	61
Overhead costs of production	44	162
Travelling expenses	92	88
Marketing expenses	97	109
Costs of bank guarantees and insurances	152	160
Sales costs	164	218
Expenses from real estates and apartments	176	209
IT-costs	495	81
Management services	814	867
Other expenses	966	430
Total	**3 076**	**2 424**

IT expenses include the write-down of the ERP investment

	1.1.-31.12.2020	1.1.-31.12.2019
Other operating expenses include fees paid to the auditors		
Auditing fees to Authorized Public Accountant Firm Ernst & Young Oy	86	58
Consulting and other fees to Authorized Public Accountant Firm Ernst & Young Oy	0	18
Consulting and other fees to others	4	38
Total	**91**	**114**

7. DEPRECIATION AND IMPAIRMENTS

1 000 EUR	1.1.-31.12.2020	1.1.-31.12.2019
Depriciations by groups of assets		
Intangible assets		
Intangible rights	7	10
Other long-term assets	42	13
Total	**49**	**24**
Tangible assets		
Buildings	37	36
Buildings, financial lease	167	167
Machinery and equipment	135	126
Machinery and equipment, financial lease	33	33
Other tangible assets	78	60
Total	**450**	**423**
Depreciations and impairments total	**499**	**446**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. COSTS OF EMPLOYEE BENEFITS

1 000 EUR	**1.1.-31.12.2020**	**1.1.-31.12.2019**
Costs of employee benefits		
Salaries and fees	5 404	5 012
Pension expenses, defined contribution plan	548	567
Other employee benefits	294	282
Total	**6 246**	**5 860**
Management and Board salaries, fees and benefits		
CEO	151	177
Board members and substitute members	70	82
Total	**221**	**258**
Number of personnel of the Group at the end of the period		
White collar	51	49
Blue collar	41	38
Total	**92**	**87**

The information concerning the employee benefits of the management can be found on note 29 "Related party transactions".

9. EXPEDINTURE ON RESEARCH AND DEVELOPMENT

	1.1.-31.12.2020	**1.1.-31.12.2019**
Research and development expenditure	**222**	**506**

10. FINANCING EXPENSES

1 000 EUR	**1.1.-31.12.2020**	**1.1.-31.12.2019**
Financing expenses		
Interest expenses	106	124
Other financing expenses	1 244	25
Total	**1 350**	**149**

Other financial expenses include EUR 1.2 million non-recurring items related to SPX Flow's tender offer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INCOME TAX

1 000 EUR	**1.1.-31.12.2020**	**1.1.-31.12.2019**
Income taxes in income statement		
Tax on income from operations from the fiscal period	8	-9
Change in deferred tax liabilities and tax assets	-71	224
Total	**-64**	**215**
Reconciliation between tax provision on income statement and mathematical tax based on parent company's tax rate	**1.1.-31.12.2020**	**1.1.-31.12.2019**
Profit or loss before taxes	-1 638	862
Parent company's tax rate at the end of the fiscal period	20 %	20 %
Mathematical tax based on parent company's tax rate	328	-172
Differences between tax provision on income statement and mathematical tax based on parent company's tax rate due to:		
Effect of different tax rates in foreign subsidiaries	0	-3
Non-deductible income	0	
Non-deductible expenses		
The lossses of the financial year of which deffered tax has not recorded		0
The allocation of previously unrecognized confirmed losses to the taxes of the period	-143	170
The deferred tax from previously unrecognized comfirmed losses.		
Other timing differences	17	**220**
Tax provision on income statement	**-64**	**214**
Effective tax rate	4 %	25 %

12. EARNINGS PER SHARE

	1.1.-31.12.2020	**1.1.-31.12.2019**
Net profit or loss attributable to the shareholders' of the parent, continuing operations, 1000 eur	-1 702	1 077
Net profit or loss attributable to the shareholders' of the parent, discontinuing operations, 1000 eur	0	-33
Net profit or loss attributable to the shareholders' of the parent, 1000 eur	-1 702	1 044
Average number of shares during the fiscal period	56 501 730	56 501 730
Earnings per share calculated on profit attributable to equity holders of the parent:		
Earnings per share undiluted, euros/share, continuing operations	-0,03	0,02
Earnings per share undiluted, euros/share, net profit/loss	-0,03	0,02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. TANGIBLE ASSETS

1.1.-31.12.2020 **1 000 EUR**	**Land**	**Buildings**	**Buildings financial lease**	**Machi-nery and equip-ment**	**Machi-nery and equip-ment, financial lease**	**Right-of-use assets**	**Other tangible assets**	**Advance payments and un-finished invest-ments**	**Total**
Acquisition cost at the beginning of the period	213	1 407	26	-265	-62	1 443	475	272	**3 510**
Increase	0	4	0	19	0	54	107	256	**440**
Decrease	0	0	0	0	0	0	-19	-529	**-548**
Transfers between items	0	0	0	0	0	0	0	0	**0**
Acquisition cost at the end of the period	213	1 411	26	-246	-62	1 497	563	0	**3 402**
Accumulated depreciations and impairment losses at the beginning of the period	0	-505	-26	791	62	-200	-209	0	**-88**
Depreciations and impairment losses	0	-37	0	-135	0	-200	-78	0	**-450**
Accumulated depreciations and impairment losses at the end of the period	0	-542	-26	655	62	-400	-288	0	**-538**
Book value at the beginning of the period	**213**	**902**	**0**	**526**	**0**	**0**	**266**	**272**	3 422
Book value at the end of the period	**213**	**869**	**0**	**410**	**0**	**1 097**	**275**	**0**	2 864

1.1.-31.12.2019 **1 000 EUR**	**Land**	**Buildings**	**Buildings financial lease**	**Machi-nery and equip-ment**	**Machi-nery and equip-ment, financial lease**	**Right-of-use assets**	**Other tangible assets**	**Advance payments and un-finished invest-ments**	**Total**
Acquisition cost at the beginning of the period	551	2 717	106	340	27	1 443	349	0	**5 533**
Merger of business operations									**0**
Increase				359		0	126	174	**659**
Decrease	-338	-1 310	-80	-963	-88		0	0	**-2 780**
Transfers between items								98	**98**
Acquisition cost at the end of the period	213	1 407	26	-265	-62	1 443	475	272	**3 510**
Accumulated depreciations and impairment losses at the beginning of the period	0	-432	-26	989	62	0	-149	0	**444**
Translation differences	0	0		0	0		0		
Depreciations of transfers' and decrease items	0	0	0	0	0	0	0	0	**0**
Depreciations	0	-73		-199		-200	-60	0	**-533**
Accumulated depreciations and impairment losses at the end of the period	0	-505	-26	791	62	-200	-209	0	**-89**
Book value at the beginning of the period	**551**	**2 285**	**80**	**1 329**	**89**	**0**	**200**	**0**	4 534
Book value at the end of the period	**213**	**902**	**0**	**526**	**0**	**1 243**	**266**	**272**	3 422

Figures from reference period include AP-Tela Oy, sold in 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. RIGHT-OF-USE ASSETS

1.1.-31.12.2020

1 000 EUR	**Machinery and equipment**	**Buildings**	**Total**
Acquisition cost at the beginning of the period	105	1 337	1 443
Increases	54		54
Acquisition cost at the end of the period	160	1 337	1 497
Accumulated depreciations and impairment losses at the beginning of the period	-33	-167	-200
Depreciations and impairment losses	-33	-167	-200
Accumulated depreciations and impairment losses at the end of the period	-67	-334	-401
Book value at the end of the period	**93**	**1 003**	**1 096**

