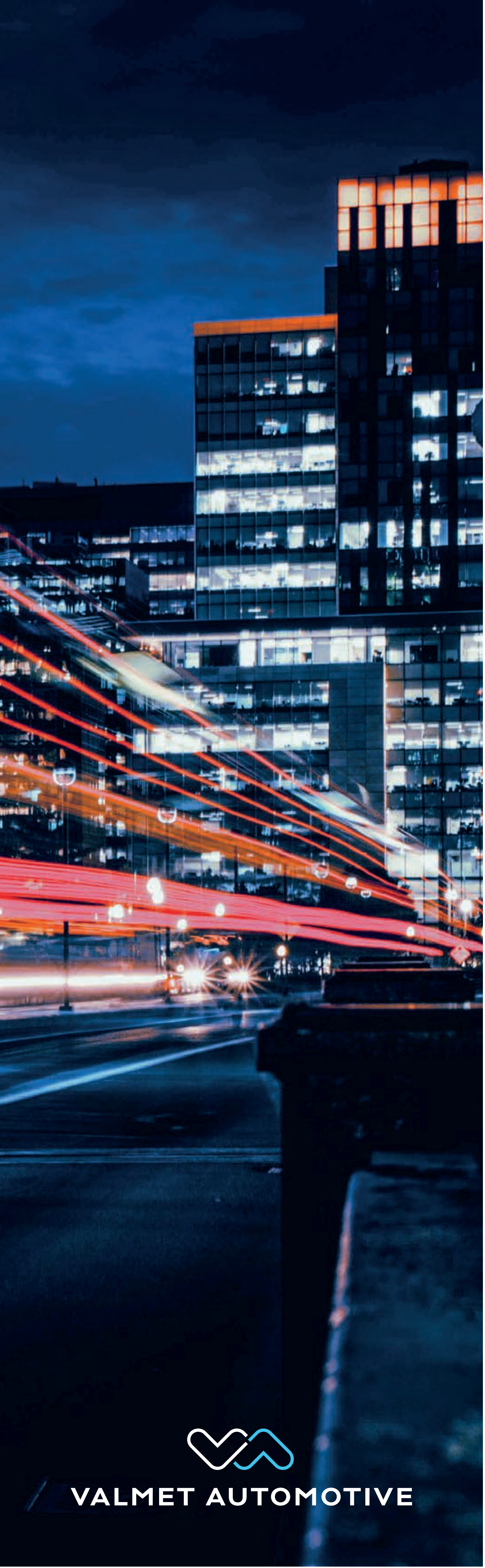

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

VALMET AUTOMOTIVE GROUP

Business ID 0143991-2
PL 4
23501 Uusikaupunki
Finland

CONTENTS

BOARD OF DIRECTORS' REPORT

GENERAL

Valmet Automotive ("Group" or "Valmet Automotive") is an experienced provider of vehicle manufacturing, battery systems, and convertible roof and kinematic systems. Group's special areas of expertise are premium cars, electric vehicles, battery solutions for automotive and industrial applications, and convertible and kinematic systems.

GROUP STRUCTURE

Valmet Automotive's business is divided into three business lines – Vehicle Manufacturing, Electric Vehicle (EV) Systems and Roof & Kinematic Systems. The Group's parent company is Valmet Automotive Oy and the Group consists of subsidiaries in Finland, Germany and Poland, fully owned either directly or indirectly by Valmet Automotive Oy. During 2020 the Group did not acquire any operative companies but divested its general automotive engineering services operations in Germany and Spain. Prior to the divestment certain EV Systems related engineering operations in Germany were transferred into another legal entity in Germany, which continues to be fully owned by Valmet Automotive. In Finland, some EV Systems related engineering and manufacturing operations were transferred from the Group's parent company Valmet Automotive Oy to its subsidiary Valmet Automotive EV Power Oy. After these transfers Valmet Automotive's EV Systems business line is fully operating in dedicated legal entities. The Group continues to provide engineering services as an integral part of vehicle manufacturing, roof and kinematic systems as well as of EV battery systems service offering. During the financial year, some group functions located in Germany were transferred to a newly established legal entity Valmet Automotive Management GmbH.

