UTG

MIXING GROUP

PLC UUTECHNIC GROUP OYJ

ANNUAL REPORT 2019

CONTENTS

UTG IN BRIEF

UTG is global technology group focusing on mixing technology.

OUR BUSINESS IDEA is to improve the competitiveness of our customers by providing them with advanced process technology solutions worldwide.

OUR MAIN CUSTOMER SECTORS are the chemical, food, metallurgical and fertilizer industries, as well as environmental technology, water treatment and pharmaceuticals.

FOCUSING ON THE MIXER BUSINESS in 2019, we crystallized our name into three letters: UTG "Partnership built to last - and perform" is our brand promise.

Describing **NEW TECHNOLOGY AND CORE BUSINESS** UTG, and where appropriate industry reference UTG Mixing Group, are used in our marketing and communication channels.

THE PARENT COMPANY Plc Uutechnic Group Oy's shares are listed on the Nasdaq Helsinki, where company was first listed in 1989. On December 2019 the company had 1575 shareholders.

The business is carried out in the subsidiaries of the group, Uutechnic Oy and Stelzer Rührtechnik International GmbH.

At the end of 2019, UTG had 87 employees.

UTG MIXING GROUP

UUTECHNIC UTG MIXING GROUP

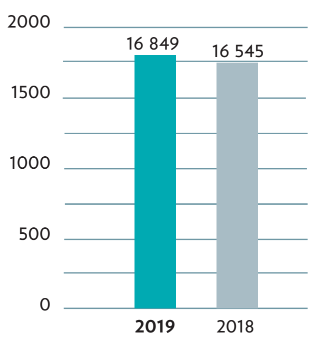
STELZER UTG MIXING GROUP

KEY FIGURES 2019

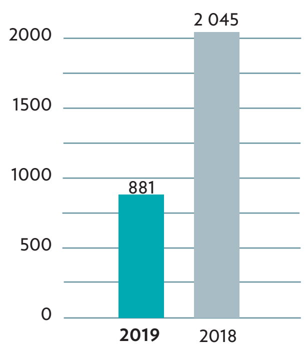
Key figures 1000 EUR	**2019 1-12**	**2018 1-12**	**2019 7-12**	**2018 7-12**	**2019 1-6**	**2018 1-6**
Turnover, continuing operations	16 849	16 545	9 043	9 177	7 806	7 368
Operating profit/loss, continuing operations	881	2 045	840	1 345	41	700
% of turnover	5,2	12,4	9,3	14,7	0,5	9,5
Profit/loss, continuing opeartions	1 077	1 791	1 204	1 265	-127	526
Profit/loss, discontinuing operations	-33	-1 218	-3	741	-30	-1 959
Profit/loss for the period	1044	573	1 201	2006	-157	-1433
Order book, continuing operations	6 214	6 671	6 214	6 671	8 529	7 640
New orders, continuing operations	16 273	17 846	6 658	8 072	9 615	9 774

In income statement AP-Tela Oy is classified as discontinued operations. The reference period has been changed accordingly. The discontinued operations from the reference period include also Japrotek Oy Ab, sold in 2018.

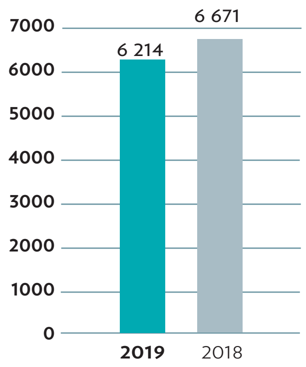
TURNOVER, 1000 EUR



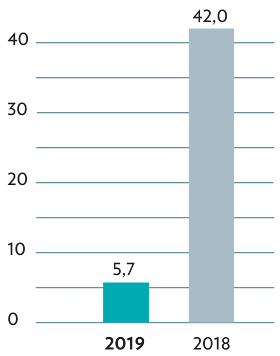
OPERATING PROFIT, 1000 EUR



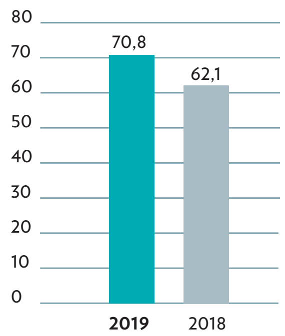
ORDER BACKLOG, 1000 EUR

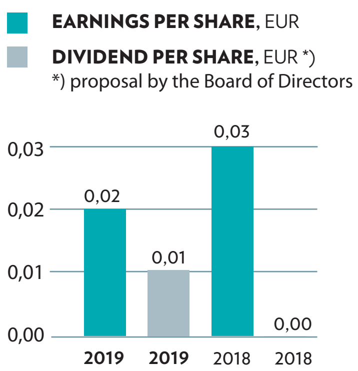


NET GEARING, %

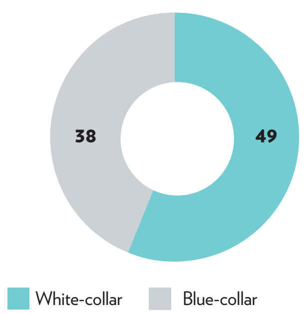


EQUITY RATIO, %

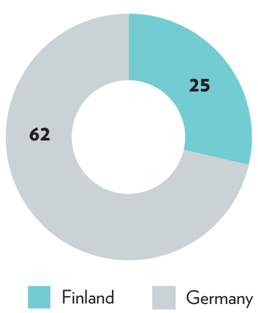




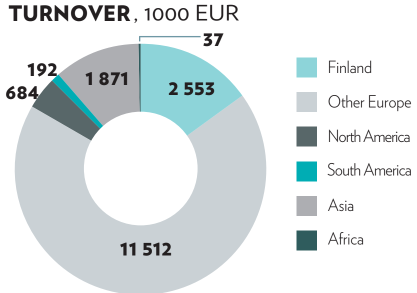
PERSONNEL 31.12.2019



PERSONNEL 31.12.2019



TURNOVER, 1000 EUR



CEO'S REVIEW

In 2019, we focused on our core business: mixing technology. At the same time, we revised our brand and continued the development of our digital systems.

During 2019, we took crucial steps to focus on our special expertise and core business: Mixing Technology. In June 2019, we sold all of the shares in Kokkola-based AP-Tela Oy to a Finnish industry company. Now, all of the functions and the entire personnel of UTG Mixing Group share the same focus, which makes the management and development of the Group's strategy and operations in the desired direction more natural.

As we focused on mixing technology, we condensed our name to three letters: UTG. We also encapsulated UTG our brand promise and revised our visual identity, which will be officially published during the first half of 2020. We already use the new logos and colours in this annual report. "Partnership built to last – and perform" is our brand promise to all of our stakeholders. We want to build long-term successful cooperation with our customers.

FINANCIAL DEVELOPMENT IS BASED ON OUR NEW STRUCTURE

The turnover of our continuing operations remained almost at the level of the previous year, but operating profit decreased significantly. In spite of the challenging market situation, new orders decreased by only 9,6% compared to previous year. The biggest challenges regarding profit were caused by the uneven distribution of orders between units and increased proportional administrative costs following the divestment. The main focus in orders was in Central Europe, and the Scandinavian market was clearly softer. There were still obvious differences between the profit-making capabilities of the units in 2019, but we expect the differences to shrink along the introduction of the unified operating model. We already succeeded in distributing the workload between our units with partially harmonized operations.

During the second half of 2019, we built organic growth by allocating resources to it internally and recruiting new employees. We also revised our brand and business systems. The measures will still be visible as cost factors at least in 2020. However, we have already achieved the desired business structure and launched investments in seeking organic and inorganic growth.

ONWARD LEANING ON DIGITALIZATION

Focusing on mixing technology complies with our strategy of migrating to providing increasingly in-depth technological expertise. In the mixing technology business, we sell know-how and solve our customers' process engineering challenges. As a technology company, we are able to make use of significant synergy benefits between our Finnish and German units in product development, design, sales and manufacturing. We can now optimise our new digital business systems for the mixing technology business. Digitalization will continue to be in very important role when we develop our future businesses.

With regard to technological expertise, we are competing with the world's biggest agitator suppliers. Our aim is to offer our global top expertise locally to our customers. We want to know our customers' processes and needs in depth and build durable and successful partnerships.

Our most important asset is the right people. Motivated professionals genuinely willing to serve our customers and committed to solving their challenges in the long term is our success factor. Our top experts make decisions locally in the customer interface to respond to the individual needs of our customers.

Our business is built on several foundations. Our customers operate in most main industrial segments, and agitators are needed in almost all process industry facilities. Global macrotrends with effects on our operations include the growing demand for e.g. industrial food production, renewable energy and battery materials.

WE HAVE A CLEAR BUSINESS ROADMAP AHEAD OF US

We have returned to our roots and focused on our core business as a larger, more international and more capable group than we initially were. We have a clear business roadmap ahead of us and share a vision of the objectives and methods for reaching them. Our aim is profitable growth organically and through potential mergers and acquisitions.

Expectations of slow economic growth in 2020 are repeated in different growth outlooks for the global economy. Our customers' market situation has effects on their investment needs. Yet our own operations have a significant impact on our market share, turnover and performance. Our own business portfolio is largely complete, laying down a solid foundation for generating UTG's future growth.

Our global technology expertise and ability to serve locally provide us with good opportunities for profitable growth this decade. I would like to thank our customers and other partners for their trust in us, and our personnel for their motivation and commitment as we continue our long-term work this year.

Jouko Peräaho
CEO

BUSINESS OPERATIONS

UTG Mixing Group is an advanced mixing technology group that delivers advanced mixing solutions and products for fluid-based processes worldwide. UTG has over 100 years of experience in mixing technology and approximately 150,000 supplied mixers. The business is based on technological specialization, a thorough understanding of our customers' core processes and extensive in-house R&D. The key idea is to provide our global excellence to our customers locally and to build successful and long-term partnerships.

Our product range includes vertical, side and bottom mixers, which are individually designed and manufactured to meet customer and process requirements. UTG's mixing technology is at its most competitive in highly demanding environments where mixers are process' key devices and high usability requirements are set. UTG mixers are used in numerous demanding mixing applications, e.g. reactors, autoclaves, fermenters, process and storage tanks.

The main customer segments are: chemical industry, metallurgical industry, food, mining, pulp, paper, fertilizer and pharmaceuticals, as well as bioenergy and environmental technology.

The scope of supply ranges from small magnetic mixers of tens of litres tanks to mixers of several thousand cubic meters.

UTG Mixing Group currently operates two units: Uutechnic Oy in Uusikaupunki Finland and Stelzer Rührtechnik International GmbH in Warburg, Germany.

The business model of the UTG Mixing Group is tailored to meet the needs of different customer groups, which is why the brand hierarchy is based on the UTG "owner brand" and currently three independent product brands: Uutechnic, Stelzer and Jamix. The UTG owner brand signs all product brands and UTG Mixing Group is used under the logos.

MISSION, VISION AND VALUES

MISSION

We provide mixing technology solutions that minimize life cycle costs.

VISION

Being good is not enough, we aim to be the best. That is why we try to improve everyday

VALUES

EXCEPTIONAL CUSTOMER SERVICE

- We can step in our customer shoes
- We understand our customer needs
- We contribute as a part of customer team

COMPETITIVE TECHNOLOGY

- Technology enabling the best Total Cost of Ownership
- In-house technology coupled with customer driven process development
- Continuous expertise development
- We develop and apply latest technology

COMMITED AND MOTIVATED PEOPLE

- Our most important asset is the right people
- Expertise follows commitment and dedication
- We are honest for ourselves and others
- We trust ourselves and others
- Openness, fairness, trust and integrity

AGILE

- Observe
- React promptly based on facts
- Don't expect. Go into and understand.

STRATEGY AND FINANCIAL TARGETS

UTG Mixing Group's strategy is to improve profitability as well as profitable growth, both organically and inorganically, by focusing on mixing technology of liquid-based processes.

Our brand promise is: Partnership built to last - and perform.

The basic idea is several companies one group and one culture. We provide competitive mixing solutions focusing on customers' needs to minimize life-cycle costs.

We always serve the customer in the best possible way by bringing our global capabilities locally close to the customer. Our reputation is measured by the quality of our latest work.

FINANCIAL TARGETS	
Turnover	In year 2022, our revenue target is EUR 25 million and the EBIT target is 15%. The figures do not take into account possible inorganic growth. The targets are based on a normal world market situation.
Net gearing	The net gearing ratio should be less than 60%. We may temporarily deviate from this restriction, for example due to a corporate acquisition.
Dividend policy	The aim is to distribute a dividend of 30-50% of the Group's net profit, starting from 2019 financial statements. The distribution of dividends takes into account the Group's earnings and financial position, investments required for growth and other factors deemed essential by the Board of Directors.

GROWTH MAIN LINES				
ORGANIC GROWTH				INORGANIC GROWTH
Improving profitability • Reducing costs • Increasing efficiency	**Increasing capacity** • Optimizing manufacturing locations • Optimizing own manufacturing and subcon-tracting	**Improving productivity** • Synergies • Digitizing processes • Corporate culture	**Sales and marketing** • Sales and marketing • Networks • Growth sectors of global economy	**Mergers and acquisitions**

GROWTH MAIN LINES

We seek profitable organic growth from four main lines, of which the first is to improve the profitability of existing plants by reducing material costs, increasing efficiency and minimizing fixed costs.

The second main line is to increase production capacity without significant investment and recruitment of office staff. We will also increase capacity by optimizing the locations where different products are manufactured and, if necessary, by adjusting production capacity between units. In addition, we optimize our own manufacturing and subcontracting.