1.1.-31.12.2019

1 000 EUR	**Machinery and equipment**	**Buildings**	**Total**
Acquisition cost at the beginning of the period	105	1 338	1 443
Acquisition cost at the end of the period	105	1 338	1 443
Depreciations and impairment losses	-33	-167	-200
Accumulated depreciations and impairment losses at the end of the period	-33	-167	-200
Book value at the end of the period	**72**	**1 170**	**1 243**

LEASES

1000 EUR	**1.1.-31.12.2020**	**1.1.-31.12.2019**
Buildings, right-of-use assets		
Book value at the beginning of the period	1 337	1 338
Accumulated depreciations	-167	
Depreciations and impairment losses in the period	-167	-167
Book value at the end of the period	**1003**	**1170**
Machinery and equipment, rigt-of-use assets		
Book value at the beginning of the period	105	105
Increases in the period	54	
Accumulated depreciations	-33	
Depreciations and impairment losses in the period	-33	-33
Book value at the end of the period	**93**	**72**
Lease dept		
Book value at the beginning of the period	1 255	1 443
	54	
Interest expenses	28	32
Payments	-221	-220
Book value at the end of the period	**1116**	**1255**
Lease depts		
Long-term	917	1 067
Short-term	199	188
Total	**1116**	**1255**
Items recognized in the income statement		
Depreciations and impairment losses in the period	-200	-200
Interest expenses	-28	-32
Short term rentals / low value leases	-1	-8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. INTANGIBLE ASSETS

1.1.-31.12.2020

1 000 EUR	**Intangible rights**	**Other long-term assets**	**Brands**	**Brands no depreciation**	**Intangible assets total**
Acquisition cost at the beginning of the period	74	450	94	699	**1 317**
Increase		146			**146**
Decrease					**0**
Transfers between items					**0**
Acquisition cost at the end of the period	74	596	94	699	**1 463**
Accumulated depreciations and impairment losses at the beginning of the period	-64	-429	-94		**-587**
Depreciations of transfers' and decrease items					**0**
Depreciations	-7	-42			**-49**
Accumulated depreciations and impairment losses at the end of the period	-71	-471	-94		**-636**
Book value at the beginning of the period	**10**	**21**	**0**	**699**	**1 017**
Book value at the end of the period	**3**	**125**	**0**	**699**	**827**

1.1.-31.12.2019

1 000 EUR	**Intangible rights**	**Other long-term assets**	**Brands**	**Brands no depreciation**	**Intangible assets total**
Acquisition cost at the beginning of the period	74	527	263	699	**1 563**
Increase	6	11			**17**
Decrease	-6	-89	-169		**-263**
Transfers between items					**0**
Acquisition cost at the end of the period	74	450	94	699	**1 317**
Accumulated depreciations and impairment losses at the beginning of the period	-53	-410	-83		**-546**
Depreciations of transfers' and decrease items	0	0			**0**
Depreciations	-11	-20	-11		**-42**
Accumulated depreciations and impairment losses at the end of the period	-64	-429	-94		**-587**
Book value at the beginning of the period	**21**	**118**	**180**	**699**	**1 017**
Book value at the end of the period	**10**	**21**	**0**	**699**	**730**

Intangible rights include activated acquisition costs of patents, trade marks and licences. Goodwill, see Notes to the Consolidated Financial Statements, item 16 "Goodwill".
Figures in reference period include AP-Tela Oy, classified as discontinued operations, sold in 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. GOODWILL VALUES

Goodwill, 1 000 EUR	1.1.-31.12.2020	1.1.-31.12.2019
Acquisition cost at the beginning of the period	2 291	3 070
Sale of AP-Tela Oy	0	-779
Acquisition cost at the end of the period	2 291	2 291
Book value at the end of the period	**2 291**	**2 291**

Testing of goodwill:
Goodwill values are tested for depreciation annually. The testing is performed for those cash generating units, to which the goodwill values area allocated. The value of the recoverable amount is based on utility value calculations.

Main assumptions in testing of goodwill:
The development of the turnover and cost level of the unit in question are the key assumptions used in the goodwill test calculations. The cash flow forecasts used in the calculations are based on the management's annual income statement and maintenance investment forecasts prepared in conjunction with the Group's budget process. The management's forecasts are based on actual performance and their view on the growth outlook for their field. Approved investment decisions are taken into account in growth forecasts. Financial plans and forecasts for the units to be tested have been prepared for a period of five years, and cash flows have been predicted for the test calculations for this period. Cash flows beyond management´s forecast period have been extrapolated using last year´s cash flows with a 0% growth factor.
The goodwill remaining at the end of the financial year is attributable to Stelzer Rührtechnik International GmbH and Uutechnic Oy.

	The expected growth in net sales during the 5-year forecast period %
Stelzer Rührtechnic Int. GmbH	0 - 5,8
Uutechnic Oy	0 -8,5

Discount rate:
The pretax WACC specified for Uutechnic Group has been used as the discount rate.
The discount rates for fiscal period 2020 were:

Stelzer Rührtechnic Int. GmbH	8,76 %
Uutechnic Oy	9,38 %

Sensitivity of the main assumptions used in testing of depreciation:

	The discount rate may increase % points	Net cash flow may decrease %
Stelzer Rührtechnic Int. GmbH	18,2	91,1
Uutechnic Oy	25,6	92,1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. AVAILABLE FOR SALE INVESTMENTS

1 000 EUR	**31.12.2020**	**31.12.2019**
Available for sale investments		
Other shares and holdings, available for sale, not listed	0	5
Total	**0**	**5**

The investments of the Group in other shares consist of investments in unlisted shares, which are either non-profit shares or shares related to the Group´s business.

18. DEFERRED TAX ASSETS AND LIABILITIES

1 000 EUR

Deferred tax assets	**31.12.2020**	**Allocated to the tax from the period**	**Allocated to deferred taxes 2019**	**31.12.2019**
Tax losses carried forward	1 759	-143	1 759	1 902
Deffered tax assets	351			
Deferred tax liabilities	**31.12.2020**	**Recognized in income statement**	**Recognized in equity**	**31.12.2019**
Other timing differences	81	22		59
Total	**81**	**22**	**0**	**59**

19. INVENTORIES

1 000 EUR	**31.12.2020**	**31.12.2019**
Inventories		
Materials and supplies	1 499	1 580
Work in progress	663	818
Finished products	128	
Advance payments for inventories	7	
Total	**2 297**	**2 398**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. RECEIVABLES

1 000 EUR	**31.12.2020**	**31.12.2019**
LONG-TERM RECEIVABLES		
Subordinated loan	0	2 870

The subordinated loan receivable is an arrangement agreed in connection with the Jarpotek Oy Ab transaction in 2018. The loan has been sold in accordance with the terms of SPX Flow's tender offer after the end of the financial year, on January 18, 2021. In the financial statements 2020, the sale price from the loan is presented in short term receivables.

SHORT-TERM RECEIVABLES	**31.12.2020**	**31.12.2019**
Trade and other receivables		
Trade receivables*	2 289	2 181
Advance payments for inventories	736	98
Subordinated loan receivable	1 650	
Other receivables	85	290
Prepayments and accrued income	177	127
Total	**4 937**	**2 696**

* Trade receivables do not include any significant risk concentrations.