EVENTS WITHIN THE FINANCIAL YEAR

The year 2020 was eventful both due to extraordinary external circumstances and internal developments. The Group's operations proceeded according to plans until late March when the covid-19 pandemic caused severe disturbances to the general economy and the automotive industry. Automotive supply chains were stopped, and production was shut down in Europe and North America for several weeks during April-May. The Group reacted swiftly by adjusting its resources and by focusing on cash management. Co-operation negotiations on temporary workforce reduction were started on March 13, 2020 at the Uusikaupunki, Finland car plant, and on March

18, 2020, at the Salo, Finland battery plant. Furthermore, temporary adjustments to personnel in Germany, Poland and Spain were implemented according to local regulations and practices. In April the Group arranged bridge funding in order to secure sufficient liquidity during the pandemic shut down and to prepare for a longer standstill. In June operations started to recover and by September the production volumes were generally back at the early 2020 level. During the last quarter of the year sales and profitability exceeded the plan and compensated greatly the losses created by the covid-19 pandemic during the second and third quarter of the year. Due to the lost production volumes during second and third quarter full year sales declined clearly from the previous year. However, operating profit from continuing operations was only somewhat lower than the year before.

The most significant events of the year included i) the announcement of CO2 neutral production target for the Uusikaupunki plant and publishing the first sustainability report, ii) investments into battery testing capacity in Germany, iii) divestment of general automotive engineering services in Germany and Spain and iv) expansions of battery system production facilities in Salo and Uusikaupunki, Finland.

Passenger cars have become one of Finland's leading export products thanks to Valmet Automotive, and as a result of strong demand, the number of personnel in the car manufacturing plant in Uusikaupunki was about 3100 at year-end. In 2020, the total car production volume was lower than the year before.

On June 5, Valmet Automotive announced setting a highly ambitious goal for the Uusikaupunki, Finland plant to be CO2 neutral by the end of 2021. The goal is part of the Valmet Automotive's sustainability plan, with which the company aims to be one of the leaders of the automotive industry in sustainability indicators. On September 22, the Group published its first sustainability report. As the Group aims at a vanguard status of sustainable development in the automotive industry, the report presents comprehensively the main themes of sustainable development, strategic priorities and goals. Going forward this report will be published annually.

On January 23, Valmet Automotive announced that due to the high demand for test capacities on battery modules and battery systems of electrically powered vehicles, Valmet Automotive is working with high pressure to complete its Battery Test Center (BTC) in Bad Friedrichshall, Germany. The facility was operational by the end of February. On November 27, the Group announced that it is further expanding its battery testing capacities and expertise in Weihenbronn, Germany, close to the Group's existing battery test center hub in Bad Friedrichshall.

On October 13, Valmet Automotive announced it had reached an agreement to sell the general automotive engineering services of its Engineering Services Business Line in Germany and Spain. The divestment decision was motivated by Valmet Automotive's strategy to sharpen its focus to e-mobility and electric vehicles as a contract manufacturer and Tier-1 system supplier. While exiting the general automotive engineering services, Valmet Automotive continues to provide engineering as an integral part of vehicle manufacturing, roof and kinematic systems as well as of EV battery systems service offering.

On November 4, Valmet Automotive announced it is expanding the battery plant in Salo, Finland after less than 12 months of operation to meet the needs of increased production volumes of batteries. The extension will increase the production capacity of batteries and double the number of employees in the next few years. On December 8, the Group announced that in the future, Valmet Automotive's car plant in Uusikaupunki, Finland, will not only produce passenger cars, but also will produce high-volume battery systems for electrically powered vehicles. Besides Salo, Uusikaupunki will be the second plant with high-volume battery system production and it will employ a significant number of people.

NET SALES AND PROFIT

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in force at January 1, 2020. There were no new or amended IFRS accounting principles in 2020 which would have had a material impact on Group's financial statements. During the report year, Valmet Automotive divested its general automotive engineering services business in Germany and in Spain. These operations are classified as discontinued operations in the financial statements and previous year comparison data has been restated accordingly.