The third main line is to increase efficiency through synergies by streamlining and digitizing processes, systems and products. In addition, we pay special attention to developing and harmonizing corporate culture.

The fourth main line is to increase sales by expanding and developing the sales network and marketing. We are targeting to the growth sectors of the global economy suitable for us such as the industrial food production in developing countries, the fertilizer production in the wake of the food industry and the growing metallurgical industry in the production of battery materials. Other interesting megatrends influencing the growth of agitator investments are biofuels in renewable energy production and in the growing circular economy biorefineries and the chemical treatment, recycling and refining of metals.

In addition, we seek profitable inorganic growth through mergers and acquisitions.

SUSTAINABILITY IS AN ASSET

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.

HIGH QUALITY IS A PREREQUISITE FOR OUR OPERATIONS

UTG has the ISO 9001 quality management system in place. The high quality of our products is a prerequisite for our business operations. With a transparent operating system, personnel training, product development, monitoring and quality audits, we ensure that our operations meet our quality policy. Our highly professional employees are familiar with the quality specifications of each assignment and they take responsibility for achieving the specified level of quality. Customer satisfaction is evidenced by significant follow-up orders.

We develop our products and services in cooperation with our customers and international partners. In our own laboratory, we perform tests and numerical simulations to ensure that our products meet the requirements of our customers. With the information technology and new sensors at the renewed laboratory in Germany, we have been able to implement new measuring methods. For instance, new methods are used to measure multiphase mixing where solids, liquids and gases are combined. In 2019, the Group's R&D costs were EUR 0.5, or 3% of the turnover.

OUR GREATEST ASSET IS THE RIGHT PERSONNEL

At the end of 2019, UTG employed 87 people. Of them, 38 were blue-collar and 49 were white-collar employees. Of our personnel, 25 worked in the Finnish company and 62 in the German company.

Our most important asset is the right people. Our values include motivation and commitment to our objectives. The achievement of the Group's strategic targets requires the employees to be aware of how they can contribute to the implementation of the strategy in their work. We will ensure this by reviewing our strategy and brand promises with the entire personnel.

We strengthen our personnel's expertise and continuous development through training. All of our production personnel in Finland has participated in a Lean training with the purpose of improving both profitability and employee well-being by focusing on what is essential and decreasing loss. In 2019, our personnel also participated in design, product management, 3D modelling, management and language trainings. In Germany, we carried out a significant English language training programme.

We aim to ensure the availability of competent personnel also in the future. We engage in internship cooperation with the Industrial Management and Engineering degree programme at Turku University of Applied Sciences, for example. Students' final projects were carried out at UTG, and production and administration interns worked at our workshops and offices.

A SAFE AND HEALTHY WORKING ENVIRONMENT FOR ALL

Ensuring the health and safety of our employees is one of the key objectives of our HR policy. Our goal is to create a safe and healthy work environment for all of our employees. The management is responsible for setting a good example, promoting a positive attitude towards ensuring safety and ensuring that our safety practices are effective. Every employee is responsible for their own safety and that of their colleagues. At our units, monitoring occupational safety is part of our daily operations. No serious accidents occurred at the Group in 2019. However, of individual smaller incidents, one led to a long sick leave.

With our action plan for occupational health care, we can ensure the well-being and working capacity of our employees and prevent accidents and occupational diseases. In Finland, we continued our well-being project supported by Elo Mutual Pension Insurance Company. In the project, personal goals were found for each employee to increase their overall well-being.

In addition, a personal goal plan for exercise, diet and recovery from stress was designed for our employees in Finland with the support of an occupational well-being services provider. Almost all who participated in the programme stated that they felt better and got good tools for improving their working ability through recovery, nutrition and exercise. We support our personnel's sports hobbies in both Finland and Germany.

IMPROVING OUR ENERGY EFFICIENCY

UTG has the ISO 14001 environmental system in place. The Group's environmental policy aims at the development of our own operations and customers' processes while also considering environmental aspects. All of our employees have the right—and the obligation—to take action to intervene in anything that could cause a deviation that affects quality, safety or the environment. No environmental legislation violations took place at UTG in 2019.

We deliver waste accumulated in our operations to appropriate processing and recycling collection points. Recycling is part of our production's operating concept. Steel, scraps, and packaging material are sorted and delivered for further processing.

Our operations are not very energy intensive. However, we are looking into how to improve the energy efficiency of our operations. The Stelzer heating system was renewed into a more energy-efficient one in 2019. We also aim at utilising digital meeting practices instead of travelling, where appropriate.

Environmental responsibility covers the entire lifecycle of our products. We aim at minimising the lifecycle costs of our products and optimising the energy-efficiency of our customers' processes. Our customer industries are often very energy-intensive. By optimising mixing technology, we can significantly improve the energy and material efficiency of our customers' processes. The benefits to both our customer and the environment are significant.

Sustainability is a key factor that affects the sustainable future of UTG Mixing Group, all of our stakeholders and our environment.

DIGITAL TRANSFORMATION IN UTG - YEAR REVIEW 2019

Digital transformation is not about technology. It is about what the business envisions to be the future of the organization, and that in turn shapes the technology. It is getting the right mindset, upgrading expertise, and embracing a culture of innovation.

UTG decided in 2018 to start an ambitious digitalization and harmonization project of its operations. Last months we have been focused getting major implementation tasks ready and testing processes. More sections of the new digital platform have been completed, whereas remaining major ones are in crucial transition into production. We have been able to make continuous improvements during the project by increasing platform automation level and leaner end-to-end business processes. We are slowly but surely getting closer to our 2 years development targets late spring / early summer 2020, within budget range.

Now, the organisation's wider digital strategy for 2020 is to take full advantage of the development work done and deliver value to our customers and help enhancing their experience. Internally, better operational performance, transparency, collaboration and proactivity are in focus. The platform provides an intuitive mobile-ready interface and real-time reporting for superior user experience. Importance is also placed for a solid data strategy and architecture. Our new digital infrastructure is ready to support any next-generation marketing efforts and increase our brand awareness.

Ultimately, truly digital organizations evolve every day. Changes need to be agile and adjusted to scale and win the digital customer.

The digital journey continues.

Zakaria Mönkäre
CTO

BOARD OF DIRECTORS

Jouko Peräaho presents graphic illustrations to Hannu Kottonen and Sami Alatalo.

Chairman **Sami-Jussi Alatalo**, b. 1971, Master of Laws
Member of the board of directors since 19.6.2012 -
Saola Invest Oy, entrepreneur
Previous work experience:
Mergertum Teollisuus Oy, partner
Ultivista Group, CEO
Ultivista Group, CFO
Nordea Group, managerial and specialist positions in Corporate Banking

Hannu Kottonen, s. 1957, M.SC.(Econ.)
Member of the board of directors 28.4.2016 -
Previous work experience:
HKScan Oyj, CEO 3/2012 – 1/2016
Metsä Tissue Oyj, CEO 10/2006 – 2/2012
M-Real Plc, leader of the Consumer Packaging Division 2004 – 2006
Huhtamäki Group, several senior management positions 1983 – 2003
Most significant positions of trust:
Polarica Holdings AB, chairman of the board until 5/2019
Vakava Technologies Ltd Oy member of the board since 5/2019
Kinttuviisas Oy, chairman of the board of directors
International Orienteering Federation (IOF), member of the board 10/2018
Hannu Kottonen is independent of the Company and its significant shareholders

Jouko Peräaho, b. 1962, Engineer
Member of the board of directors 30.10.2015 -
Plc Uutechnic Group Oyj, CEO 9.3.2017 -
Previous work experience:
AP-Tela Oy, managing director and member of the board 2015-3.6.2019
Japrotek Oy Ab, managing director 2017 - 2018
Japrotek Oy Ab, member of the board 2015 - 2018
Uutechnic Oy, managing director 1993 - 2013
Most significant positions of trust:
FC TPS Oy, chairman of the board
Chamber of commerce in Turku, member of the council

EXPIRED BOARD MEMBERSHIPS DURING THE FISCAL YEAR

Kristiina Lagerstedt, b, 1973, M.SC.(Econ.)
Member of the Board of directors 28.4.2016 -
Kemira Group, Chief Auditor 06/2018 -
Previous work experience:
Sanoma Group, Vice President, Audit & Assurance, 2014 – 05/2018
Nokia Group, Head of Internal Audit and Mergers & Acquisitions team member 2004 – 2014
EY and Deloitte, diverse positions 1997 – 2004
Most significant positions of trust:
Barona, Board member and Audit Committee Chairman 05/2018 -
European Confederation of Institutes of Internal Auditing (ECIIA), Board member 2015 -
Kristiina Lagerstedt is independent of the Company and its significant shareholders

MANAGEMENT AND AUDITORS

CEO

Jouko Peräaho, b. 1962, Engineer
Member of the board of directors 30.10.2015 -
Plc Uutechnic Group Oyj, CEO 9.3.2017 -
Previous work experience:
AP-Tela Oy, managing director and member of the board 2015-3.6.2019
Japrotek Oy Ab, managing director 2017 - 2018
Japrotek Oy Ab, member of the board 2015 - 2018
Uutechnic Oy, managing director 1993 - 2013
Most significant positions of trust:
FC TPS Oy, chairman of the board
Chamber of commerce in Turku, member of the council

MANAGEMENT TEAM

Jouko Peräaho, b. 1962
Plc Uutechnic Group Oyj, CEO
Japrotek Oy Ab and AP-Tela Oy, managing director

Leena Junninen, b 1962
Plc Uutechnic Group Oyj, finance manager

Zakaria Mönkäre, b. 1984
Plc Uutechnic Group Oyj, technology director

Antti Sormunen, b. 1974
Uutechnic Oy, plant manager

Oliver Tappe, b. 1968
Stelzer Rührtechnik Int. GmbH, deputy managing director

Jussi Vaarno, b. 1970
Mixing Technology, vice president
Uutechnic Oy, managing director
Stelzer Rührtechnik Int. GmbH, managing director

FINNISHED MEMBERSHIPS IN 2018:

Martti Heikkilä, b. 1960
Plc Uutecnic Group Oyj, development director

Jarmo Vanha-aho, b.1965
AP-Tela Oy, plant manager

AUDITORS

Ernst & Young Oy, Authorized Public Accountant Firm
Chief auditor
Osmo Valovirta, CPA

UTG'S CORPORATE GOVERNANCE STATEMENT FOR THE 2019 FINANCIAL YEAR

1. INTRODUCTION
2. DESCRIPTIONS OF CORPORATE GOVERNANCE
3. DESCRIPTION OF THE PROCEDURES OF INTERNAL CONTROL AND MAIN FEATURES OF RISK MANAGEMENT SYSTEMS
4. OTHER INFORMATION (Insider administration, audit, communication)

1 INTRODUCTION

The corporate governance of UTG is based on Finnish legislation and the Articles of Association of the Group's parent company, Plc Uutechnic Group Oyj. The Company adheres to the Finnish Corporate Governance Code 2015 for companies listed on Nasdaq Helsinki Ltd.

The Code issued by the Securities Market Association took effect on 1 January 2016, and it is publicly available, e.g., on the Securities Market Association's website on www.cgfinland.fi.

UTG deviates from the Finnish Corporate Governance Code Recommendation 9 concerning the gender parity of the Board. Suitable candidates as a Board member to meet the recommendations of the Corporate Governance Code has so far not found. In addition, the company deviates from the recommendation 15 so that the majority of the members of the board is not independent of the company and its significant shareholders.

2 DESCRIPTIONS OF CORPORATE GOVERNANCE

In accordance with the Limited Liability Companies Act, the Group's business operations and administration are the responsibility of the following bodies: The Annual General Meeting, which elects the members of the Board of Directors of the parent company, and the CEO, appointed by the Board.

Plc Uutechnic Group Oyj's highest decision-making body is the Annual General Meeting, where the shareholders exercise their authority. The Board of Directors is responsible for the company's administration and appropriate operation. As the parent company of the Group, Plc Uutechnic Group Oyj is responsible for the management, strategic planning, financial administration, financing, IT and human resources management of the Group.

The Group's business operations are the responsibility of the Group's CEO, Management Team and Board of Directors.

ANNUAL GENERAL MEETING

The company's highest decision-making body is the Annual General Meeting. An Extraordinary General Meeting is arranged when necessary. General meetings are convened by the Board of Directors. Shareholders are invited to the Annual General Meeting through a meeting invitation published on the company's website. The notice of the meeting provides the shareholders with the necessary information on the issues to be addressed at the meeting. The meeting notice is also published as a stock exchange release and in any other way as decided by the Board of Directors.

The Annual General Meeting must be held no more than six months after the end of the company's financial year. The Annual General Meeting makes decisions on the issues falling under its mandate as determined by the Limited Liability Companies Act, including the adoption of the financial statements, the payment of dividends, discharging the Board members and the CEO from liability, and the election and fees of Board members and auditors.

CORPORATE GOVERNANCE STATEMENT

The Annual General Meeting is attended by the CEO, members of the Board and the auditor. A person running for a position on the Board for the first time attends the Annual General Meeting that decides on the election.

BOARD OF DIRECTORS

Activities of the Board

The Board of Directors of the parent company, which also acts as the Board of the Group, is responsible for the Group's administration and appropriate operation, and it decides on issues that are highly significant in light of the scope and scale of the Group's operations.