Ageing analysis of trade receivables		
Not due	1 693	1 737
Past due less than 180 days	546	388
Past due more than 180 days	50	56
Total	**2 289**	**2 181**

Prepayments and accrued income	**31.12.2020**	**31.12.2019**
Prepayments and accrued income consists of:		
Receivables from the construction contracts recognized under the POC method	736	98
Interest of Subordinated loan	0	129
Other prepayments and accured income	85	161
Total	**821**	**388**

21. CASH AND CASH EQUIVALENTS

1 000 EUR	**31.12.2020**	**31.12.2019**
Cash and bank		
Cash and bank	1 670	2 774
Total	**1 670**	**2 774**
Change of liquid funds in the flow of funds statement *)		
Liquid funds at the beginning of the period	2774	379
Liquid funds at the end of the period	1 670	2 774
Change of liquid funds in the balance sheet	**-1 104**	**2 395**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. SHAREHOLDERS' EQUITY

Share Capital
Plc Uutechnic Group Oyj's registered and fully paid share capital of 31 December 2018 was 2,872,302 euros and the number of shares and votes in the company was 56,501,730.

Share premium account
Share premium account includes the share premiums of issues according to the previous Companies Act (29.9.1978).

The unrestricted equity reserve
The unrestricted equity reserve includes other items of equity and the subscription price of shares insofar as it is not included in the share capital.

Translation differences
Translation differences include exchange gains and losses arising from the translation of the financial statements of foreign companies.

Dividends
During the financial year 2020 the company paid dividend EUR 0.01 per share. The Board of Directors proposes that no dividend will be paid from 2020 financial year.

Capital Management
The objective of Group's capital management is to ensure the continuity of the business of Uutechnic Group and to maintain the optimal capital structure in order to ensure the investments taking into the account the capital expenses. Shareholders' equity and liabilities, excluded the advance payments received, are included into the capital.

The Group's equity stood at 9,3 million euros at the end of the financial year.

The Group monitors the development of the capital structure using the equity ratio quarterly. The equity ratio on 31 December 2020 was 63.4%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SHAREHOLDERS' EQUITY

1 000 EUR	31.12.2020	31.12.2019
SHARE CAPITAL		
Share capital		
Share capital at the beginning of the period	2 872	2 872
Share capital at the end of the period	**2 872**	**2 872**
RESERVES		
Share premium account		
Share premium account at the beginning of the period	0	6
Changes in ownership interests in subsidiaries		-6
Share premium account at the end of the period	**0**	**0**
Unristrected equity reserve		
Unrestricted equity reserve at the beginning of the period	6 376	6 376
Unrestricted equity reserve at the end of the period	**6 376**	**6 376**
Reserves total	**6 376**	**6 376**
RETAINED EARNINGS		
Retained earnings		
Retained earnings at the beginning of the period	2 359	1 326
Adjustment for translation differences		-17
Retained earnings	**2 359**	**1 309**
Profit or loss for the fiscal period		
Profit or loss for the fiscal period	-1 701	1 044
		6
Profit or loss for the fiscal period	**-1 701**	**1 050**
Dividend distribution	**-565**	**0**
Retained earnings	**92**	**2 359**
Shareholders of the parent company	**92**	**2 359**
MINORITY INTEREST		
Minority interest		
Total shareholders' equity	**9 340**	**11 607**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. PROVISIONS

Non-current provisions, 1 000 EUR	**Warranty provision**	**Pension provision**	**Total**
Provisions at the beginning of the period	183	142	325
Change of the provisions	-17	-5	-22
Provisions at the end of the period	**166**	**137**	**303**

The warranty provision covers warranty-related costs for products that have a product warranty. Warranty periods are usually 24 months long, in which time the provisions will be used. The pension provision consists of pension liabilities of one retired person in German subsidiary.

Transferred projects
The Group´s companies have a transfer-related, warranty-period responsibility for projects transferred by the end of the fiscal period.

24. INTEREST-BEARING LIABILITIES

1 000 EUR	**31.12.2020**	**31.12.2019**
Non-current liabilities, interest-bearing		
Loans from financial institutions	366	765
Lease liabilities, IFRS16	917	1 067
Loans from institutions	183	183
Total	**1 466**	**2 015**
Current liabilities, interest-bearing		
Loans from financial institutions	679	1 238
Subordinated loan from owners		
Lease liabilities, IFRS16	199	188
Total	**878**	**1 426**
A reconcilliation between the openning and closing balances of liabilities arising from financing activities		
Interest bearing liabilities at 1 January	3 440	4 761
Cash flows	-1 096	-2 576
IFRS16 operating leases, impact		1 255
Interest bearing liabilities at 31 December	**2 344**	**3 440**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT

The objective of the Group´s financial risk management policy is to minimize the harmful effects of financial market volatility on the Group´s results. The primary financial risks are currency and interest rate risks. The Group´s general principles of risk management are approved by the Board, and their implemention is the responsibility of the Group´s financial administration function and the business units.

CURRENCY RISK

In accordance with the principles of currency risk management, currency forward contracts and currency option contracts are as a rule used to hedge against significant exchange rate risks. The currency forward contracts are used to protect receivables and future assets.

Exposure to foreign exchange risk from transactions, 1000 EUR

Group total at the end of the fiscal period	31.12.2020 SEK	NOK	CNY	USD
Foreign currency trade receivables				17,5
Foreign currency account payables				-1,5
Foreign currency cash and bank				
Net exposure in balance sheet	**0,0**	**0,0**	**0,0**	**16,0**

Group total at the end of the fiscal period	31.12.2019 SEK	NOK	CNY	USD
Foreign currency trade receivables				
Foreign currency account payables			-4,2	-4,2
Foreign currency cash and bank				
Net exposure in balance sheet	**0,0**	**0,0**	**-4,2**	**-4,2**

Sensitivity analysis
The effect of a 10% weakening currencies (against euro) in euro:

Group total at the end of the fiscal period	31.12.2020 SEK	NOK	CNY	USD
Profit or loss for the period before taxes				
Profit or loss for the period, net of taxes				

Group total at the end of the fiscal period	31.12.2019 SEK	NOK	CNY	USD
Profit or loss for the period before taxes			0,4	0,4
Profit or loss for the period, net of taxes			0,3	0,3

INTEREST RATE RISK

Interest rate risk is caused by the effect of changes in the general level of interest rates on the value of interest-bearing liabilities. The interest rate risk can be managed using interest rate swap and interest rate option contracts.

Sensitivity analysis of interest rate

1 000 EUR	Interest expenses according to the payment plan 31.12.2020	Increase of the interest expenses resulted from the change of the interest rate +1%
Loans from financial institutions	16	9
Operating lease	8	5
Loans from institutions		
Total	**24**	**14**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CREDIT RISK

For the most part, protection againts credit risks is managed by taking them into account in the selection of the term and method of payment. The Group does not usually provide customer financing; instead, it cooperates with banks and export credit agencies to support the financing of customers' equipment investments.

REFINANCING AND LIQUIDITY RISK

Liquidity risk:
The Group monitors and estimates continuously the quantities of funds needed to run the business operations, so that the Group will, at all times, retain enough liquid assets to fund the operations and repay debts that fall due. The availability and flexibility of funding are ensured by unused credit limits and book credits.