During the report year, Valmet Automotive's net sales from continuing operations were EUR 494,0 (595,6 restated) million, which was 17 % lower than the year earlier. The Group's operating profit from continuing operations was EUR 21,7 (27,0 restated) million, or 4,4 % of net sales (4,5 %). The profitability decreased only slightly despite the substantial negative impact of the covid-19 pandemic during the year and

especially during the second and third quarter. Good profitability was maintained due to efficient and swift countermeasures to the covid-19 pandemic and due to overall good performance in all business lines during the financial year. Vehicle Manufacturing profitability continued at a good level despite covid-19 pandemic impact and lower production volumes compared to previous year. EV Systems full year net sales grew strongly, and profitability increased from previous year and operating profit exceeded break-even level during the second half of the year. Roof & Kinematic Systems net sales decreased clearly but operating profit remained positive. There were no reported non-recurring costs in the financial year or the year earlier affecting comparability.

CASH FLOW AND FINANCING

The Group's cash flow after investments was EUR 12,0 (40,9) million. The decrease in cash flow originated from lower cash flow from operations. Investments made according to plan in vehicle manufacturing mainly related to replacement, productivity and flexibility and in EV Systems to growth.

At the end of the financial year the shareholders were Pontos Group (38,46 %), Tesi (38,46 %) and CATL (23,08 %).

During the financial year, the Group entered into significant new debt financing agreements in order to cover working capital fluctuations and operational losses created by covid-19 pandemic. The new agreements amounted to EUR 120 million and included mainly short-term loans and a EUR 20 million hybrid equity loan from Tesi. EUR 85 million of these loans were raised and at the end of the financial year EUR 66 million was outstanding. The Group had an earlier EUR 20 million long-term loan from the European Investment Bank, of which EUR 6,7 million was outstanding at the end of the year. In addition, the Group has a receivable sale facility in the Roof & Kinematic Systems business line with a limit of EUR 10 million (not utilized at the end of the year). Lease financing is used for acquisition of facilities, machinery and equipment. Lease liabilities totaled EUR 25,2 (37,4) million at year-end.

FINANCIAL POSITION AND INVESTMENTS

The consolidated balance sheet totaled EUR 628,1 (548,9) million. The Group's equity at the end of the financial year was EUR 22,2 (20,0) million.

Gross investments in fixed assets totaled EUR 39,2 (87,5) million, consisting of replacement investments, development investments and investments into new production lines especially in EV Systems. Significant investments continued in the Salo plant battery production lines.

PERSONNEL

The total number of employees in the Group during the financial year was on average 3868 (4172 in 2019, restated). The total amount of wages and salaries in this financial year was EUR 164,2 million (EUR 191,8 million in 2019, restated).

Valmet Automotive has been pro-active in measures against the covid-19 virus. In concerted efforts the Group and every location prepared a list of actions to ensure a safe workplace for all employees. General awareness and understanding have been achieved by constant internal communications and instructions. The anti-covid-19 measures include for example visitor ban at locations, restrictions in work-related traveling, mandatory use of masks and employees' access to corona test. Most salaried employees have been remote working. The follow-up of positive cases has been effectively set up at locations to track down and quarantine persons who may have been infected. Due to the extensive preparations and continuous follow-up, the virus has not caused chains of infection at Valmet Automotive locations.

Valmet Automotive, as an international Group with three business lines and several locations in three countries, acknowledges the importance of unified corporate culture. Our culture is based on five Commitments that are actively rolled-out on all levels of the organization. Internal communications on Commitments is constant and diverse, including internal workshops and diagonal meetings as well as a steady flow of internal news on the subject. For example, the employees vote monthly for a Commitment Ambassador. To reinforce the message, locations have received internal Commitments information materials. Further complementing these activities are the e-learning Commitment trainings for the new employee induction.

RESEARCH AND DEVELOPMENT

Valmet Automotive's research and development activities are focused on its Electric Vehicle and Roof & Kinematic Systems business lines. The Group has an on-going development project related to industrial battery platform intended to be commercialized mainly in applications of non-automotive vehicle industry. Valmet

Automotive has an IPR portfolio that includes approximate 200 patent families which are mainly related to Roof & Kinematics Systems business line. In Vehicle Manufacturing business line, there are small-scale research activities and there the development activities are an integral part of customer projects, and the technical development work is carried out as projects in close cooperation with customers.