Some of the key responsibilities of the Board are to

- confirm the Group's strategy and objectives, monitor their implementation, and commence corrective measures if necessary
- decide on significant investments as well as acquisitions and real estate transactions
- handle and approve financial releases, half-yearly reviews and financial statements
- decide on the Group's financial policies and financing methods
- approve the dividend policy and make a proposal to the Annual General Meeting concerning the distribution of dividends
- be in charge of the arrangement of the Group's risk management and internal control
- appoint and relieve the CEO, and decide on the terms of the CEO's employment
- confirm the Group's strategy and decide on the central principles governing the Group's compensation system

The Board of Directors regularly evaluates its own activities and work methods.

Issues are handled at Board meetings in accordance with an agenda prepared for each meeting. The minutes of each Board meeting are commented upon and accepted at the next meeting.

The Board meets regularly, once a month, and at other times if necessary. During the 2019 financial period, the Board convened 16 times. The attendance rate of Board members was 100%.

The presenter at Board meetings is the company's CEO or one of the Group's personnel designated by the CEO. The CEO is responsible for providing the Board with sufficient information for assessing the Group's operations and financial situation. The CEO is also responsible for implementing the Board's decisions and reports on this to the Board.

The Board members are obliged to provide the Board with sufficient information for assessment of their qualifications and level of independence and to report any changes to this information.

Composition of the Board

According to the Articles of Association, the Board of Directors has a minimum of three and a maximum of six members, whose term of office ends at the end of the first Annual General Meeting following the election. The Board members are selected by the Annual General Meeting. The chairman and vice-chairman of the Board are selected by the Board from among its members.

The names of candidates proposed for Board positions are published in the notice of the Annual General Meeting where the candidate is supported by shareholders holding a minimum of 10% of the votes as determined by the number of shares and if the candidate has accepted the candidacy. Names of candidates nominated after publication of the notice of the general meeting are published separately. A person selected as a Board member must meet the qualifications for the position and be able to allocate enough time to handle the position.

The principles of diversity of the Board of Directors are followed by considering the age and gender distribution of the members, educational and professional background of the members and experience and personal characteristics significant to the position.

The Annual General Meeting on 10 April 2019 confirmed that the Board shall have three members. Sami Alatalo, Hannu Kottonen and Jouko Peräaho were re-elected as members of the Board. Sami Alatalo was elected as the Chairman of the Board. The Board member Hannu Kottonen is independent of the company and its major shareholders.

CORPORATE GOVERNANCE STATEMENT

Information about Board Members

Presented in the item Board of Directors.

Board committees

The Board has no committees.

SUPERVISORY BOARD

The Company has no Supervisory Board.

CEO

The Board appoints the parent company's CEO, who acts as the Group's president. The CEO is responsible for day-to-day management of the Group in accordance with the Finnish Limited Liability Companies Act, the Articles of Association, and instructions from the Board of Directors. The CEO is neither chairman nor vice-chairman of the Board.

Plc Uutechnic Group Oyj's CEO has been **Jouko Peräaho** since 9 March 2017.

Information about the CEO

Presented in the item Management and Auditors.

BUSINESS ORGANISATION

The Group's business operations are the responsibility of the Board of Directors, the Group's CEO, the Management Team and managing directors of the subsidiaries.

Information about the Management Team

Presented in the item Management and Auditors.

SHARE HOLDINGS OF THE MANAGEMENT **According to the book-entry security system, on 31 December 2019**	**Shares** **no.**	**%**	**Votes** **no.**	**%**
Board of directors and CEO				
Kottonen Hannu	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
Saola Oy*	130 000	0,23	130 000	0,23
*Saola Oy is controlled by Sami Alatalo, the chairman of the board of directors				
Heikkilä Martti, Deputy CEO	130 000	0,23	130 000	0,23
Group Management				
Junninen Leena, Finance manager	40 000	0,07	40 000	0,07
Mönkäre Zakaria, Technology Director	9 676	0,02	9676	0,02
Vaarno Jussi, Vice president	280 000	0,50	280 000	0,50

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.

CORPORATE GOVERNANCE STATEMENT

3 DESCRIPTION OF THE PROCEDURES OF INTERNAL CONTROL AND MAIN FEATURES OF RISK MANAGEMENT SYSTEMS

BODY RESPONSIBLE FOR THE DUTIES OF THE AUDIT COMMITTEE

The Group has no audit committee; instead, the duties of the audit committee are attended to by the Board of Directors of the company. The Board of Directors has specified the limits of the organisation's authorisations, and the CEO is responsible for overseeing the implementation of the risk management principles with regard to the entire Group and the managing directors or plant directors of the subsidiaries for their respective companies. The members of the Group Management Team are responsible for their respective areas of responsibility across company boundaries. The CEO reports on significant risks to the Board of Directors on a regular basis.

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

Internal control:

The Group does not have a separate internal control organisation. The Group's business and administration are primarily monitored and controlled by means of the Group's management system. The Group has a financial reporting system whose purpose is to provide the Group and profit centre management with sufficient information for planning, control and monitoring of operations.

Risk management:

The objective of the Group's risk management process is to identify any risks that pose a threat to the business operations, evaluate them and develop the necessary risk management methods. Business-related risks of material, consequential and liability losses are covered by appropriate insurance policies.

Internal audit:

With regard to the nature and scope of its business operations, the Group has not deemed it appropriate to establish a separate internal audit organisation. Rather, its tasks are included in the duties of the business organisation.

CORPORATE GOVERNANCE STATEMENT

4 OTHER DISCLOSURES

INSIDER ADMINISTRATION

Plc Uutechnic Group Oyj follows Nasdaq Helsinki Ltd's Insider Guidelines supplemented by the company's internal insider instructions approved by the Board. Based on the Market Abuse Regulation, Uutechnic Group's management consists of members of the Board, the CEO, the Group Management Team and managing directors and plant directors of the subsidiaries. In addition, the company has a permanent insiders list of people who have access to insider information. Members of the permanent insiders list are committed to following a closed period instructed by the company. The permanent insiders list is not public. Furthermore, the company also has project-specific insider registers. Members of the register are prohibited from trading in the company's shares as the project is running. The Group's insider guidelines include additional instructions on how the persons under obligation to notify, as well as persons close to them, must notify the company of their transactions on the company's securities.

The prohibition of trading by persons under obligation to notify and permanent insiders commences at the end of each reporting period, however not later than 30 days before the publication of an interim or half-yearly report or financial statements and ends once the corresponding stock exchange release has been published.

RELATED PARTY TRANSACTIONS

Uutechnic Group's related parties include the Board of Directors, CEO and Management Team, as well as major shareholders. In addition, related parties include the close family members of persons identified as related parties and all entities controlled or jointly controlled by a person identified as a related party.

The Board of Directors of the Group monitors and assesses transactions made with related parties and ensures that any conflicts of interest are appropriately considered.

AUDIT

In accordance with the Articles of Association, the company's statutory audit is performed by one or two auditors. They must be auditors or auditing firms certified by Finland's Central Chamber of Commerce. The auditors' term ends at the end of the first Annual General Meeting after the election.

The Board's proposal for auditor(s) is indicated in the notice of the Annual General Meeting, or, if an auditor candidate is not known to the Board at the time the notice is published, the name of the candidate(s) shall be published separately.

The Annual General Meeting of 12 April 2018 selected Ernst & Young Oy, Authorised Public Accountants, as the company's auditor, with Osmo Valovirta, APA, as chief auditor.

The fees paid by the Group for the 2019 financial period to the auditors amounted to EUR 57 800 for auditing and EUR 18 100 for consulting and other services, for a total of EUR 75 900.

INFORMATION

The Board of Directors of Plc Uutechnic Group Oyj has confirmed the Group's communication policy that specifies the key principles and operating methods of the Group's communications. The primary communication method of the Group is stock exchange and press releases and the company's website. The company aims to avoid investor communication meetings during the closed period.

Each year, the company publishes an annual report, a half-yearly report and two business reviews from three- and nine-months periods in both Finnish and English.

The financial statements and half-yearly report as well as business reviews are published as stock exchange releases. The annual report and half-yearly report are also published on the company's website www.utgmix.com as PDF versions. The company's other stock exchange releases are also available on the website.

SHARES AND SHAREHOLDERS

SHARE CAPITAL

Plc Uutechnic Group Oyj's registered and fully paid share capital of 31 December 2019 was EUR 2,872,302 and the number of shares in the company was 56,501,730. The company's stock symbol is UUTEC, and its ISIN code is FI0009900708.

LISTING OF SHARES

Plc Uutechnic Group Oyj is listed on the NASDAQ OMX Helsinki Oy exchange.

SHARE TRENDS AND TRADE STATISTICS

In total, 10,318,503 pcs (18,26 %) of Plc Uutechnic Group Oyj's shares were traded during the 2019 financial year. The share price was 0.31 euros at its lowest and 0.47 euros at its highest, the average share price was 0.38 euros, and the financial year's closing price was 0.33 euros. The total market value of the company's shares on 31 December 2019 stood at 18,5 million euros. The company has a liquidity agreement with Lago Kapital Oy..

THE BOARD'S AUTHORIZATIONS

The Annual General Meeting of 10 April 2019 authorized the Board of Directors to decide on an issue of new shares as well as other special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act in one or several lots. The number of new shares issued would be no more than 10 000 000, including shares to be issued based on the special rights. The authorization entitled the Board to decide about all terms of the share and special rights offerings, including the right to deviate from the right of pre-emption of shareholders. The authorization shall last until the next Annual General Meeting, unless the General Meeting decides to change or cancel the authorization prior to this date. This authorization revoked all the other unused share issue authorizations that have been given prior to this.

DISTRIBUTION OF DIVIDENDS

The Board of Directors proposes to the Annual General Meeting that the profit for the fiscal year 1 January 2019 – 31 December 2019 would be transferred to the retained earnings account, and, that based on the balance sheet per 31 December 2019 verified by the Annual General Meeting, a dividend of EUR 0.01 for each share would be paid from the earnings. The date of record for dividend distribution is proposed to be 27 March 2020 and the dividend is proposed to be paid on 3 April 2020.

SHAREHOLDERS AND THE MANAGEMENT'S OWNERSHIP

According to the book-entry security system, Plc Uutechnic Group Oyj had 1 575 registered shareholders on 31 December 2019. There were in total 56,501,730 shares, of which 463,344 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 at the end of the review period was 11,059,476 or 19,57% of all 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.

INFORMATION FOR SHAREHOLDERS

THE ANNUAL GENERAL MEETING

Plc Uutechnic Group Oyj's Annual General Meeting will be held on Wednesday, March 25, 2020 starting at 13.00 at Hotel Scandic Simonkettä, Simonkatu 9, Helsinki.

Each shareholder, who is registered on 13 March 2020 in the shareholders' register of the company held by Euroclear Finland Ltd., has the right to participate in the general meeting. A shareholder, whose shares are registered on his/her personal Finnish book-entry account, is registered in the shareholders' register of the company.

All shareholders who wish to participate in the Annual General Meeting must register no later than March 20, before 4:00 pm. Registration can be done in person or via an authorized person by letter to Plc Uutechnic Group Oyj, Muottitie 2, 23500 Uusikaupunki, by mail to **Leena.junninen@utgmix.com** or by telephone to +358 400 613896. Registration letter must arrive before the registration deadline. The documents pertaining to the company's financial statement will be on view at the company's headquarters from April 8, 2020.

A holder of nominee registered shares has the right to participate in the general meeting by virtue of such shares, based on which he/she on the record date of the general meeting, i.e. on 13 March 2020, would be entitled to be registered in the shareholders' register of the company held by Euroclear Finland Ltd. The right to participate in the general meeting requires, in addition, that the shareholder on the basis of such shares has been registered into the temporary shareholders' register held by Euroclear Finland Ltd. at the latest by 20 April 2020 by 10:00 AM. As regards nominee registered shares this constitutes due registration for the general meeting.

DIVIDEND

The Board of Directors proposes to the Annual General Meeting that the profit for the fiscal year 1 January 2019 – 31 December 2019 would be transferred to the retained earnings account, and, that based on the balance sheet per 31 December 2019 verified by the Annual General Meeting, a dividend of EUR 0.01 for each share would be paid from the earnings. The date of record for dividend distribution is proposed to be 27 March 2020 and the dividend is proposed to be paid on 3 April 2020.

FINANCIAL INFORMATION

Plc Uutechnic Group Oyj will publish during the next fiscal year that will begin 1.1.2020 a half year report per 30.6.2020 and business review after the first and the third quarters.

The annual report, half year report and other financial reports as well as stock exchange releases are available on the company's web site, **www.utgmix.com**.

EXCHANGE REPORTS AND BULLETINS

The following list includes all Plc Uutechnic Group Oyj's stock exchange releases and press releases published on fiscal period 1.1.-31.12.2019. Some of the information included in the bulletins might be out of date. Stock exchange releases are available on the company's web site at **www.utgmix.com**.

STOCK EXCHANGE RELEASES

13.2.2019	Notification according to chapter 9, section 6 and 7 of the securities markets act
28.2.2019	Review of the financial statements for January – December 2018
4.3.2019	Notification according to chapter 9, section 5,6 and 7 of the securities markets act
6.3.2019	Plc Uutechnic Group Oyj's liquidity providing agreement
15.3.2019	Financial statements, corporate governance statement and remuneration statement for 2019 published
15.3.2109	Invitation to the annual general meeting
10.4.2019	The resolutions of the annual general meeting and the decisions of the board of directors
29.4.2019	Uutechnic Group lowers its outlook for the year 2019
30.4.2019	Uutechnic Group Business review from January – March 2019
20.5.2019	Uutechnic Group has paid subordinated loan
3.6.2019	Uutechnic Group has sold AP-Tela Oy and focuses on Mixing technology
31.7.2019	Half year report 1 January - 30 June 2019
31.10.2019	Business review from January to September 2019
4.12.2019	Uutechnic Group's financial information

PRESS RELEASES

12.2.2019	Significant order for Uutechnic Group's Mixing Technology Business
9.2.2019	Uutechnic Group's Mixing technology business received record high monthly order intake.