To assess the liquidity, the Group has prepared the monthly cash flow forecast, which extends until February 2022. The cash flow statement is based on the earnings forecast for fiscal period 2021 prepared in connection with the consolidated financial statements. At the balance sheet date, the working capital of the Group is sufficient for the needs of next 12 months, if the Group will achieve the forecasted profit targets. Due to the nature of the Group's project business, the need for financing may fluctuate in the short term, as the terms of payment for new orders vary and their uncertainty is realistic.

FINANCIAL ARRANGEMENTS

The financing agreement between the Group and its financiers includes a covenant requiring that the Group's gearing ratio not exceed 0.65. The ratio will be determined annually based on the Group's confirmed financial statements by taking capital loans in accordance with the Limited Liability Companies Act, among other factors, into account in equity when calculating the net gearing ratio. 31.12.2020 the gearing ratio was 0,68.

The parent company's loan of EUR 2 million (before instalments) from the Turku Region OP Bank includes a covenant requiring that the loan margin be tied to the ratio between Uutechnic Group's net interest-bearing liabilities and EBITDA. The initial loan margin is 2.35 percentage points. If the ratio is 2 or below, the margin will decrease to 1.90 percentage points. The margins will be reviewed annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cash flows of financial liabilities according to the payment plan, 1 000 EUR

Interest-bearing liabilities Maturing during the fiscal period	**2021 During 1-6 months**	**2021 During 7-12 months**	**2022**	**2023**	**2024**	**Later**	**Total**
Loans from financial institutions, capital	-516	-118	-235	-176	0	0	-1 045
Loans from financial institutions, interests	-7	-8	-11	-5	0	0	-32
Financial leasing, capital	-100	-100	-198	-192	-190	-379	-1 158
Financial leasing, interests	-2	-2	-5	-5	-4	-9	-27
Loans from institutions, capital	0	-46	-46	-46	-46	0	-183
Loans from institutions, interests	0	-1	-1	-1	-1	0	-4
Total	**-625**	**-275**	**-496**	**-425**	**-242**	**-388**	**-2 450**

After the end of the financial year in January 2021, all loans have been repaid

Interest-free liabilities Maturing during the fiscal period	**2021 During 1-6 months**	**2021 During 7-12 months**	**2022**	**2023**	**2024**	**Later**	**Total**
Trade payables	1 877						1 877
Total	**1 877**						**1 877**

Cash flows of financial receivables according to the payment plan

Short-term receivables Maturing during the fiscal period	**Earlier matured**	**2021**	**2022**	**2023**	**2024**	**Later**	**Total**
Trade receivables	596	1 693					2 289
Total	**596**	**1 693**					**2 289**

Maturing times and effective interest rates (weighted averages) of interest-bearing liabilities 31.12.2020

	Maturing times, years	**Interest rate %**
Loans from financial institutions	3	2,35

Credit limits in use

In the end of the fiscal year 31.12.2020 the Group had credit limits in use total 0.28 million euros. The average interest rate of the credit limits at the end of the fiscal year was 3,25 %.

Unused credit limits

In the end of the fiscal year 31.12.2020 the Group had unused book limits total 4,17 million euros.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. SHORT-TERM LIABILITIES

1 000 EUR	31.12.2020	31.12.2019
Trade payables and other liabilities		
Advance payments received	339	960
Trade payables	1 877	567
Other short-term liabilities	97	149
Accruals and deferred income	993	653
Total	**3 307**	**2 329**
Accruals and deferred income consist of:		
Accrued employee expenses	527	507
Interest liabilities	0	50
Other accruals and deferred income	466	96
Total	**993**	**653**
Tax liability		
Tax liability, income tax	1	1
Total	**1**	**1**

27. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

1 000 EUR

Fair values of other than derivative contracts

Financial assets	Book value 31.12.2020	Fair value 31.12.2020	Book value 31.12.2019	Fair value 31.12.2019
Trade receivables and other receivables	4 964	4 964	2 697	2 697
Cash and cash equivalents	1 670	1 670	2 774	2 774

Financial liabilities	Book value 31.12.2020	Fair value 31.12.2020	Book value 31.12.2019	Fair value 31.12.2019
Long-term loans from financial institutions	549	549	948	948
Subordinated loans from owners	0	0	0	0
Long-term financial leasing	0	0	0	0
Long-term operating lease	917	917	1 067	1 067
Short-term loans from financial institutions	679	679	1 238	1 238
Short-term operating leasing	199	199	188	188
Trade payables and other liabilities	3 307	3 307	2 329	2 329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. SECURITIES AND RESPONSIBILITIES

SECURITIES AND RESPONSIBILITIES

1000 EUR

	31.12.2020	31.12.2019
Granted securities		
Dept secured by real estate and corporate mortgages		
Loans from financial institutions	948	1 654
Credit limits in use	280	527
Total	**1 228**	**2 181**

Loans from financial institutions are secured by real estate and corporate mortgages and share pledges. Share pledges are the share capitals of Plc Uutechnic Group Oyj's subsidiaries.

	31.12.2020	31.12.2019
Mortgages granted to secure loans and bank guarantees		
Real estate mortgages	1 738	1 738
Corporate mortgages	18 000	18 000
Total	**19 738**	**19 738**
Other granted securities for own behalf		
Deposits	9	9
Total	**9**	**9**

Other granted securities
Plc Uutechnic Group Oyj has granted as secirities the share capitals of its subsidiaries Uutechnic Oy and Stelzer Rührtechnik International GmbH.

Contigent Liabilities and Other Liabilities

	31.12.2020	31.12.2019
Bank quarantees		
Bank guarantee limits total	8 100	8 100
Bank guarantee limits in own use	2 329	2 164
Bank guarantees granted on behalf of others*)	763	1 392

*) Company acts as guarantor for Japrotek delivery and warranty guarantees up to EUR 1,350 million, of which EUR 444 thousand was in use on 31.12.2020. In addition, prior to the arrangement, the Company has outstanding liabilities for Japrotek's work and warranty guarantees up to 319 million on 31.12.2020.

	31.12.2020	31.12.2019
Granted guarantees on behalf of Group companies		
Guarantees granted to secure bank guarantee limit	8 100	8 100
Total	**8 100**	**8 100**
Granted guarantees on behlaf of others		
Granted guarantees to customers and creditors	0	48
Guarantees granted to secure bank guarantee limit	1 350	1 350
Total	**1 350**	**1 398**

The lease of the former subsidiary Japrotek Oy Ab, signed on 14 September 2010, includes the parent company's own debt guarantee obligation. The guarantee is valid until December 31, 2026. The lease has been transferred to Uurec Holding Oy on June 22, 2016 under the former terms and conditions, where Jouko Peräaho and Timo Lindström, who are related parties, have control.

After the end of the financial year, guarantee liabilities related to Japrotek Oy Ab has been transferred from UTG's responsibility on 18 January 2021, after the terms of the SPX Flow agreement were met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. RELATED PARTY TRANSACTIONS

1 000 EUR

The Group has related party relationships with members of the Board of Directors and management team, managing director and major shareholders. In addition, related parties include all entities controlled or jointly controlled by a person idenfitied as related party.