QUALITY, ENVIRONMENT AND SAFETY

All units are certified in compliance with the requirements of the automotive industry's IATF 16949 quality standard.

In addition, all plants are certified according to the ISO 9001 quality standard, ISO 14001 environmental standard and ISO 45001 (former OHSAS 18001) occupational health and safety standard.

SUSTAINABILITY AT VALMET AUTOMOTIVE

Sustainability is deeply rooted in the Valmet Automotive culture. The key topics of our sustainability concept – environment, sustainability, governance, health and safety and people – are aligned with the five Commitments of our corporate culture – respect, always learn, lead at all levels, show entrepreneurial spirit and deliver. We look both at the direct impacts of our operations and the value we create for our stakeholders.

The most important resource of Valmet Automotive is the highly skilled, innovative and flexible work force. The principles of a continuously improving organization, operations, development and governance are bases for Valmet Automotive's daily work.

Valmet Automotive's car plant in Uusikaupunki aims to achieve carbon neutrality by the end of 2021. The target will be extended to all Valmet Automotive Group operations by 2024. Best practices are applied when planning new production

processes. Production processes are developed together with stakeholders to improve energy and the efficient use of raw materials and to reduce emissions and waste.

Valmet Automotive is fully committed to acting with integrity and strongest compliance. Valmet Automotive strives to be a preferred business partner and supports reliable and fair relations with its business partners. Component suppliers and service providers are expected to apply similar principles of compliance and sustainable development. Valmet Automotive's Supplier Code of Conduct defines the requirements our suppliers must comply with in their dealings with Valmet Automotive and its employees. Valmet Automotive supports its partners by sharing its experiences and views. Valmet Automotive supports local communities and non-profit projects that comply with its operational principles.

The Group publishes annually a corporate responsibility report.

THE BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

Valmet Automotive Oy's annual general meeting of the shareholders was held on April 2, 2020. This meeting elected the following board members: Mr. Jarkko Sairanen (Chairman), Mr. Philip-Christian Eller, Dr. Hans-Joachim Schöpf, Mr. Timo Kokkila, Dr. Ulrich Hackenberg and Mr. Kari Heinistö. Dr. Hackenberg resigned from his position as a board member on June 29, 2020.

The CEO of the company is Mr. Olaf Bongwald. The initial three-year CEO contract of Olaf Bongwald was extended with a five-year period from April 1, 2021 to March 31, 2026.

The company's auditor is the authorized public accounting firm Ernst & Young Oy and Mr. Mikko Rytilahti acts as the auditor with the principal responsibility.

SHARES AND PROFIT DISTRIBUTION PROPOSAL

Valmet Automotive Oy has one class of shares. The company has a total of 136 887 shares, which do not have nominal value. Each share entitles to equal voting and dividend rights. Valmet Automotive Oy owns 5 288 of its own shares.

Valmet Automotive Oy has no distributable funds. The Board of Directors proposes to the Annual General Meeting to not distribute any dividends and to carry the net loss of the financial year forward.

KEY FIGURES

	Group 2020	Restated Group 2019	Parent Company 2020	Parent Company 2019
Economic indicators	**Continued operations**		**Total parent company**	
Turnover, MEUR	494,0	595,6	377,6	506,1
Operating profit (loss), MEUR	21,7	27,0	1,0	23,3
Operating profit (loss), % of turnover	4,4	4,5	0,3	4,6
Net income (loss), MEUR	11,5	14,6	-37,3	-0,4
Net income (loss), % of turnover	2,3	2,4	-9,9	-0,1
Return on investments (ROI), %	46,7	62,7	1,7	33,1
Return on equity (ROE), %	54,6	80,4	-106,8	-0,8
Operating cash flow, MEUR	55,7	87,5	43,1	57,1
Equity ratio, %	4,5	5,4	6,3	13,0

Calculation of key figures

Return on investments (ROI), %

$$\frac{\text{Profit (loss) before taxes + interest and other financial expenses}}{\text{Equity + LT interest bearing liabilities (average during the year)}} \times 100$$