REVIEW BY THE BOARD

PLC UUTECHNIC GROUP OYJ REVIEW OF FINANCIAL STATEMENTS FOR 1 JANUARY – 31 DECEMBER 2019

Divestments Completed – Focus on Mixing Technology

YEAR 2019 IN BRIEF

UTG's turnover from continuing operations from the period 1.1.-31.12.2019 was EUR 16,8 million (16.5 million) and its operating profit was EUR 0,9 million (2,0 million). The profit for the whole fiscal year including discontinuing operations was EUR 1,0 million (0,6 million). The balance sheet of the Group strengthened with the Sale of AP-Tela significantly. Group's continuing operations received new orders EUR 16,3 million (17,8 million) and the order book was at the end of the year EUR 6,2 million (6,7 million). The earnings per share from the Group's continuing operations was EUR 0,02 (0,03).

Discontinuing operations

As announced on June 3, 2019 Plc Uutechnic Group Oyj sold the share capital of AP-Tela Oy in Kokkola with the price of EUR 3,5 million. AP-Tela Oy has been consolidated into the Group until June 3, 2019 and will be reported in the discontinued operations. The figures from the reference period have been changed accordingly. The discontinuing figures from the reference period include also Japrotek Oy Ab, sold in 2018.

In the preparation of the financial statements, an error was detected in the figures reported in the half year report on the allocation of deferred taxes to discontinued operations. Deferred tax liability allocation to discontinued operations was EUR 294 thousand too low. After the correction the result from discontinued operations improved EUR 294 thousand to -30 thousand. The correction had EUR 294 positive effect to the Group's equity and to the profit for the fiscal year on 30.6.2019. The correction effected also to the Key figures. The corrected half year report of the Group is published as an attachment to this financial statement release.

July-December in brief

The turnover from continuing operations from July – December was EUR 9,0 million (9,2 million) and the operating profit was EUR 0,9 million (1,3 million). New orders were EUR 6,7 million (8,1 million) and the order book stood at EUR 6,2 million (6.7 million).

STRATEGY FOR YEARS 2020 - 2022

Group's strategy is to improve profitability as well as profitable growth, both organically and inorganically, by focusing on mixing technology of liquid-based processes.

Our vision: Good is not enough. We want to be the best, so we are constantly trying to evolve.

Our brand promise is: Partnership built to last- and perform.

The basic idea is several companies one group and one culture. We provide competitive mixing solutions focusing on customers' needs to minimize life-cycle costs. We always serve the customer in the best possible way by bringing our global capabilities locally close to the customer. Our reputation is measured by the quality of our latest work.

We seek profitable organic growth from four main lines, of which:

- the first is to improve the profitability of existing plants by reducing material costs, increasing efficiency and minimizing fixed costs.
- The second main line is to increase production capacity without significant investment and recruitment of office staff. We will also increase capacity by optimizing the locations where different products are manufactured and, if necessary, by adjusting production capacity between units. In addition, we optimize our own manufacturing and subcontracting.
- The third main line is to increase efficiency through synergies by streamlining and digitizing processes, systems and products. In addition, we pay special attention to developing and harmonizing corporate culture.

REVIEW BY THE BOARD

- The fourth main line is to increase sales by expanding and developing the sales network and marketing. We are targeting to the growth sectors of the global economy suitable for us such as the industrial food production in developing countries, the fertilizer production in the wake of the food industry and the growing metallurgical industry in the production of battery materials. Other interesting megatrends influencing the growth of agitator investments are biofuels in renewable energy production and in the growing circular economy biorefineries and the chemical treatment, recycling and refining of metals.

In addition, we seek profitable inorganic growth through mergers and acquisitions.

FINANCIAL TARGETS

Turnover

In year 2022, our revenue target is EUR 25 million and the EBIT target is 15%. The figures do not take into account possible inorganic growth. The targets are based on a normal world market situation.

Net Gearing

The net gearing ratio should be less than 60%. We may temporarily deviate from this restriction, for example due to a corporate acquisition.

Dividend policy

The aim is to distribute a dividend of 30-50% of the Group's net profit, starting from 2019 financial statements.

The distribution of dividends takes into account the Group's earnings and financial position, investments required for growth and other factors deemed essential by the Board of Directors.

OUTLOOK

Market outlook for the year 2020 is even more unclear than last year due to, among other things, international politics and challenges faced in our customers' industries. Nonetheless, at the beginning of the new year Group has a reasonable orderbook, updated strategy and clearer plans than before. Group's financial targets for the upcoming years are challenging. We are more profitable already on the current year than before, however to a major growth and profitability leap we believe only after year 2020.

NEW ORDERS AND ORDER BOOK

During fiscal year 2019 new orders of continuing operations was EUR 16,3 million, (17,8 million). The order book at the end of the year was EUR 6,2 million (6,7 million).

TURNOVER AND PROFITABILITY

Group's turnover from continuing operations for 2019 increased about 2 % to EUR 16,8 million (16,5 million), but the operating profit was clearly lower than in the reference period EUR 0,9 million (2,0 million). The result was weakened by the uneven distribution of orders and workload between units and the relative high administrative costs resulting from the acquisition. The net result improved clearly. Non-recurring expenses in the past and future financial periods will be increased by investments in business system renewal, brand renewal, and organic and inorganic growth.

Finland represented approximately 15% of the Group's turnover, the rest of the Europe accounted for 68%, Asia 11%, North America 4% and South America 1%.

FINANCIAL STANDING AND LIQUIDITY

At the end of the financial year, Uutechnic Group's balance sheet total stood at EUR17,8 million (20,4 million). The Group's interest-bearing liabilities totalled EUR 3,4 million (4,8 million) and cash and equivalents EUR 2,8 million (0,3 million.) The Group's cash flow from operations for the financial year was EUR 2,4 million (-0,9 million). The parent company has interest bearing subordinated loan receivable EUR 2,87 million from Japrotek Oy Ab as a result of the selling of Japrotek's shares in 2018.

The Group's balance sheet has strengthened clearly. At the end of the financial year, the Group's equity ratio was 70,8 % (62,1 %) and net gearing was 5,7 % (42,0 %). Return on investment was 4,4 % (3,6) and return on equity was 9,4 % (5,6 %).

REVIEW BY THE BOARD

Non-current assets on Uutechnic Group's balance sheet totalled EUR 9,7 million (7,8 million).

EQUITY

The Group's equity stood at EUR 11,6 million (10,6 million).

On May 20, 2019 Plc Uutechnic Group Oyj announced that it has paid subordinated loan, totaling EUR 1.0 million. The loan was related to the financing arrangement in 2015. After the payment the company has no subordinated loan liabilities.

DISCONTINUED OPERATIONS

As announced on June 3, 2019 Plc Uutechnic Group Oyj sold the share capital of AP-Tela Oy in Kokkola with the price of EUR 3.5 million. AP-Tela Oy has been consolidated into the Group until June 3, 2019 and will be reported in the discontinued operations. The figures from the reference period have been changed accordingly. The discontinuing figures from the reference period include also Japrotek Oy Ab, sold in 2018.

In the preparation of the financial statements, an error was detected in the figures reported in the half year report on the allocation of deferred taxes to discontinued operations. Deferred tax liability allocation to discontinued operations was EUR 294 thousand too low. After the correction the result from discontinued operations improved EUR 294 thousand to -30 thousand. The correction had EUR 294 positive effect to the Group's equity and to the profit for the fiscal year on 30.6.2019. The correction effected also to the key figures.

In addition, the Group retained commercial guarantor liabilities relating to Japrotek's business operations. The guarantor liabilities associated with the divestment of the majority interest will expire step by step on 15 October 2021 at the latest.

RESEARCH, PRODUCT DEVELOPMENT AND INVESTMENTS

During 2019 the focus of development work was in business systems and productization, which aim to improve operational efficiency and customer experience.

In mixing technological research, the focus was in customer project specific needs and in improving our measuring methodology in laboratory.

In addition, a corporate image and brand strategy development was started in the group. Based on strategy work, an investment to redesigning of corporate image and brand architecture was made.

The Group's capitalised investments for the financial year totalled EUR 0,5 million (0,8 million) and received EUR 0,1 million of external grants for the development projects.

The Group's investments in fixed assets totalled EUR 0,7 million (0,5 million). The major investment with the upgrade of the production strategy and the capacity increase project was the CNC machining center. Other investments were primarily minor purchases of equipment.

PERSONNEL

At the end of the financial year, Uutechnic Group had 87 (89). Employees, of whom 49 (48) were white collar and 38 (41) were blue collar. Of the employees, 25 worked in Finland and 62 in Germany.

ENVIRONMENTAL POLICY

Sustainability is a key element of UTG'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.

REVIEW BY THE BOARD

SHARES

On 31 December 2019 Plc Uutechnic Group Oyj had 1,575 registered shareholders. There were total 56,501,730 shares of which 463,344 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 11,059,476 shares, 19,57 % 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.

AUTHORISATION TO ISSUE SHARES

The Annual General Meeting of 10 April 2019 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 10 April 2019, the Annual General Meeting re-elected **Sami Alatalo, Hannu Kottonen** and **Jouko Peräaho** as Board members. Hannu Kottonen is independent of the company and its major shareholders. Sami Alatalo was re-elected as the Chairman of the Board.

Jouko Peräaho has served as the CEO since 9 March 2017.

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

The Company adheres to the Finnish Corporate Governance Code 2015 for companies listed on Nasdaq Helsinki. The statement of Corporate Governance is published bot in Annual report and on web-site.

REMARKABLE RISKS AND UNCERTAINTY FACTORS AND THEIR MANAGEMENT

The demand for Uutechnic Group'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 Group aims to grow organically as well as through acquisitions. There is no certainty that the Group will be able to find suitable candidates for acquisition, obtain the financing required for acquisitions or acquire businesses on satisfactory terms.

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 future costs and any other risks related to the delivery cannot be estimated sufficiently accurately in the bidding phase. In such cases, the result of the project may prove weaker

REVIEW BY THE BOARD

than expected. In contracts for extensive projects, the claims for compensation for delayed delivery or deficient performance may be significant.

Unfavourable 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.

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, 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 profit for the financial year 2019 is EUR 4,3 million. At the end of the financial year, the parent company's distributable funds stood at EUR 8,6 million. The Board of Directors proposes to the Annual General Meeting that from fiscal year 2019 dividend of 0,01 euros per share will be paid. At the time of the proposal, there were 56,501,730 shares, which means that the proposed dividend amount is EUR 565,017.30, representing 54.1% of the Group's profit for the financial year 2019.

ANNUAL GENERAL MEETING

The Annual General Meeting of Plc Uutechnic Group Oyj will be held at Scandic Hotel Simonkenttä in Helsinki on March 25 2020 at 1:00 p.m. The invitation to the Annual General Meeting will be published not later than 4 March 2020.

STOCK EXCHANGE RELEASES AND PRESS RELEASES PUBLISHED DURING THE REVIEW PERIOD

Presented in the item Exchange Reports and Bulletins.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Stock exchange releases published after the end of the financial year :

29.01.2020	Uutechnic Group is sharpening its organization
20.02.2020	Uutechnic Group changes its name to UTG Mixing Group
25.02.2020	UTG Mixing Group confirms its strategy for years 2020-2022 and financial targets

FINANCIAL STATEMENT 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1000 EUR	1.1.-31.12.2019	1.1.-31.12.2018	Note
CONTINUING OPERATIONS			
REVENUE	**16 849**	**16 545**	**5**
Change in inventories of finished goods and work in progress	-525	634	
Other operating income	117	59	6
Material and services	-6 829	-6 246	
Employee benefits expense	-5 860	-5 951	9
Depreciation and amortisation	-447	-213	8
Other operating expenses	-2 425	-2 782	7
OPERATING PROFIT	**881**	**2 045**	
Financing income	129	46	
Financing expenses	-148	-119	11
PROFIT/LOSS BEFORE TAX	**862**	**1 971**	
Tax on income from operations	215	-180	12
Profit/loss from continuing operations	**1 077**	**1 791**	
Profit/loss from discontinued operations	**-33**	**-1 218**	**3**
PROFIT/LOSS FOR THE PERIOD	**1 044**	**573**	
Other comprehensive income:			
TOTAL COMPREHENSIVE INCOME	**1 044**	**573**	
Profit attributable to:			
Owners of the parent company	1 077	1 791	
Total comprehensive income attributable to:			
Owners of the parent company	1 044	573	
Earnings per share calculated on profit attributable to equity holders of the parent:			**13**
EPS undiluted, euros/share, continuing operations	0,02	0,03	
EPS diluted, euros/share, continuing operations	0,02	0,03	
EPS undiluted, euros/share	0,02	0,01	
EPS diluted, euros/share	0,02	0,01	
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	31.12.2019	31.12.2018	Note
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	731	748	15
Goodwill	2 291	2 291	16
Tangible assets	3 421	1 729	14
Receivables from subordinated loans	2 870	2 870	20
Available for sale investments	5	5	17
Deferred tax asset	400	180	18
NON-CURRENT ASSETS	**9 717**	**7 823**	
CURRENT ASSETS			
Inventories	2 398	3 248	
Trade receivables and other receivables	2 598	2 705	20
Current receivables for revenue recognized in part prior to project completion	98	868	20
Tax Receivable, income tax	175	129	
Cash and cash equivalents	2 774	314	21
CURRENT ASSETS	**8 044**	**7 264**	
NON-CURRENT ASSETS HELD FOR SALE		**5 270**	
ASSETS	**17 761**	**20 358**	
EQUITY AND LIABILITIES			
Owners of the parent company			
Share capital	2 872	2 872	
Share premium	0	6	
Unrestricted equity reserve	6 376	6 376	
Accumulated earnings	2 358	1 326	
Owners of the parent company	**11 607**	**10 580**	
EQUITY	**11 607**	**10 580**	**22**
NON-CURRENT LIABILITIES			
Deferred tax liability	59	63	18
Non-current liabilities, interest-bearing	2 015	1 617	25
Non-current provisions	326	269	23
NON-CURRENT LIABILITIES	**2 399**	**1 948**	
CURRENT LIABILITIES			
Current interest-bearing liabilities	1 426	2 144	24
Subordinated loans	0	1 000	
Trade Payables and Other Liabilities	2 329	3 529	26
Tax liability, income tax	1	0	26
CURRENT LIABILITIES	**3 755**	**6 673**	
LIABILITIES OF DISPOSAL GROUP HELD FOR SALE		**1 156**	
EQUITY AND LIABILITIES	**17 761**	**20 358**	