Rent expenses	**1.1.-31.12.2020**	**1.1.-31.12.2019**
Lease payments for factory premises to entities in which the members of the board and the major shareholders of the company excercise control	187	185
Other operating expenses		
Consultation fee to the entity whre a major shareholder excercises control.	14	

The lease of the former subsidiary Japrotek Oy Ab, signed on 14 September 2010, includes the parent company's own debt guarantee obligation. The guarantee is valid until December 31, 2026. The lease has been transferred to Uurec Holding Oy on June 22, 2016 under the former terms and conditions, where Jouko Peräaho and Timo Lindström, who are related parties, have control.

After the end of the financial year, this guarantee liability has been removed on 18 January 2021, in connection with the SPX Flow agreement .

Employee benefits for the management
Salaries and fees of the parent company management

CEO:	**1.1.-31.12.2020**	**1.1.-31.12.2019**
Peräaho Jouko, CEO until 19.1.2021	151	177
Marttila Heikki, previous deputy CEO		131
Vaarno Jussi, deputy CEO	137	
Other Group Management Team	**483**	**417**
Board members:		
Alatalo Sami, until June 30, 2020	30	53
Peräaho Jouko	0	0
Kottonen Hannu	29	22
Slotte Johan, starting June 30, 2020	11	6

No special conditions for retirement, pension benefits, or discharge-related conditions have been spesified for the members of the Group's management. According to the employment contract of CEO Jouko Peräaho, both the company and the CEO are entitled to terminate the contract without any particular reason. In such a case, the period of notice on either side is three months. Deputy CEO Jussi Vaarno's notice period from his side is three months and from company's side six months.

The members of the Group's management have not received the group's own shares as a reward or incentive. The Group currently has no stock option plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. INDICATOR CALCULATION FORMULAS

Return on equity % (ROE) =	Profit/loss for the period / Shareholders´ equity (average)	x 100
Return on investment % (ROI) =	Profit/loss before taxes + interest expenses and other financial expenses" / Shareholders´ equity + interest-bearing debts (average)	x 100
Equity ratio =	Shareholders´ equity / Total assets - advances received	x 100
Current ratio =	Current assets / Short-term liabilities	
Net Gearing =	Interest-bearing debts - cash and bank deposits and other securities / Shareholders´ equity	x 100
Formulas for per share items		
Earnings per share, euros =	Profit/loss for the period / Number of shares outstanding issue adjusted (average)	
Shareholders´ equity/share, euros =	Shareholders´ equity / Number of shares outstanding issue adjusted, at the end of the fiscal year	
Dividend/share, euros =	Dividend for the fiscal year / Number of shares outstanding issue adjusted, at the end of the fiscal year	
Dividend/share, percentage =	Dividend for the fiscal year/share / Earnings/share	x 100
Effective dividend return, percentage =	Dividend for the fiscal year/share / Adjusted price of the share at the end of the fiscal year	x 100
Price per earnings (P/E) =	Adjusted price of the share at the end of the fiscal year / Earnings/share	
Average share price =	Total value of shares traded during the fiscal year / Total number of shares traded during the fiscal year	
Total market value =	Total number of shares at the end of the fiscal year x share price at the end of the fiscal year	
Development of shares traded =	Total number of shares traded during the fiscal year and its percentual share of the total number of series´ shares	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. SHARES AND SHAREHOLDERS

According to the book-entry security system, Plc Uutechnic Group Oyj had 1 363 registered shareholders on 31 December 2020. There were in total 2,468,678 nominee-registered shares.

MAJOR SHAREHOLDERS	**Shares**			**Votes**
According to the book-entry security system, on 31 December 2020	**no.**	**%**	**no.**	**%**
Lindström Timo	8 790 000	15,56	8 790 000	15,56
Peräaho Jouko	8 690 000	15,38	8 690 000	15,38
Laakkonen Mikko	8 147 255	14,42	8 147 255	14,42
HML Finance Oy	6 654 375	11,78	6 654 375	11,78
UuCap Oy	4 805 000	8,50	4 805 000	8,50
Joensuun Kauppa ja Kone	4 179 996	7,40	4 179 996	7,40
Peräaho Jonni	3 080 000	5,45	3 080 000	5,45
Skandinaviska Enskilda Banken Ab (Publ) H:gin sivukonttori *	1 942 781	3,44	1 942 781	3,44
Lindström Ilona Iiris	1 680 000	2,97	1 680 000	2,97
Lindström Risto Herman	1 680 000	2,97	1 680 000	2,97
Total for 10 largest	**49 649 407**	**87,87**	**49 649 407**	**87,87**

*nominee-registered shares

Lindström Timo, Peräaho Jouko, Peräaho Jonni, Lindström Ilona and Lindström Risto are 100 % owners of UuCap Oy.

BREAKDOWN OF SHARE OWNERSHIP BY AMOUNT OF HOLDINGS	**Share-holders**		**Shares**		**Votes**	
According to the book-entry security system, on 31 December 2020	**no.**	**%**	**no.**	**%**	**no.**	**%**
1 - 100	343	24,75	15 693	0,03	15 693	0,03
101 - 1 000	559	40,33	269 093	0,48	269 093	0,48
1 001 - 10 000	387	27,92	1 314 023	2,33	1 314 023	2,33
10 001 - 100 000	74	5,34	2 173 913	3,85	2 173 913	3,85
100 001 - 1 000 000	23	1,66	52 729 008	93,32	52 729 008	93,32
	1386	**100,00**	**56 501 730**	**100,00**	**56 501 730**	**100,00**
Nominee-registered shares	5		2 468 678	4,37	2 468 678	4,37
			56 501 730	**100,00**	**56 501 730**	**100,00**

BREAKDOWN OF SHARE OWNERSHIP BY CATEGORY OF OWNER	**Share-holders**		**Shares**		**Votes**	
According to the book-entry security system, 31 December 2020	**no.**	**%**	**no.**	**%**	**no.**	**%**
Companies	45	3,25	16 602 039	29,38	16 602 039	29,38
Financial and insurance institutions	4	0,29	289 475	0,51	289 475	0,51
Public corporations	3	0,22	226 725	0,40	226 725	0,40
Households	1328	95,82	36 911 600	65,33	36 911 600	65,33
Non-profit organizations	2	0,14	201	0,00	201	0,00
Foreign countries	4	0,29	3 012	0,01	3 012	0,01
	1386	**100,00**	**54 033 052**	**95,63**	**54 033 052**	**95,63**
Nominee-registered shares	5		2 468 678	4,37	2 468 678	4,37
			56 501 730	**100,00**	**56 501 730**	**100,00**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SHARE HOLDINGS OF THE MANAGEMENT According to the book-entry security system, on 31 December 2020		**Shares**		**Votes**
	no.	**%**	**no.**	**%**
Board of directors and CEO				
Kottonen Hannu, chairman of the board	50 000	0,09	50 000	0,09
Peräaho Jouko, CEO, member of the board	8 690 000	15,38	8 690 000	15,38
Slotte Johan, member of teh board	30 000	0,05	30 000	0,05
Vaarno Jussi, COO, Deputy CEO	280 000	0,5	280 000	0,5
Group Management				
Junninen Leena, Finance manager	40 000	0,07	40 000	0,07
Mönkäre Zakaria, Technology Director	20 676	0,04	20 676	0,04
Sormunen Antti, Plant Director, Uutechnic Oy	0	0	0	0
Tappe Oliver, MD, Stelzer	0	0	0	0

Jouko Peräaho is 36 % owner of UuCap Oy, which owns 4 805 000 shares (8,50 % Plc Uutechnic Group Oyj´s shares). Board members, CEO, Deputy CEO or managers of the Group have no holdings or special rights based on the company's share-based incentive systems.

32. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUING OPERATIONS

DISCONTINUING OPERATIONS

On June 3, 2019 Plc Uutechnic Group Oyj announced that it has sold the share capital of AP-Tela Oy to a Finnish engineering workshop. AP-Tela Oy has been consolidated into the Group until June 3, 2019, and it is reported as discontinued operations in reference period of financial statements 2020.

Profit or loss of the discontinuing operations, 1 000 EUR	**1.1.-31.12.2019**
Turnover	2 937
Other Income	74
Operative expenses	-2 862
Financing incomes /-expenses, sales gains/ -losses	-8
Impairment loss	-333
Depreciations	-133
Depreciations & amortizations caused by 2015 acquisition	
Profit/loss before taxes	**-326**
Taxes	293
Profit or loss of the fiscal period from the discontinuing operations	**-33**
Flow of funds from the discontinuing operations	
Flow of funds from operations	190
Flow of funds from investments	3 306
Flow of funds from financial intems	-59
Flow of funds total	**3 438**
Non-current assets held for sale of discontinuing operations	
Tangible and intangible assets	
Inventories and receivables	
Liquid assets	
Assets total	**0**
Liabilities of disposal group held for sale of discontinuing operations	
Current liabilities held for sale, interest-free	
Liabilities total	**0**
The total value of from assigned operations	3 500
Cash in the discontinued operations at the time of assignment	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. EVENTS AFTER THE END OF THE FISCAL YEAR

STOCK EXCHANGE RELEASES PUBLISHED AFTER THE END OF FISCAL YEAR

05.01.2021	SPX Flow Technology Germany GmbH has received required antitrust approval for the recommended cash tender offer for all shares in Plc Uutechnic Group Oyj
13.01.2021	Preliminary result of SPX Flow Technology Germany GmbH's voluntary recommended public cash tender offer for all shares in Plc Uutechnic Group Oyj
15.01.2021	Final result of SPX Flow Technology Germany GmbH's voluntary recommended public cash tender offer for all shares in Plc Uutechnic Group Oyj; SPX Flow Technology Germany GmbH completes the tender offer
18.01.2021	SPX Flow Technology German GmbH to commence redemption proceedings in respect of the remaining Plc Uutechnic Group Oyj's minority shares
18.01.2021	Notification pursuant to chapter 9, section 5 of the Securities Markets Act
18.01.2021	Plc Uutechnic Group Oyj's CEO Jouko Peräaho steps down from his position, Dominic Hill appointed as the new CEO
19.01.2021	Notification pursuant to chapter 9, section 5 of the Securities Markets Act
19.01.2021	Notice to convene Plc Uutechnic Group Oyj's Extraordinary General Meeting of shareholders
10.02.2021	Decisions of Plc Uutechnic Group Oyj's Extraordinary General Meeting
26.02.2021	Special representative appointed for the arbitration proceedings concerning the redemption of the minority shares in Plc Uutechnic Group Oyj
30.03.2021	Plc Uutechnic Group Oyj changes its financial reporting practice
31.03.2021	Plc Uutechnic Group Oyj: Review of Financial Statements 1 January – 31 December 2020
09.04.2021	Plc Uutechnic Group Oyj: Arbrital tribunal appointed for the arbitration proceedings concerning the redemption of the minority shares in Plc Uutechnic Group Oyj

FINANCIAL STATEMENT OF THE PARENT COMPANY

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INCOME STATEMENT OF THE PARENT COMPANY, FAS

1000 EUR	1.1.-31.12.2020	1.1.-31.12.2019	Note
NET TURNOVER	**1 469**	**1 441**	**2**
Other income	66	122	3
Personnel expenses	-1 106	-1 106	5
Depreciations and impairment losses	-54	-25	6
Other operating expenses	-1 249	-615	7
OPERATING PROFIT OR LOSS	**-874**	**-184**	**4**
Financing income and expenses	-1 275	3 539	8
PROFIT OR LOSS BEFORE INCOME TAXES AND APPROPRIATIONS	**-2 149**	**3 356**	
APPROPRIATIONS			
Group contribution	1 066	925	9
PROFIT OR LOSS FOR THE FISCAL YEAR	**-1 083**	**4 281**	

Financial expenses include the write-down of part of Japrotek Oy Ab's capital loan receivable.
In reference period financing income include sale of AP-Tela Oy's shares.

BALANCE SHEET, PARENT COMPANY, FAS

1000 EUR	1.1.-31.12.2020	1.1.-31.12.2019	Note
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	30	7	
Other capitalised long-term expenses	88	0	
Tangible assets	26	44	
Advance payments	0	23	
Investments	9 598	9 603	
NON-CURRENT ASSETS	**9 742**	**9 677**	**11**
CURRENT ASSETS			
Receivables from subordinated loans	1 650	2 870	
Short-term receivables	1 357	1 172	
Cash and bank	975	1 866	
CURRENT ASSETS	**3 982**	**5 908**	**12**
ASSETS	**13 724**	**15 584**	
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	2 872	2 872	
Reserve fund	19 397	19 397	
Retained earnings	-9 113	-12 828	
Profit or loss for the fiscal year	-1 083	4 281	
SHAREHOLDERS' EQUITY	**12 074**	**13 722**	**13**
LIABILITIES			
Long-term interest-bearing liabilities	412	765	14
Short-term interest-bearing liabilities	353	706	15
Short-term non-interest-bearing liabilities	885	392	15
LIABILITIES	**1 650**	**1 862**	
EQUITY AND LIABILITIES	**13 724**	**15 584**	

FLOW OF FUNDS STATEMENT OF THE PARENT COMPANY, FAS

1000 EUR	**1.1.-31.12.2020**	**1.1.-31.12.2019**
FLOW OF FUNDS FROM OPERATIONS		
Profit before extraordinary items	-1 083	4 281
Adjustment items:		
Depreciations according to plan	54	25
Other income and expenses, no payment related	-1 066	0
Financial income and expenses	1 275	-39
Sales profits and losses	5	-3 500
Flow of funds before the change in working capital	**-816**	**766**
Change in working capital:		
Change in short-term receivables	-96	-261
Change in short-term non-interest bearing creditors	545	46
Flow of funds before financial items and taxes	**-366**	**552**
Interest and other financial expenses from operations paid	-55	-241
Interests received	0	65
FLOW OF FUNDS FROM OPERATIONS	**-421**	**376**
FLOW OF FUNDS FROM INVESTMENTS:		
Investments in tangible and intangible assets	-124	-23
Other investments	0	3 500
FLOW OF FUNDS FROM INVESTMENTS	**-124**	**3 477**
FLOW OF FUNDS FROM FINANCIAL ITEMS		
Repayments of short-term loans	-353	-706
Repayment of short-term loans	-353	-1 119
Repayment of short-term loans to subsidiaries	0	-934
Repayment of subordinated loans	0	-1 000
Change in Group account receivable or debt	0	1 500
Dividends paid	-565	0
Group contribution	925	270
FLOW OF FUNDS FROM FINANCIAL ITEMS	**-346**	**-1 989**
Change of liquid funds	**-891**	**1 864**
Liquid assets at the beginning of the fiscal year	1 866	2
Liquid assets at the end of the fiscal year	975	1 866
Change in liquid assets according to the balance sheet	-891	1 864

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES FOR FINANCIAL STATEMENTS

The financial statement of Plc Uutechnic Group Oyj for the fiscal period 2019 were drawn up in accordance with Finnish accounting legislation.