Return on equity (ROE), %

$$\frac{\text{Net income (loss)}}{\text{Equity (average during the year)}} \times 100$$

Equity ratio, %

$$\frac{\text{Equity + (accumulated depreciation - tax debt)}}{\text{Balance sheet total - contract liabilities}} \times 100$$

ESTIMATE ABOUT THE SHORT-TERM PROSPECTS, THE MAIN RISKS AND UNCERTAINTIES

Valmet Automotive's Vehicle Manufacturing business in the coming years is largely dependent on the demand trend of its largest customer. The most significant near-term risks are related to the execution of the car models currently in production on a high-volume level while maintaining the delivery and quality performance, as well as securing the supply chain. In contract manufacturing the changes in customer demand typically can result in a need to adjust resources. Customers regularly submit demand forecasts, which will enable Valmet Automotive to respond timely to these changes. In some cases, customers also have the contractual obligation of compensation for lower than agreed production amounts.

Roof & Kinematic Systems has a broader customer base than Vehicle Manufacturing, and along with that the risk associated with the demand for single customer is smaller from Valmet Automotive's point of view. The market for convertible roofs is not expected to increase. The most significant risks in the Roof & Kinematic Systems are thus related to the demand for convertibles as well as to Valmet Automotive's ability to win new roof and kinematic systems engineering and manufacturing projects as well as redirect the service offering. Tier-1 system supplier typically delivers development, engineering and manufacturing services to its customers in comparison to contract manufacturing service supplier whose delivery is mainly related to manufacturing and therefore the related risks and liabilities are different from each other.

As Valmet Automotive builds its position and grows its volumes in Electric Vehicle Systems, there is risk associated with product liabilities in cases where Valmet Automotive acts as a Tier-1 or system supplier and typical contract manufacturing risks in cases Valmet Automotive acts as a contract manufacturing service provider.

The covid-19 pandemic may have a major impact on the automotive industry demand and supply chain. Availability and delivery times of parts might have adverse influence on manufacturing volume, sales and cash flow.

Valmet Automotive's credit loss risk related to the receivables has been managed with credit policy and advance payments, when needed.

In some projects, part of the project sales price is received from the customer only during the production phase. Valmet Automotive's financial resources are assumed to be sufficient to cover a part of the financing needs of this type of project, but at the same time Valmet Automotive will actively influence the fact that the financial needs of the project shall be tailored between the customers and Valmet Automotive in proportion to resources and risk-taking capacity.

SIGNIFICANT SUBSEQUENT EVENTS

On January 28, 2021 Valmet Automotive announced it had signed a second battery manufacturing contract with a major automotive OEM for the Uusikaupunki, Finland battery plant. The new contract further strengthens Valmet Automotive's position as a main automotive battery systems provider, and it is yet another important step towards the company's strategic goal to expand the EV Systems business line.

Vantaa, March 3, 2021

Valmet Automotive Oy
Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	1 Jan - 31 Dec 2020 €000	Restated 1 Jan - 31 Dec 2019 €000
Continuing operations			
Net sales	4	**493 976**	**595 593**
Other operating income	5	7 559	13 878
Changes in inventories of finished goods and work in progress		9 940	1 472
Raw materials and consumables used		-184 700	-230 950
Depreciations	14	-66 234	-57 026
Personnel expenses	6	-164 814	-191 775
Other operating expenses	5	-74 040	-104 149
Total expenses		-479 847	-582 428
Operating profit		**21 688**	**27 042**
Finance income	8	9	22
Finance costs	8	-10 329	-6 425
Share of profit of an associate	3.3	-4	-1
Profit before taxes from continuing operations		**11 363**	**20 639**
Income tax expense	9.1	138	-6 089
Net income from continuing operations		**11 501**	**14 550**
Discontinued operations			
Profit/loss before tax from discontinued operations		-9 718	-9 407
Profit/loss before tax for the period from sale of discontinued operations		-17 717	0
Income taxes related to discontinued operations		-11	-3 472
Net income from discontinued operations		**-27 446**	**-12 879**
Net income		**-15 944**	**1 671**
Attributable to:			
Equity holders of the parent		-15 944	1 671
Non-controlling interests		-	-
		-15 944	**1 671**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	1 Jan - 31 Dec 2020 €000	Restated 1 Jan - 31 Dec 2019 €000
Net income		**-15 944**	**1 671**
Other comprehensive income, continuing operations:			
Exchange differences on translation of foreign operations		-1 795	288
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**-1 795**	**288**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit plans	6	-77	-477
Income tax effect	9	16	94
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-62**	**-383**
Other comprehensive income, net of tax, continuing operations		**-1 857**	**-95**
Other comprehensive income, net of tax, discontinuing operations		**-**	**-306**
Total comprehensive income for the period, net of tax		**-17 801**	**1 270**
Attributable to:			
Equity holders of the parent		-17 801	1 270
Non-controlling interests		-	-
		-17 801	**1 270**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET, ASSETS