CONSOLIDATED STATEMENT OF CASH FLOWS, INDIRECT

1000 EUR	1.1.-31.12.2019	1.1.-31.12.2018	Note
Cash flows from operating activities			
Profit/loss for the period	1 077	1 646	
Profit/loss for the period, discontinued operations	-33	-1 073	
Depreciation, amortisation & impairment	542	497	8
Depreciation, amortization and impairment loss of acquisition	38	92	
Gains and losses of disposals of fixed assets and other non-current assets	589	-1 511	
Other non-cash items	-471	596	
Financial income and expenses	27	124	11
Tax on income from operations	9	0	
Other adjustments	64	-6	
Flow of funds from operations before the change in working capital	**1 843**	**1 896**	
Increase / decrease in inventories	1 162	-1 492	
Increase /decrease in trade and other receivables	175	-2 349	
Increase / decrease in trade payables	-517	1 436	
Flow of funds from operations before the change in working capital	**2 663**	**-509**	
Interest paid	-265	-92	11
Dividends received	0	0	
Interest received	65	13	
Income taxes paid	-54	-251	
Net cash from operating activities	**2 409**	**-839**	
Cash flows from investing activities			
Purchase of tangible and intagible assets	-676	-510	14,15
Proceeds from sale of tangible and intangible assets	3 500	20	
Net cash used in investing activities	**2 824**	**-490**	
Cash flows from financing activities			
Proceeds from current borrowings	213	495	
Repayment of current borrowings	-1 140	-490	
Proceeds from non-current borrowings	0	1 096	
Leasing payments	-204	0	
Repayment of non-current borrowings	-707	0	
Payment of finance lease liabilities	-1 000	0	
Net cash used in financing activities	**-2 838**	**1 100**	
Change of liquid funds	**2 395**	**-228**	
Cash and cash equivalents, opening amount	379	608	
Liquid assets at the end of the fiscal year	2 774	379	
Change in liquid assets according to the balance sheet	2 395	-228	
Change in liquid assets according to the balance sheet	**2 395**	**-228**	

Cash flow statement include also cash flow from discontinuing operations
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.
UTG adopted the standard as of January 1, 2019, using a simplified retrospective method, and the comparators have not been restated.

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 1.1.2019	**2 872**	**6**	**6 376**	**1 326**	**10 580**
Adjustment to previous year	0	0	0	-17	-17
Adjusted equity	**2 872**	**6**	**6 376**	**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	**0**	**-6**	**0**	**6**	**0**
TOTAL EQUITY 31.12.2019	**2 872**	**0**	**6 376**	**2 353**	**11 607**

	Equity to the owners of the parent company				
1000 EUR	Share capital	Share premium account	Unrestricted equity reserve	Retained earnings	Equity Total
EQUITY 1.1.2018	**2 872**	**6**	**6 376**	**655**	**9 909**
Impact of the introduction of new standards				98	
Adjusted equity	**2 872**	**6**	**6 120**	**753**	**10 007**
Comprehensive income					
Profit/loss for the period	0	0	0	573	573
TOTAL COMPREHENSIVE INCOME	**0**	**0**	**0**	**573**	**573**
Transactions with owners					
Total transactions with owners	**0**	**0**	**0**	**0**	**0**
Changes in ownership interests in subsidiaries					
TOTAL EQUITY 31.12.2018	**2 872**	**6**	**6 376**	**1 326**	**10 580**

KEY FIGURES

Business indicators **1000 EUR**	**2019** **IFRS**	**2018** **IFRS**
Turnover, continuing operations	16 849	16 545
Revenue change, %	1,8	
Operating profit	881	2 045
% of turnover	5,2	12,4
Profit/loss before taxes, continuing operations	862	1971
% of turnover	5,1	11,9
Profit/loss, continuing operations	1077	1791
% of turnover	6,4	10,8
Profit/loss, discontinuing operations	-33	-1218
% of turnover	-0,2	-7,4
Profit/loss for the period	1044	573
% of turnover	6,2	3,5
Equity holders of the parent	1044	573
% of turnover	6,2	3,5
Return on equity (ROE), %	9,4	5,6
Return on investment (ROI), %	4,4	3,6
Equity ratio, %	70,8	62,1
Net gearing	5,7	42,0
Current Ratio	2,1	1,1
Gross investments in fixed assets	676	510
% of turnover	4,0	3,1
Order backlog	6 214	6 671
Consolidated balance sheet total	17 761	20 358
Total number of personnel at the end of the period	87	89

Share figures	**2019** **IFRS**	**2018** **IFRS**
Earnings per share, continuing operations, euros	0,02	0,03
Earnings per share, euros	0,02	0,01
Shareholders´ equity, euros	0,21	0,18
Dividend per share, euros *)	0,01	0,00
Price earnings ratio (P/E)	17,9	-34,9
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 €	**2019**	**2018**
A share		
- high	0,47	0,50
- low	0,31	0,31
- average	0,38	0,40
- share price at the end of the fiscal year	0,33	0,33
Total market value, million euros	18,5	18,6
Number of shares traded during the fiscal year	10 318 503	3 140 714
Number of shares traded, %	18,26	5,56
Number of shareholders	1 575	1 459

*) proposal by the Board of Directors

Due to classification of discontinued operations the key figures are presented for two financial years.

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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 March 2, 2020 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.

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 Lindström and Sami Alatalo control Uurec Holding Oy.

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

2 ACCOUNTING PRINCIPLES

Basis of preparation

UTG Mixing Group's consolidated financial statement for the financial year 1 January–31 December 2019 is 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 2019. 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.

Financial year

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidation principles

The consolidated financial statement include 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.

June 3, 2019 Plc Uutechinc Group Oyj announced that it has sold the shares of AP-Tela Oy to a domestic engineering company. The sales price of AP-Tela shares was EUR 3.5 million and the effect on the Group's result was EUR -30 thousand. In the Group's financial reporting, AP-Tela Oy has been classified as discontinued operations and has been consolidated into the Group until June 3, 2019. In the 2019 financial statements, AP-Tela is reported as discontinued operations and the comparative figures for 2018 have been adjusted accordingly. The comparative figures also include Japrotek Oy Ab, which was sold in 2018.

The consolidated financial statements presented in the 2019 financial statements are those for continuing operations, excluding the cash flow statement and some notes for which it has been specifically mentioned. The comparative figures for 2018 have been adjusted accordingly.

Application of new or amended standards and interpretations

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 discount rate used is the interest rate on the company's additional credit, which was 2.35% at the time of the transition. The change in recording method also affects the cash flow statement, notes and key figures of the financial statements.

Uutechnic Oy, part of the Group, has leased production and office premises in Uusikaupunki. 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.

Other standards published as of January 1, 2019 or for future periods are not expected to have a material impact on UTG'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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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 2019.

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 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

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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 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	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

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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 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.

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.

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.

Prior to the adoption of IFRS 16, the leases of continuing operations were classified as operating leases and the total amount of the lease liabilities in the financial statements for 2018 was EUR 1,477 thousand. At the date of adoption of the standard, January 1, 2019, the discounted opening balance of lease liabilities was EUR 1,443 thousand and in the financial statements for 2019, liabilities were EUR 1,255 thousand. The opening balance of the right-of-use assets at the date of adoption of the standard was EUR 1,443 thousand and in the 2019 financial statements EUR 1,243 thousand. Depreciation increased by EUR 200 thousand and rental expenses decreased by EUR 220 thousand. Interest expenses increased by EUR 32 thousand. The effect of the adoption of the standard

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on the result for the period was EUR -15 thousand. The impact on the 2019 key figures was in percentage terms: Return on Equity 0.12, Return on Investment -0.32, Equity Ratio -5.78. Without the effect of IFRS16, the current ratio would be 0.11 lower and the gearing ratio 10.82 higher. The figures for the comparative year at the date of transition have not been restated.

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 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.

In connection with the sale of a majority shareholding in Japrotek Oy Ab, Uutechnic's internal receivables and guarantee liabilities became external receivables and liabilities. Over time, it is possible that receivables or guarantees will result in credit losses or payment obligations.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. 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. The reference period includes also Japrotek Oy Ab, sold 28.9.2018.

Profit or loss of the discontinuing operations	**1.1.-31.12.2019**	**1.1.-31.12.2018**
Turnover	2 937	13 610
Other Income	74	
Operative expenses	-2 862	-14 136
Financing incomes /-expenses, sales gains/ -losses	-8	-51
Impairment loss	-333	-20
Depreciations	-133	-284
Depreciations & amortizations caused by 2015 acquisition		-92
Profit/loss before taxes	**-326**	**-973**
Taxes	293	-245
Profit or loss of the fiscal period from the discontinuing operations	**-33**	**-1 218**
Flow of funds from the discontinuing operations		
Flow of funds from operations	190	273
Flow of funds from investments	3 306	-111
Flow of funds from financial intems	-59	500
Flow of funds total	**3 438**	**662**
Non-current assets held for sale of discontinuing operations		
Tangible and intangible assets		3 854
Inventories and receivables		1 351
Liquid assets		65
Assets total	**0**	**5 270**
Liabilities of disposal group held for sale of discontinuing operations		
Current liabilities held for sale, interest-free		1 156
Liabilities total	**0**	**1 156**
The total value of from assigned operations	3 500	20
Cash in the discontinued operations at the time of assignement	1	13

4. 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.

1000 EUR 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

Fiscal year 2018	**Finland**	**Other Europe**	**North America**	**South America**	**Asia**	**Africa**	**Group total**
Net turnover	2 511	11 047	89	266	2 632	0	16 545
Assets	12541	7817					20 358
Investments	374	136					510

INFORMATION ABOUT KEY CUSTOMERS

The Group's turnover doesn't include revenues from an individual customer exceeding 10 % of the Group's turnover.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. PERFORMANCE OBLIGATIONS TO BE SATISFIED OVER TIME

1 000 EUR	**1.1.-31.12.2019**	**1.1.-31.12.2018**
Net turnover		
Performance obligations to be satisfied over time	3 415	3 303
Performance obligations to be satisfied at a point in time	13 434	13 242
Total	**16 849**	**16 545**
Order backlog		
Performance obligations to be satisfied over time	2 612	541
Performance obligations to be satisfied at a point in time	3 602	6 130
Order backlog total	**6 214**	**6 671**

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	507	2 553
Advances received from the customers	-569	-2 400
Difference	**-62**	**153**

6. OTHER OPERATING INCOME

1 000 EUR	**1.1.-31.12.2019**	**1.1.-31.12.2018**
Other operating income		
Subsidy	89	18
Other income	28	36
Gain on disposal of non-current assets		2
Gain from bankrupt's estate		3
Total	**117**	**59**

7. OTHER OPERATING EXPENSES

1 000 EUR	**1.1.-31.12.2019**	**1.1.-31.12.2018**
Other operating expenses		
Rents	9	216
Overhead costs of production	61	81
Travelling expenses	162	176
IT-costs	430	541
Expenses from real estates and apartments	209	197
Sales costs	160	304
Non-statuory employee benefits	29	70
Costs of bank guarantees and insurances	109	110
Marketing expenses	88	73
Quality and environment expenses	9	6
Management services	81	106
Other expenses	1 077	901
Total	**2 425**	**2 782**
Other operating expenses include fees paid to the auditors		
Auditing fees to Authorized Public Accountant Firm Ernst & Young Oy	58	74
Consulting and other fees to Authorized Public Accountant Firm Ernst & Young Oy	18	4
Consulting and other fees to others	38	15
Total	**114**	**93**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. DEPRECIATION AND IMPAIRMENTS

1 000 EUR	1.1.-31.12.2019	1.1.-31.12.2018
Depriciations by groups of assets		
Intangible assets		
Intangible rights	10	13
Other long-term assets	13	13
Total	**24**	**26**
Tangible assets		
Buildings	36	37
Buildings, financial lease	167	0
Machinery and equipment	126	104
Machinery and equipment, financial lease	33	0
Other tangible assets	60	47
Total	**423**	**187**
Depreciations and impairments total	**447**	**213**