Assets and Liabilities in Foreign Currencies

Transactions denominated in foreign currencies are entered at the exchange rate applicable on the date of the transaction. Assets and depts. denominated in foreign currencies that are open at the end of the fiscal year are valued at the exchange rate in effect on the balance sheet date.

Other Operating Income

Other operating income includes proceeds from the sale of tangible assets and other operating income received from Group companies.

Expenditure on Research and Development

There were no research and development costs during the fiscal year under review.

Pensions

Pension liabilities for the parent company's personnel have been covered through a pension insurance company. Statutory pension expenses have been entered under costs for the fiscal year in which they accumulated.

Leasing Payments

In the parent company's financial statement, leasing payments have been entered under annual costs in accordance with the Finnish Accounting Act.

Intangible Assets

Intangible assets include computer software. They are entered at the original acquisition cost, minus planned depreciation. The economic life (term of depreciation) of software is five years.

Tangible Assets

Tangible assets are entered on the balance sheet at their original acquisition cost, planned depreciation deducted. The economic lif of buildings and structures is 35 – 40 years and that of machines and equipment is 5 – 25 years.

Income Tax

Income tax has been entered in accordance with the Finnish Accounting Act.

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

NOTES TO THE INCOME STATEMENT

1000 EUR

2. TURNOVER BY BUSINESSES AND MARKET AREAS

	1.1.-31.12.2020	1.1.-31.12.2019
By businesses		
Administration	1 469	1 441
Total	**1 469**	**1 441**
By market areas		
Finland	489	815
Other Europe	980	626
Total	**1 469**	**1 441**

3. OTHER OPERATING INCOME

	1.1.-31.12.2020	1.1.-31.12.2019
Other income	66	40
Other income from subsidiaries	0	82
Total	**66**	**122**

4. OPERATING PROFIT OR LOSS BY BUSINESSES

	1.1.-31.12.2020	1.1.-31.12.2019
Administration	-793	-184
Total	**-793**	**-184**

5. PERSONNEL

	1.1.-31.12.2020	1.1.-31.12.2019
Average number of personnel		
Office staff	9	9
Total	**9**	**9**
Personnel expenses		
Wages and salaries	961	944
Pension costs	124	142
Other personnel expenses	21	20
Total	**1 106**	**1 106**
Management's salaries and benefits		
Managing directors	151	176
Board members	70	82
Total	**221**	**258**

6. DEPRECIATIONS AND DECREASED VALUES

Fixed assets have been depreciated according to plan. Depreciation according to plan is calculated based on straight line depreciation, the economic life and the original purchase value of assets.

	1.1.-31.12.2020	1.1.-31.12.2019
The estimated economic lives (years)		
Other long-term assets	2-10 years	5-10 years
Buildings	35-40 years	35-40 years
Machinery and equipment	5-25 years	5-25 years
Depreciations and decreased values		
Depreciations from tangible and intangible assets	54	25
Impairment losses from tangible assets	0	0
Total	**54**	**25**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

7. OTHER OPERATING EXPENSES

	1.1.-31.12.2020	1.1.-31.12.2019
Rent expenses	4	4
Non-statutory employee benefits	6	5
Travel expenses	25	95
IT expenses	427	173
Non-recurring items related to the SPX Flow arrangement	421	0
Disposal losses on non-current assets	5	0
Other expenses	361	338
Total	**1 249**	**615**

8. FINANCIAL INCOME AND EXPENSES

	1.1.-31.12.2020	1.1.-31.12.2019
Other interest and other financial income		
From Group companies	0	4
From other	0	129
Sale of shares in subsidiaries	0	3 500
Total	**0**	**3 633**
Financial income total	**0**	**3 633**
Interest and other financial expenses		
Group companies	0	3
Other	55	91
Write-down of part of capital loan receivable	1 220	0
Total	**1 275**	**94**
Financial expenses total	**1 275**	**94**
Financial income and expenses total	**-1 275**	**3 539**

9. APPROPRIATIONS

	1.1.-31.12.2020	1.1.-31.12.2019
Group contribution from Uutechnic Oy	1 066	925
Total	**1 066**	**925**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

NOTES TO THE BALANCE SHEET

1000 EUR

10. SHAREHOLDINGS

Group Companies	Registered Office	Number of Shares	Group Ownership %
Stelzer Rührtechnik International GmbH	Warburg, Germany		100,00
Vaahto Group Asia Limited	Hong Kong, China		100,00
Uutechnic Oy	Uusikaupunki, Finland	10 000	100,00

11. NON-CURRENT ASSETS

Intangible assets	31.12.2020	31.12.2019
Other long-term assets		
Acquisition cost at the beginning of the fiscal year	94	94
Increase	147	0
Acquisition cost at the end of the fiscal year	**241**	**94**
Accumulated depreciations at the beginning of the fiscal year	-87	-80
Depreciation of the fiscal year	-36	-7
Accumulated depreciations at the end of the fiscal year	**-123**	**-87**
Book value at the end of the fiscal year	**118**	**7**
Intangible assets total	**118**	**7**
Tangible assets		
Machinery and equipments		
Acquisition cost at the beginning of the fiscal year	84	84
Acquisition cost at the end of the fiscal year	**84**	**84**
Accumulated depreciations at the beginning of the fiscal year	-40	-22
Accumulated depreciations of the decrease	-18	-18
Accumulated depreciations at the end of the fiscal year	**-58**	**-40**
Book value at the end of the fiscal year	**26**	**44**
Acquisition cost at the beginning of the fiscal year	23	0
Increase	32	23
Reduction	-55	0
Acquisition cost at the end of the fiscal year	**0**	**23**
Book value at the end of the fiscal year	**0**	**23**
Tangible assets total	**26**	**67**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1000 EUR

Investments	**31.12.2020**	**31.12.2019**
Shares in Group companies		
Acquisition cost at the beginning of the fiscal year	16 547	16 547
Increase	0	1 667
Decrease	0	-1 667
Acquisition cost at the end of the fiscal year	**16 547**	**16 547**
Accumulated depreciations and impairment losses at the beginning of the fiscal year	-6 948	-6 948
Accumulated depreciations and impairment losses at the end of the fiscal year	**-6 948**	**-6 948**
Book value at the end of the fiscal year	**9 598**	**9 598**
Other shares		
Acquisition cost at the beginning of the fiscal year	32	32
Decrease	-32	0
Acquisition cost at the end of the fiscal year	**0**	**0**
Depreciations	**-27**	**-27**
Accumulated depreciations	27	0
Accumulated depreciations at the end of the fiscal year	**0**	**-27**
Book value at the end of the fiscal year	**0**	**5**
Investments total	**9 598**	**9 603**

Impairment-testing of shares in subsidiaries

The value of shares in subsidiaries in the parent company's accounts is the original cost plus investments made subsequently to consolidate the subsidiaries' eguity capital. Share value has substantial bearing on the parent company's solvency ratio and, thereby, on equity capital and other factors. Impairment test of shares in subsidiaries have been performed on the basis of the situation presented in the year-end accounts of 31 December 2020. A value-adjustment entry of 170,000.00 for the acquisition cost of shares of Vaahto Asia Ltd have been made earlier. The calculations show no sign of share-value impairment in other subsidiaries.