9. COSTS OF EMPLOYEE BENEFITS

1 000 EUR	1.1.-31.12.2019	1.1.-31.12.2018
Costs of employee benefits		
Salaries and fees	5 012	5 085
Pension expenses, defined contribution plan	567	608
Other employee benefits	282	258
Total	**5 860**	**5 951**
Management and Board salaries, fees and benefits		
CEO	177	177
Board members and substitute members	82	80
Total	**258**	**257**
Number of personnel of the Group at the end of the period		
White collar	49	48
Blue collar	38	41
Total	**87**	**89**

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

10. EXPENDITURE ON RESEARCH AND DEVELOPMENT

Research and development expenditure	**506**	**796**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. FINANCING EXPENSES

1 000 EUR	**1.1.-31.12.2019**	**1.1.-31.12.2018**
Financing expenses		
Interest expenses	124	94
Other financing expenses	25	25
Total	**148**	**119**

12. INCOME TAX

1 000 EUR	**1.1.-31.12.2019**	**1.1.-31.12.2018**
Income taxes in income statement		
Tax on income from operations from the fiscal period	-9	-6
Change in deferred tax liabilities and tax assets	224	-174
Total	**215**	**-180**
Reconciliation between tax provision on income statement and mathematical tax based on parent company's tax rate	**1.1.-31.12.2019**	**1.1.-31.12.2018**
Profit or loss before taxes	862	1 971
Parent company's tax rate at the end of the fiscal period	20 %	20 %
Mathematical tax based on parent company's tax rate	-172	-394
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	-3	-7,7
The lossses of the financial year of which deffered tax has not recorded		-220
The allocation of previously unrecognized confirmed losses to the taxes of the period	170	403
The deferred tax from previously unrecognized comfirmed losses.	220	
Other timing differences	0	39
Tax provision on income statement	**214**	**-180**
Effective tax rate	25 %	-9 %

13. EARNINGS PER SHARE

	1.1.-31.12.2019	**1.1.-31.12.2018**
Net profit or loss attributable to the shareholders' of the parent, continuing operations, 1000 eur	1077	1791
Net profit or loss attributable to the shareholders' of the parent, discontinuing operations, 1000 eur	-33	-1218
Net profit or loss attributable to the shareholders' of the parent, 1000 eur	1044	573
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	0,02	0,03
Earnings per share undiluted, euros/share, net profit/loss	0,02	0,01

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. TANGIBLE ASSETS

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**
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**
Depreciations and impairment losses		-73		-199		-200	-60		**-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

1.1.-31.12.2018 **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	2 744	106	2 557	327		275	35	**6 595**
Increase				351			105	52	**508**
Decrease		-27		-2 642	-300			-13	**-2 982**
Transfers between items				74			-31	-74	**-31**
Acquisition cost at the end of the period	551	2 717	106	340	27		349	0	**4 090**
Accumulated depreciations and impairment losses at the beginning of the period		-333	-16	-904	-111		-107	0	**-1 471**
Translation differences	0	0		0	0		0		
Depreciations of transfers' and decrease items	0	27		2 159	186		4	0	**2 376**
Depreciations		-126	-10	-266	-13		-46		**-461**
Accumulated depreciations and impairment losses at the end of the period		-432	-26	989	62		-149	0	**444**
Book value at the beginning of the period	**551**	**2 411**	**90**	**1 653**	**216**		**168**	**35**	5 124
Book value at the end of the period	**551**	**2 285**	**80**	**1 329**	**89**	**0**	**200**	**0**	4 534

Depreciation of acquisition related to the arrangement in 2015 are reported in the Income Stament below operating profit.
Figures include AP-Tela Oy, classified as discontinued operations. The reference period include also Japrotek Oy Ab, sold in 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

RIGHT-OF-USE ASSETS

1.1.-31.12.2019

1 000 EUR	**Machinery and equipmen**	**Buildings**	**Käyttöoikeus-omaisuuserät yhteensä**
Acquisition cost at the beginning of the period	105	1 338	1 443
Accumulated depreciations and impairment losses at the beginning of the period	0	0	0
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

1.1.-31.12.2019

1 000 EUR	**2019**
Buildings, right-of-use assets	
Book value 1.1.2019	1338
Depreciations and impairment losses	-167
Book value 31.12.2019	**1170**
Machinery and equipment, rigt-of-use assets	
Book value 1.1.2019	105
Depreciations and impairment losses	-33
Book value 31.12.2019	**72**
Lease dept	
Book value 1.1.2019	1 443
Interest expenses	32
Payments	-220
Book value 31.12.2019	**1255**
Lease depts	
Long-term	1 067
Short-term	188
Total	**1255**
Items recognized in the income statement	
Depreciations and impairment losses	-200
Interest expenses	-32
Short term rentals / low value leases	-8

UTG has adopted the standard as of January 1, 2019 using the simplified retrospective approach, and the comparison figures for the year preceding adoption are not adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. INTANGIBLE ASSETS

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**

1.1.-31.12.2018

1 000 EUR	Intangible rights	Other long-term assets	Brands	Brands no depreciation	Intangible assets total
Acquisition cost at the beginning of the period	84	579	263	1 622	**2 548**
Increase	15				**15**
Decrease	-25	-83		-923	**-1 031**
Transfers between items		31			**31**
Acquisition cost at the end of the period	74	527	263	699	**1 563**
Accumulated depreciations and impairment losses at the beginning of the period	-62	-455	-57		**-546**
Depreciations of transfers' and decrease items	25	74			**99**
Depreciations	-16	-29	-26		**-71**
Accumulated depreciations and impairment losses at the end of the period	-53	-410	-83		**-546**
Book value at the beginning of the period	**22**	**124**	**206**	**1 622**	**1 975**
Book value at the end of the period	**21**	**118**	**180**	**699**	**1 017**

Intangible rights include activated acquisition costs of patents, trade marks and licences. Goodwill, see Notes to the Consolidated Financial Statements, item 16 "Goodwill"

Depreciation of acquisition related to the arrangement in 2015 are reported in the Income Stament below operating profit.

Figures include AP-Tela Oy, classified as discontinued operations. The reference period include also Japrotek Oy Ab, sold in 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. GOODWILL VALUES

Goodwill, 1 000 EUR	1.1.-31.12.2019	1.1.-31.12.2018
Acquisition cost at the beginning of the period	3 070	3 534
Sale of AP-Tela Oy	-779	
Sale of Japrotek Oy Ab, inpairment loss		-464
Acquisition cost at the end of the period	2 291	3 070
Book value at the end of the period	**2 291**	**3 070**

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 cash flow forecasts for the companies are based on an estimate that assumes their profitability to improve during and after the financial year 2020 in comparison to 2019.

	The expected growth in net sales during the 5-year forecast period %
Stelzer Rührtechnic Int. GmbH	0 - 15,1
Uutechnic Oy	0 - 43,2

Discount rate:
The pretax WACC specified for Uutechnic Group has been used as the discount rate. The discount rates for fiscal period 2019 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	29,2	76,9
Uutechnic Oy	38,6	78,2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. AVAILABLE FOR SALE INVESTMENTS

1 000 EUR	**31.12.2019**	**31.12.2018**
Available for sale investments		
Other shares and holdings, available for sale, not listed	5	5
Total	**5**	**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

	31.12.2019	**Allocated to the tax from the period**	**Allocated to deferred taxes 2019**	**31.12.2018**
Tax losses carried forward	20	-781	-2000	2 801
Deffered tax assets	400			

The increase in deferred tax assets was recognized from the losses confirmed during the period.

Deferred tax liabilities	**31.12.2019**	**Recognized in income statement**	**Recognized in equity**	**31.12.2018**
Other timing differences	59	-4		63
Total	**59**	**-4**	**0**	**63**

19. INVENTORIES

1 000 EUR	**31.12.2019**	**31.12.2018**
Inventories		
Materials and supplies	1 580	1 819
Work in progress	818	1 429
Total	**2 398**	**3 248**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. RECEIVABLES

1 000 EUR	31.12.2019	31.12.2018
LONG-TERM RECEIVABLES		
Subordinated loan	2 870	2 870

The subordinated loan receivable is an arrangement agreed upon in connection with the Jarpotek Oy Ab transaction in 2018. The loan is a subordinated loan in accordance with the Limited Liability Companies Act, and its capital repayments and interest payments must meet the conditions provided in the Act. The debtor or its subsidiary is not allowed to provide any security for the capital repayments or interest payments. It is allowed to make capital repayments and interest payments only to the extent that the amount of the debtor company's unrestricted capital and all subordinated loans at the time of payment exceed the loss confirmed for the last financial year or included on the balance sheet of more recent financial statements. In the case of bankruptcy or liquidation of the debtor, the debt and interest calculated on the principal is repaid with a lower priority status than other debts but, nevertheless, before paying the distribution quotas based on share capital for the shareholders of the debtor.

The debt is repaid annually after the financial year 2019, provided that the subordinated debts with a higher priority status are paid first. The repayments of all the company's subordinated debts amount to half of the profit of the last financial year. The repayments of the subordinated debt may not endanger the liquidity of the debtor company or violate the covenants of other financiers.

The outstanding principal amount is subject to annual interest euribor 12 kk + 4.5%. (In 2018 euribor + 2.5%). The interest on the debt is paid annually on 31 March. If the interest on the debt cannot be paid, the interest is deferred to be paid on the basis of the first financial statements that enable the payment.

1 000 EUR	31.12.2019	31.12.2018
SHORT-TERM RECEIVABLES		
Trade and other receivables		
Trade receivables*	2 181	2 467
Advance payments for inventories	98	868
Other receivables	290	182
Prepayments and accrued income	127	57
Total	**2 696**	**3 574**

* Trade receivables do not include any significant risk concentrations.

Ageing analysis of trade receivables	31.12.2019	31.12.2018
Not due	1 737	1 127
Past due less than 180 days	388	922
Past due more than 180 days	56	418
Total	**2 181**	**2 467**

Prepayments and accrued income	31.12.2019	31.12.2018
Prepayments and accrued income consists of:		
Receivables from the construction contracts recognized under the POC method	98	868
Interest of the subordinated loan	129	45
Other prepayments and accured income	161	137
Total	**388**	**1 050**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. CASH AND CASH EQUIVALENTS

1 000 EUR	31.12.2019	31.12.2018
Cash and bank		
Cash and bank	2 774	314
Total	**2 774**	**314**
Change of liquid funds in the flow of funds statement *)		
Liquid funds at the beginning of the period	379	608
Liquid funds at the end of the period	2 774	379
Change of liquid funds in the balance sheet	**2 395**	**-228**

*) Flow of funds include also discontinued operations

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 wotes 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 2019, no dividends were paid. The Board of Directors proposes that a dividend of EUR 0.01 per share be paid from the 2019 financial year.

Capital Management
The objective of Group's capital management is to ensure the continuity of the business of UTG 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 11,6 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 2019 was 70,8 %.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SHAREHOLDERS' EQUITY

1 000 EUR	**31.12.2019**	**31.12.2018**
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	6	6
Changes in ownership interests in subsidiaries	-6	
Share premium account at the end of the period	**0**	**6**
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**	**6 382**
RETAINED EARNINGS		
Retained earnings		
Retained earnings at the beginning of the period	1 326	655
Adjustment for translation differences	-17	
Impact of the introduction of nwe standards		98
Retained earnings	**1 309**	**753**
Profit or loss for the fiscal period		
Profit or loss for the fiscal period	1 044	573
	6	
Profit or loss for the fiscal period	**1 050**	**573**
Dividend distribution	**0**	**0**
Retained earnings	**2 359**	**1 326**
Shareholders of the parent company	**2 359**	**1 326**
MINORITY INTEREST		
Minority interest		
Total shareholders' equity	**11 607**	**10 580**

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	123	146	269
Change of the provisions	60	-4	57
Provisions at the end of the period	**183**	**142**	**326**

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	31.12.2019	31.12.2018
Non-current liabilities, interest-bearing		
Loans from financial institutions	765	1 471
Lease liabilities	1 067	
Loans from institutions	183	146
Total	**2 015**	**1 617**
Current liabilities, interest-bearing		
Loans from financial institutions	1 238	2 144
Subordinated loan from owners		1 000
Lease liabilities	188	
Total	**1 426**	**3 144**
A reconcilliation between the openning and closing balances of liabilities arising from financing activities		
Interest bearing liabilities at 1 January	4 761	3 641
Cash flows	-2 576	1 120
IFRS16 operating leases, impact	1 255	
Interest bearing liabilities at 31 December	**3 440**	**4 761**

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	31.12.2019 SEK	NOK	CNY	USD
Foreign currency trade receivables				0,0
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**

Group total at the end of the fiscal period	31.12.2018 SEK	NOK	CNY	USD
Foreign currency trade receivables				20,7
Foreign currency account payables				-2,0
Foreign currency cash and bank				
Net exposure in balance sheet	**0,0**	**0,0**	**0,0**	**18,7**

Sensitivity analysis

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

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

Group total at the end of the fiscal period	31.12.2018 SEK	NOK	CNY	USD
Profit or loss for the period before taxes				-1,5
Profit or loss for the period, net of taxes				-1,2

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 31.12.2019	Increase of the interest expenses resulted from the change of the interest rate +1%
Loans from financial institutions	90	21
Operating lease	32	10
Loans from institutions	2	2
Total	**124**	**33**

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.

In connection with the sale of 81 % Japrotek Oy Ab's shares, Uutechnic Group's intra-group receivables and quarantee liabilities became external receivables and liabilities. External receivable is subordinated loan. It is possible that subordinated loan receivables or guarantee liabilities will result in credit losses. Group monitors and assesses the credit risk on the basis of the quartelry performance reports submitted to it by Japrotek.

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 2021. The cash flow statement is based on the earnings forecast for fiscal period 2020 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. 31.12.2019 the gearing ratio was 0,06.

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 the 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. 31.12.2019 the ratio was 0,53.

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	2020 During 1-6 months	2020 During 7-12 months	2021	2022	2023	Later	Total
Loans from financial institutions, capital	616	616	353	235	176		1 998
Loans from financial institutions, interests	14	14	18	10	4		60
Financial leasing, capital	93	93	181	175	176	525	1 244
Financial leasing, interests	7	7	13	21	16	18	82
Loans from institutions, capital	0	11	46	46	46	34	183
Loans from institutions, interests	0	2	2	1	0	0	5
Total	**731**	**744**	**612**	**488**	**419**	**578**	**3 572**

In additon the parent company has unsecured loan in accordance with the Finnish Companies Act, EUR 2,9 million, from Jarpotek Oy Ab. The terms of the loan are presented in the note 20, receivables.

Interest-free liabilities Maturing during the fiscal period	2020 During 1-6 months	2020 During 7-12 months	2021	2022	2023	Later	Total
Trade payables	567						567
Total	**567**						**567**

Cash flows of financial receivables according to the payment plan

Short-term receivables Maturing during the fiscal period	Earlier matured	2020	2021	2022	2023	Later	Total
Trade receivables	445	1 736					2 181
Total	**445**	**1 736**					**2 181**

Maturing times and effective interest rates (weighted averages) of interest-bearing liabilities 31.12.2019

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

Credit limits in use

In the end of the fiscal year 31.12.2019 the Group had credit limits in use total 0,53 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 31.12.2019 the Group had unused book limits total 3,97 million euros.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. SHORT-TERM LIABILITIES

1 000 EUR	31.12.2019	21.12.2018
Trade payables and other liabilities		
Advance payments received	960	1 599
Trade payables	567	955
Other short-term liabilities	149	161
Accruals and deferred income	653	814
Total	**2 329**	**3 529**
Accruals and deferred income consist of:		
Accrued employee expenses	507	247
Interest liabilities	50	129
Other accruals and deferred income	96	438
Total	**653**	**814**
Tax liability		
Tax liability, income tax	1	0
Total	**1**	**0**

27. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

1 000 EUR

Fair values of other than derivative contracts, 1 000 €

Financial assets	Book value 31.12.2018	Fair value 31.12.2018	Book value 31.12.2017	Fair value 31.12.2017
Trade receivables and other receivables	2 697	2 697	3 574	3 574
Cash and cash equivalents	2 774	2 774	314	314
Financial liabilities	**Book value 31.12.2018**	**Fair value 31.12.2018**	**Book value 31.12.2017**	**Fair value 31.12.2017**
Long-term loans from financial institutions	948	948	1 617	1 617
Subordinated loans from owners			1 000	1 000
Long-term financial leasing			38	38
Long-term operating lease	1 067	1 067		
Short-term loans from financial institutions	1 238	1 238	907	907
Short-term operating leasing	188	188		
Trade payables and other liabilities	2 329	2 329	3 529	3 529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. SECURITIES AND RESPONSIBILITIES

1000 EUR

	31.12.2019	31.12.2018
Granted securities		
Dept secured by real estate and corporate mortgages		
Loans from financial institutions	1 654	2 205
Credit limits in use	527	1 556
Total	**2 181**	**3 761**

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.

	31.12.2019	31.12.2018
Mortgages granted to secure loans and bank guarantees		
Real estate mortgages	1 662	1 738
Corporate mortgages	18 000	18 000
Total	**19 662**	**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.

	31.12.2019	31.12.2018
Contigent Liabilities and Other Liabilities		
Bank quarantees		
Bank guarantee limits total	8 100	8 100
Bank guarantee limits in own use	2 164	1 086
Bank guarantees granted on behalf of others*)	1 392	1 831

*) Company acts as guarantor for Japrotek delivery and warranty guarantees up to EUR 1,350 million, of which EUR 723 thousand was in use on 31.12.2019. In addition, prior to the arrangement, the Company has outstanding liabilities for Japrotek's work and warranty guarantees up to 669 million on 31.12.2019.

	31.12.2019	31.12.2018
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	48	52
Guarantees granted to secure bank guarantee limit	1 350	1 350
Total	**1 398**	**1 402**

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, Timo Lindström and Sami Alatalo, who are related parties, have control.

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.-31.12.2019**	**1.1.-31.12.2018**
Lease payments for factory premises to entities in which the members of the board and the major shareholders of the company excercise control	185	185
Other operating expenses		
Consultation fee to the entity where the chairman of the board and a major shareholder excercise control		28
Long-term loans		
Long-term loans from the major shareholders of parent company		1 000

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, Timo Lindström and Sami Alatalo, who are related parties, have control.

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

CEO:		
Peräaho Jouko	177	177
Heikkilä Martti, deputy CEO	131	139
Other Group Management Team	**417**	**430**
Board members:		
Alatalo Sami	53	36
Peräaho Jouko		
Kottonen Hannu	22	22
Lagerstedt Kristiina	6	22

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 and Debuty CEO Martti Heikkilä, both the company and the CEO or the Debuty 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.

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) =	$\frac{\text{Profit/loss for the period}}{\text{Shareholders' equity (average)}}$	x 100
Return on investment % (ROI) =	$\frac{\text{Profit/loss before taxes + interest expenses and other financial expenses''}}{\text{Shareholders' equity + interest-bearing debts (average)}}$	x 100
Equity ratio =	$\frac{\text{Shareholders' equity}}{\text{Total assets - advances received}}$	x 100
Current ratio =	$\frac{\text{Current assets}}{\text{Short-term liabilities}}$	
Net Gearing =	$\frac{\text{Interest-bearing debts - cash and bank deposits and other securities}}{\text{Shareholders' equity}}$	x 100
Formulas for per share items		
Earnings per share, euros =	$\frac{\text{Profit/loss for the period}}{\text{Number of shares outstanding issue adjusted (average)}}$	
Shareholders' equity/share, euros =	$\frac{\text{Shareholders' equity}}{\text{Number of shares outstanding issue adjusted, at the end of the fiscal year}}$	
Dividend/share, euros =	$\frac{\text{Dividend for the fiscal year}}{\text{Number of shares outstanding issue adjusted, at the end of the fiscal year}}$	
Dividend/share, percentage =	$\frac{\text{Dividend for the fiscal year/share}}{\text{Earnings/share}}$	x 100
Effective dividend return, percentage =	$\frac{\text{Dividend for the fiscal year/share}}{\text{Adjusted price of the share at the end of the fiscal year}}$	x 100
Price per earnings (P/E) =	$\frac{\text{Adjusted price of the share at the end of the fiscal year}}{\text{Earnings/share}}$	
Average share price =	$\frac{\text{Total value of shares traded during the fiscal year}}{\text{Total number of shares traded during the fiscal year}}$	
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 1 575 registered shareholders on 31 December 2019. There were in total 463,344 nominee-registered shares.

MAJOR SHAREHOLDERS	**Shares**		**Votes**	
According to the book-entry security system, on 31 December 2019	**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	3 745 100	6,63	3 745 100	6,63
Peräaho Jonni	3 080 000	5,45	3 080 000	5,45
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
Bark Road Invest Oy	495 499	0,88	495 499	0,88
Total for 10 largest	**47 767 229**	**84,54**	**47 767 229**	**84,54**

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 2019	**no.**	**%**	**no.**	**%**	**no.**	**%**
1 - 100	269	17,08	12 615	0,02	12 615	0,02
101 - 1 000	627	39,81	313 255	0,55	313 255	0,55
1 001 - 10 000	536	34,03	1 872 458	3,31	1 872 458	3,31
10 001 - 100 000	117	7,43	3 151 464	5,58	3 151 464	5,58
100 001 - 1 000 000	26	1,65	51 151 938	90,53	51 151 938	90,53
	1575	**100,00**	**56 501 730**	**100,00**	**56 501 730**	**100,00**
Nominee-registered shares	6		463 344	0,82	463 344	0,82
			56 501 730	**100,00**	**56 501 730**	**100,00**

BREAKDOWN OF SHARE OWNERSHIP BY GATEGORY OF OWNER	**Share-holders**		**Shares**		**Votes**	
According to the book-entry security system, 31 December 2019	**no.**	**%**	**no.**	**%**	**no.**	**%**
Companies	61	3,87	16 320 026	28,88	16 320 026	28,88
Financial and insurance institutions	7	0,44	311 675	0,55	311 675	0,55
Public corporations	3	0,19	226 725	0,40	226 725	0,40
Households	1497	95,05	39 173 747	69,33	39 173 747	69,33
Non-profit organizations	2	0,13	201	0,00	201	0,00
Foreign countries	5	0,32	6 012	0,01	6 012	0,01
	1575	**100,00**	**56 038 386**	**99,18**	**56 038 386**	**99,18**
Nominee-registered shares	6		463 344	0,82	463 344	0,82
			56 501 730	**100,00**	**56 501 730**	100,00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SHARE HOLDINGS OF THE MANAGEMENT	**Shares**		**Votes**	
According to the book-entry security system, on 31 December 2019	**no.**	**%**	**no.**	**%**
Board of directors and CEO				
Kottonen Hannu	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
Saola Oy*	130 000	0,23	130 000	0,23
*Saola Oy is controlled by Sami Alatalo, the chairman of the board of directors				
Heikkilä Martti, Deputy CEO	130 000	0,23	130 000	0,23
Group Management				
Junninen Leena, Finance manager	40 000	0,07	40 000	0,07
Mönkäre Zakaria, Technology Director	9 676	0,02	9676	0,02
Vaarno Jussi, Vice president	280 000	0,50	280 000	0,50

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. EVENTS AFTER THE END OF THE FISCAL YEAR

STOCK EXCHANGE RELEASES PUBLISHED AFTER THE END OF FISCAL YEAR

29.1.2020 Uutechnic Group is sharpening its organization

20.2.2020 Uutechnic Group changes its name to UTG Mixing Group

25.2.2020 UTG Mixing Group confirms its strategy for years 2020-2022 and financial targets

FINANCIAL STATEMENT OF THE PARENT COMPANY

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INCOME STATEMENT OF THE PARENT COMPANY, FAS

1000 EUR	1.1.-31.12.2019	1.1.-31.12.2018	Note
NET TURNOVER	**1 441**	**1 727**	**2**
Other income	122	255	3
Personnel expenses	-1 106	-1 171	5
Depreciations and impairment losses	-25	-25	6
Other operating expenses	-615	-1 116	7
OPERATING PROFIT OR LOSS	**-184**	**-330**	**4**
Financing income and expenses	3 539	-2 838	8
PROFIT OR LOSS BEFORE INCOME TAXES AND APPROPRIATIONS	**3 356**	**-3 168**	
APPROPRIATIONS			
Group contribution	925	270	9
PROFIT OR LOSS FOR THE FISCAL YEAR	**4 281**	**-2 898**	

Financial income include the return on the sale of AP-Tela Oy shares
Financing income and expenses from the reference period include loan forgiveness to Japrotek Oy Ab EUR 2 772 115,83.

BALANCE SHEET, PARENT COMPANY, FAS

1000 EUR	1.1.-31.12.2019	1.1.-31.12.2018	Note
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7	14	
Tangible assets	44	62	
Advance payments	23	0	
Investments	9 603	9 603	
NON-CURRENT ASSETS	**9 677**	**9 679**	**11**
CURRENT ASSETS			
Receivables from subordinated loans	2 870	2 870	
Long-term receivables	0	913	
Short-term receivables	1 172	1 682	
Cash and bank	1 866	2	
CURRENT ASSETS	**5 908**	**5 467**	**12**
ASSETS	**15 584**	**15 146**	
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	2 872	2 872	
Reserve fund	19 397	19 397	
Retained earnings	-12 828	-9 930	
Profit or loss for the fiscal year	4 281	-2 898	
SHAREHOLDERS' EQUITY	**13 722**	**9 441**	**13**
LIABILITIES			
Subordinated loan	0	1 000	
Long-term interest-bearing liabilities	765	1 471	14
Short-term interest-bearing liabilities	706	1 825	15
Short-term non-interest-bearing liabilities	392	1 409	15
LIABILITIES	**1 862**	**5 704**	
EQUITY AND LIABILITIES	**15 584**	**15 146**	