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1000 EUR

12. CURRENT ASSETS

	31.12.2020	31.12.2019
Long-term receivables from other		
Receivables from subordinated loans	0	2 870
Total	**0**	**2 870**

In the figures for the comparison year, the subordinated loan receivable is an arrangement agreed in connection with the acquisition of Jarpotek Oy Ab in 2018. Following the fulfillment of the terms of the tender offer made by SPX Flow in late 2020 and realized in January 2021, the loan receivable is presented in short-term receivables.

Short-term receivables		
Short-term receivables from Group companies		
Accounts receivable	92	0
Group contribution receivable	1 066	925
Total	**1 158**	**925**
Short term receivables		
Other recevables	119	35
Subordinated loan receivable	1 650	
Prepaid expenses and accrued income	80	212
Total	**1 849**	**247**
Short-term receivables total	**3 007**	**1 172**
Cash and bank		
Cash and bank	975	1 866
Total	**975**	**1 866**

13. SHAREHOLDERS' EQUITY

Share capital at the beginning of the fiscal year	2 872	2 872
Share capital at the end of the fiscal year	**2 872**	**2 872**
Unrestricted equity reserve at the beginning of the fiscal period	17 169	17 169
Unrestricted equity reserve at the end of the fiscal period	**17 169**	**17 169**
Reserve fund at the beginning of the fiscal year	2 228	2 228
Reserve fund at the end of the fiscal year	**2 228**	**2 228**
Retained earnings at the beginning of the fiscal year	-8 548	-12 828
Dividend distribution	-565	0
Retained earnings in the end of the fiscal year	**-9 113**	**-12 828**
Profit or loss for the fiscal year	**-1 083**	**4 281**
Shareholders' equity total	**12 073**	**13 722**
Calculation on distributable assets		
Retained earnings	-8 548	-12 828
Dividend distribution	-565	0
Profit for the fiscal year	-1 083	4 281
Unrestricted equity reserve	17 169	17 169
Distributable assets total	**6 973**	**8 622**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Number of shares by series at the end of the fiscal period	pcs	pcs
A-share (1 vote/share)	56 501 730	56 501 730
Total	**56 501 730**	**56 501 730**

The distribution of shareholders' equity by series		
A-share (1 vote/share)	2 872 302	2 872 302
Total	**2 872 302**	**2 872 302**

1000 EUR

14. LONG-TERM LIABILITIES

	31.12.2020	31.12.2019
External long-term liabilities		
Loans from financial institutions	412	765
Total	**412**	**765**
Long-term liabilities total	**412**	**765**

15. SHORT-TERM LIABILITIES

External short-term liabilities, interest-bearing		
Loans from financial institutions	353	706
Total	**353**	**706**
Short-term liabilities to Group companies, non-interest-bearing		
Accounts payable	37	52
Total	**37**	**52**
External short-term liabilities, non-interest-bearing		
Accounts payable	566	142
Other liabilities	37	45
Accrued liabilities and deferred income	245	153
Total	**848**	**340**
Accrued liabilities and deferred income consist of:		
Accrued employee expenses	226	129
Other accruals and deferred income	19	24
Total	**245**	**153**
Short-term liabilities total	**1 238**	**1 098**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

OTHER NOTES

1000 EUR

16. SECURITIES AND RESPONSIBILITIES

	31.12.2020	31.12.2019
Granted securities		
Dept secured by corporate mortgages or shares		
Loans from financial institutions	765	1 471
Credit limits in use	0	0
Total	**765**	**1 471**
Mortgages granted to secrure loans		
Corporate mortgages	13 000	13 000
Total	**13 000**	**13 000**
Other granted securities		
Plc Uutechnic Group Oyj has granted as securities the share capitals of its subsidiaries Uutechnic Oy and Stelzer Rührtechnik International GmbH.		
Book values of the shares in subsidiaries granted as securities total	**9 598**	**9 598**
Liabilities		
Bank quarantees		
Bank guarantee limits total	6 600	6 600
Bank guarantee limits in subsidiaries use	2 329	2 164
Bank guarantees granted on behalf of others*)	763	1 392
*) Company acts as guarantor for Japrotek delivery and warranty guarantees up to EUR 1,350 thousand, of which EUR 444 thousand was in use on 31.12.2020. In addition, prior to the arrangement, the Company has outstanding liabilities for Japrotek's work and warranty guarantees up to 319 thousand on 31.12.2020.		
Granted guarantees by Group companies		
Granted guarantees to secure bank guarantee limits	6 600	6 600
Granted guarantees to secure rent bank guarantees	0	0
Total	**6 600**	**6 600**
Granted guarantees by others		
Granted guarantees to customers and creditors	0	48
Granted guarantees to secure bank guarantee limits	1 350	1 350
Total	**1 350**	**1 398**

The lease of the former subsidiary Japrotek Oy Ab, signed on 14 September 2010, includes the parent company's own debt guarantee obligation. The guarantee is valid until December 31, 2026. The lease has been transferred to Uurec Holding Oy on June 22, 2016 under the former terms and conditions, where Jouko Peräaho and Timo Lindström, who are related parties, have control.

THE BOARD'S PROPOSAL FOR THE DISTRIBUTION OF DIVIDEND

The parent company's loss for the financial year was EUR -1,1 million. The Group's parent company's distributable funds at the end of the financial year were EUR 7,0 million. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2020 financial year.

In Uusikaupunki April, 23 2021

Plc Uutechnic Group Oyj

Dominic Hill	**Peter Ryan**	**Arno Gloeckner**
CEO	Chairman	

AUDITOR'S REPORT

(Translation of the Finnish original)

To the Annual General Meeting of Plc Uutechnic Group Oyj

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Plc Uutechnic Group Oyj (business identity code 0520181-3) for the year ended 31 December, 2020. 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 as well as its financial performance and its 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 Board of Directors.

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 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 6 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.

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.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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.

AUDITOR'S REPORT

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue Recognition over time *We refer to the accounting principles and note 4 in the consolidated financial statements.* Revenue is recognized over time on the basis of the percentage of completion. The method involves the use of estimates and judgements when determining the amount of revenue to be recorded. The recognition of revenue is largely dependent on the estimated stage of completion of each long-term contract which is determined based on the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Due to the facts mentioned above revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in the EU Regulation No 537/2014, point (c) of Article 10(2).	To address the risk of material misstatement relating to revenue recognition over time, we performed, among others, the following audit procedures: • Discussions with the representatives of the group to get an understanding of the financial status of the projects. • Assessment that the group's revenue recognition principles are consistent with the applied reporting standards. • Examination of the financial contract terms and the calculations and estimates used in the revenue recognition. • Assessment of the appropriateness of the group's disclosures relating to revenue.

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

AUDITOR'S REPORT

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 skepticism 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.

AUDITOR'S REPORT

OTHER REPORTING REQUIREMENTS

Information on our audit engagement
Ernst & Young Oy (and its predecessors) has been the appointed auditor of Plc Uutechnic Group Oyj since Plc Uutechnic Group Oyj become a public interest entity on 18.1.1989.

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.

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. 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 report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 29.4.2021

Ernst & Young Oy
Authorized Public Accountant Firm

Osmo Valovirta
Authorized Public Accountant

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