FLOW OF FUNDS STATEMENT OF THE PARENT COMPANY, FAS

1000 EUR	1.1.-31.12.2019	1.1.-31.12.2018
FLOW OF FUNDS FROM OPERATIONS		
Profit before extraordinary items	4 281	-2 898
Adjustment items:		
Depreciations according to plan	25	25
Other income and expenses, no payment related	0	2 724
Impairment losses from the shares in Group companies	0	143
Financial income and expenses	-39	65
Sales profits and losses	-3 500	0
Flow of funds before the change in working capital	**766**	**60**
Change in short-term receivables	-261	-580
Change in short-term non-interest bearing creditors	46	-92
Flow of funds before financial items and taxes	**552**	**-612**
Interest and other financial expenses from operations paid	-241	-89
Dividends and other financial income received	0	0
Interests received	65	10
FLOW OF FUNDS FROM OPERATIONS	**376**	**-691**
FLOW OF FUNDS FROM INVESTMENTS:		
Investments in tangible and intangible assets	-23	-39
Income from sales of tangible and intangible assets	0	20
Other investments	3 500	0
FLOW OF FUNDS FROM INVESTMENTS	**3 477**	**-19**
FLOW OF FUNDS FROM FINANCIAL ITEMS		
Withdrawals of short-term loans	0	595
Repayments of short-term loans	-706	0
Withdrawals of long-term loans	0	412
Withdrawals of short-term loans from subsidiaries	0	0
Repayment of short-term loans	-1 119	0
Repayment of short-term loans to subsidiaries	-934	-1 196
Repayment of subordinated loans	-1 000	0
Change in Group account receivable or debt	1 500	0
Group contribution	270	899
FLOW OF FUNDS FROM FINANCIAL ITEMS	**-1 989**	**710**
Change of liquid funds	**1 864**	**0**
Liquid assets at the beginning of the fiscal year	2	2
Liquid assets at the end of the fiscal year	1 866	2
Change in liquid assets according to the balance sheet	1 864	0

NOTES TO THE INCOME STATEMENT

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 INCOME STATEMENT

1000 EUR	1.1.-31.12.2019	1.1.-31.12.2018

2. TURNOVER BY BUSINESSES AND MARKET AREAS

	1.1.-31.12.2019	1.1.-31.12.2018
By businesses		
Administration	1 441	1 727
Total	**1 441**	**1 727**
By market areas		
Finland	815	1 183
Other Europe	626	544
Total	**1 441**	**1 727**

3. OTHER OPERATING INCOME

	1.1.-31.12.2019	1.1.-31.12.2018
Other income	40	0
Other income from subsidiaries	82	255
Total	**122**	**255**

4. OPERATING PROFIT OR LOSS BY BUSINESSES

	1.1.-31.12.2019	1.1.-31.12.2018
Administration	-184	-330
Total	**-184**	**-330**

NOTES TO THE INCOME STATEMENT

5. PERSONNEL

	1.1.-31.12.2019	1.1.-31.12.2018
Average number of personnel		
Office staff	9	11
Total	**9**	**11**
Personnel expenses		
Wages and salaries	944	993
Pension costs	142	168
Other personnel expenses	20	10
Total	**1 106**	**1 171**
Management's salaries and benefits		
Managing directors	176	176
Board members	82	80
Total	**258**	**256**

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.

The estimated economic lives (years)		
Other long-term assets	5-10 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	25	25
Total	**25**	**25**

7. OTHER OPERATING EXPENSES

Rent expenses	4	7
Non-statutory employee benefits	5	12
Travel expenses	95	103
IT expenses	173	430
Other expenses	338	564
Total	**615**	**1 116**

8. FINANCIAL INCOME AND EXPENSES

Other interest and other financial income		
From Group companies	4	36
From other	129	45
Sale of subsidiary's shares	3 500	
Total	**3 633**	**81**
Financial income total	**3 633**	**81**
Interest and other financial expenses		
Group companies	3	15
Other	91	131
Forgivness of loans	0	2 772
Total	**94**	**2 918**
Financial expenses total	**94**	**2 918**
Financial income and expenses total	**3 539**	**-2 837**

NOTES TO THE INCOME STATEMENT

9. APPROPRIATIONS

	1.1.-31.12.2019	1.1.-31.12.2018
Group contribution from Uutechnic Oy	925	270
Total	**925**	**270**

Financial income include sale of AP-Tela Oy's shares EUR 3,500 thousand.

NOTES TO THE BALANCE SHEET

1000 EUR

10. SHAREHOLDINGS

Group Conpanies	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	10 000	100,00

11. NON-CURRENT ASSETS

Intangible assets	31.12.2019	31.12.2018
Other long-term assets		
Acquisition cost at the beginning of the fiscal year	94	94
Increase	0	0
Decrease	0	0
Acquisition cost at the end of the fiscal year	**94**	**94**
Accumulated depreciations at the beginning of the fiscal year	-80	-73
Depreciation of the fiscal year	-7	-7
Accumulated depreciations of the decrease	0	0
Accumulated depreciations at the end of the fiscal year	**-87**	**-80**
Book value at the end of the fiscal year	**7**	**14**
Intangible assets total	**7**	**14**
Tangible assets		
Machinery and equipments		
Acquisition cost at the beginning of the fiscal year	84	45
Increase	0	39
Decrease	0	0
Acquisition cost at the end of the fiscal year	**84**	**84**
Accumulated depreciations at the beginning of the fiscal year	**-22**	**-4**
Accumulated depreciations of the decrease	-18	0
Depreciation of the fiscal year	0	-18
Accumulated depreciations at the end of the fiscal year	**-40**	**-22**
Book value at the end of the fiscal year	**44**	**62**
Other tangible assets		
Acquisition cost at the beginning of the fiscal year	0	0
Impairment loss	0	0
Acquisition cost at the end of the fiscal year	**0**	**0**
Book value at the end of the fiscal year	**0**	**0**

NOTES TO THE INCOME STATEMENT

	31.12.2019	31.12.2018
Prepayments and work in progress		
Acquisition cost at the beginning of the fiscal year	0	0
Increase	23	0
Acquisition cost at the end of the fiscal year	**23**	**0**
Book value at the end of the fiscal year	**23**	**0**
Tangible assets total	**67**	**62**

Investments	**31.12.2019**	**31.12.2018**
Shares in Group companies		
Acquisition cost at the beginning of the fiscal year	16 547	16 715
Increase	1 667	0
Decrease	-1 667	-136
Transfer between items	0	-32
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**
Transfer between items	0	27
Impairment losses	0	-27
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**	**9 599**
Other shares		
Acquisition cost at the beginning of the fiscal year	32	13
Decrease	0	-13
Transfer between items	0	32
Acquisition cost at the end of the fiscal year	**32**	**32**
Depreciations	**-27**	**-13**
Accumulated depreciations	0	13
Transfer between items	0	-27
Accumulated depreciations at the end of the fiscal year	**-27**	**-27**
Book value at the end of the fiscal year	**5**	**5**
Investments total	**9 603**	**9 604**

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 2019. 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 INCOME STATEMENT

12. CURRENT ASSETS

	31.12.2019	31.12.2018
Long-term receivables from Group		
Receivables from subordinated loans		913
Total		**913**
Long-term receivables from other		
Receivables from subordinated loans	2 870	2 870
Total	**2 870**	**2 870**
Long-term receivables total	**2 870**	**3 783**

The subordinated loan receivable is an arrangement agreed upon in connection with the Jarpotek Oy Ab transaction in 2018. The loan is a subordinated loan in accordance with the Limited Liability Companies Act, and its capital repayments and interest payments must meet the conditions provided in the Act. The debtor or its subsidiary is not allowed to provide any security for the capital repayments or interest payments. It is allowed to make capital repayments and interest payments only to the extent that the amount of the debtor company's unrestricted capital and all subordinated loans at the time of payment exceed the loss confirmed for the last financial year or included on the balance sheet of more recent financial statements. In the case of bankruptcy or liquidation of the debtor, the debt and interest calculated on the principal is repaid with a lower priority status than other debts but, nevertheless, before paying the distribution quotas based on share capital for the shareholders of the debtor.

The debt is repaid annually after the financial year 2019, provided that the subordinated debts with a higher priority status are paid first. The repayments of all the company's subordinated debts amount to half of the profit of the last financial year. The repayments of the subordinated debt may not endanger the liquidity of the debtor company or violate the covenants of other financiers.

The outstanding principal amount is subject to annual interest euribor 12 kk + 4.5%. (In 2018 euribor + 2.5%). The interest on the debt is paid annually on 31 March. If the interest on the debt cannot be paid, the interest is deferred to be paid on the basis of the first financial statements that enable the payment.

Short-term receivables	**31.12.2019**	**31.12.2018**
Accounts receivable	0	375
Total	**0**	**375**
Short-term receivables from Group companies		
Accounts receivable	0	259
Loan receivables	0	587
Other recevables	925	270
Prepaid expenses and accrued income	0	18
Total	**925**	**1 134**
Prepaid expenses and accrued income		
Other recevables	35	0
Prepaid expenses and accrued income	212	173
Total	**247**	**173**
Short-term receivables total	**1 172**	**1 682**
Cash and bank		
Cash and bank	1 866	2
Total	**1 866**	**2**

NOTES TO THE INCOME STATEMENT

13. SHAREHOLDERS' EQUITY

	31.12.2019	31.12.2018
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	-12 828	-9 930
Retained earnings in the end of the fiscal year	**-12 828**	**-9 930**
Profit or loss for the fiscal year	**4 281**	**-2 898**
Shareholders' equity total	**13 722**	**9 442**
Calculation on distributable assets		
Retained earnings	-12 828	-9 930
Profit for the fiscal year	4 281	-2 898
Unrextricted equity reserve	17 169	17 169
Distributable assets total	**8 622**	**4 341**
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	**euros**	**euros**
A-share (1 vote/share)	2 872 302	2 872 302
Total	**2 872 302**	**2 872 302**

14. LONG-TERM LIABILITIES

	31.12.2019	31.12.2018
External long-term liabilities		
Loans from financial institutions	765	1 471
Total	**765**	**1 471**
Long-term liabilities total	**765**	**1 471**

NOTES TO THE INCOME STATEMENT

15. SHORT-TERM LIABILITIES

	31.12.2019	31.12.2018
External short-term liabilities, interest-bearing		
Subordinated loans from owners	0	1 000
Loans from financial institutions	706	588
Credit limits in use	0	1 237
Total	**706**	**2 825**
Other short-term liabilities to group companies, interest-bearing		
Other short-term liabilities to group companies	0	934
Total	**0**	**934**
Short-term liabilities to Group companies, non-interest-bearing		
Accounts payable	52	0
Accrued liabilities	0	19
Total	**52**	**19**
External short-term liabilities, non-interest-bearing		
Accounts payable	142	66
Other liabilities	45	80
Accrued liabilities and deferred income	153	310
Total	**340**	**456**
Accrued liabilities and deferred income consist of:		
Accrued employee expenses	129	122
Interest liabilities	0	129
Credit for administrative fee	0	56
Other accruals and deferred income	24	2
Total	**153**	**309**
Short-term liabilities total	**1 098**	**4 234**

NOTES TO THE INCOME STATEMENT

OTHER NOTES

1000 EUR

16. SECURITIES AND RESPONSIBILITIES

	31.12.2019	31.12.2018
Granted securities		
Dept secured by corporate mortgages or shares		
Loans from financial institutions	1 471	2 059
Credit limits in use	0	1 237
Total	**1 471**	**3 296**
Mortgages granted to secure 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	**31.12.2019**	**31.12.2018**
Bank quarantees		
Bank guarantee limits total	6 600	6 600
Bank guarantee limits in own use	2 097	1 467
Bank guarantees granted on behalf of others*)	1 392	1 831

*) Company acts as guarantor for Japrotek delivery and warranty guarantees up to EUR 1,350 million, of which EUR 214 thousand was in use on 31.12.2018. In addition, prior to the arrangement, the Company has outstanding liabilities for Japrotek´s work and warranty guarantees up to 1,617 million on 31.12.2018.

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	48	52
Granted guarantees to secure bank guarantee limits	1 350	1 350
Total	**1 350**	**1 350**

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, Timo Lindström and Sami Alatalo, who are related parties, have control.

THE BOARD OF DIRECTORS' PROPOSAL

The parent company's profit for the financial year 2019 is EUR 4,3 million. At the end of the financial year, the parent company's distributable funds stood at EUR 8,6 million. The Board of Directors proposes to the Annual General Meeting that from fiscal year 2019 dividend of 0,01 euros per share will be paid. At the time of the proposal, there were 56,501,730 shares, which means that the proposed dividend amount is EUR 565,017.30, representing 54.1% of the Group's profit for the financial year 2019.

Sami Alatalo
Chairman

Hannu Kottonen

Jouko Peräaho

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, 2019. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position 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 7 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
Valuation of Subordinated Loan Receivable *We refer to the accounting principles and note 20 in the consolidated financial statements.* At the balance sheet date the subordinated loan receivable from a former group subsidiary amounted to 2,9 M€ representing 16 % of the total assets and 25 % of the total equity. The receivable arose in connection with the sale of the former subsidiary on 28.9.2018. Valuation of the subordinated loan receivable is a key audit matter because the valuation is dependent on the ability of the former subsidiary to generate cash flow for repayment of the receivable from operations or through refinancing. Negative changes in business operations of the former subsidiary can result in impairment of the receivable and there is a risk, that the receivable will not be paid. Valuation of loan receivable was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	To address the risk of material misstatement relating to the valuation of the loan receivable we performed, among others, the following audit procedures: • Discussions with the representatives of the group to get an understanding of the future outlook and the financial position of the former subsidiary. • Examination of the documentation and management assessment of the matter. • Assessment of the appropriateness of the group's disclosures relating to the loan receivable.
Revenue Recognition over time *We refer to the accounting principles and note 5 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.

AUDITOR’S REPORT

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

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

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

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

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

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional 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

AUDITOR'S REPORT

so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER REPORTING REQUIREMENTS

INFORMATION ON OUR AUDIT ENGAGEMENT

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 and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

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

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

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

Helsinki 3.3.2020

Ernst & Young Oy
Authorized Public Accountant Firm

Osmo Valovirta
Authorized Public Accountant

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