Assets	Notes	31 December 2020 €000	31 December 2019 €000
Non-current assets			
Intangible assets	12	28 980	24 977
Property, plant and equipment	10, 11	242 468	290 919
Investment in an associate	3.3	87	91
Non-current financial assets	15	77	77
Net contract assets	4, 15	13 336	6 922
Net employee defined benefit assets	7.2	47	119
Deferred tax assets	9.2	12 469	10 801
		297 464	**333 906**
Current assets			
Inventories	18	70 810	75 469
Trade receivables	15	105 191	65 740
Net contract assets	4, 15	2 611	11 787
Other current receivables	15	34 466	13 547
Cash and cash equivalents	15.2	117 586	48 459
		330 663	**215 001**
Total assets		**628 127**	**548 907**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET, SHAREHOLDERS' EQUITY AND LIABILITIES

Equity and liabilities	Notes	31 December 2020 €000	31 December 2019 €000
Issued/share capital	16	10 932	10 932
Other capital reserves	16	7 086	7 086
Translation differences	16	-3 309	-1 515
Fund for invested unrestricted equity	16	88 432	88 432
Hybrid capital	16	20 000	-
Retained Earnings		-100 965	-84 958
		22 172	**19 977**
Equity attributable to equity non-controlling holders		**-**	**-**
Total equity		**22 172**	**19 977**
Non-current liabilities			
Interest bearing loans and borrowings	10, 15.5	18 832	31 972
Net employee defined benefit liabilities	7.1	2 560	11 438
Provisions	19	6 448	5 128
Net contract liabilities	4, 15	96 970	141 812
Deferred tax liabilities	9.2	4 351	3 420
Other non-current liabilities		302	229
		129 465	**193 998**
Current liabilities			
Interest bearing loans and borrowings	10, 15.5	79 307	12 945
Trade payables	15.5	207 241	122 543
Provisions	19	1 185	2 349
Net contract liabilites	4, 15	47 884	36 510
Other current liabilities and accruals	15.5	136 786	154 069
Income tax payable		4 088	6 516
		476 490	**334 931**
Total liabilities		**605 955**	**528 930**
Total shareholders' equity and liabilities		**628 127**	**548 907**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

	Attributable to the equity holders of the parent								
€000	Issued capital (Note 16)	Fund for invested unrestricted equity (Note 16)	Other capital reserves (Note 16)	Hybrid capital (Note 16)	Retained earnings	Foreign currency translation reserve (Note 16)	Total	Non-controlling interests	Total equity
At 31 December 2019	**10 932**	**88 432**	**7 086**	**-**	**-84 958**	**-1 514**	**19 977**	**-**	**19 977**
Profit for the period continuing	-	-	-		11 501	,	11 501	-	11 501
Profit for the period discontinuing					-27 446		-27 446		-27 446
Other compehensive income continuing					-62	-1 795	-1 857		-1 857
Other compehensive income discontinuing		-	-		0		0	-	0
Total comprehensive income	-	-	-		-16 006	-1 795	-17 801	-	-17 801
Hybrid capital				20 000			20 000	-	20 000
At 31 December 2020	**10 932**	**88 432**	**7 086**	**20 000**	**-100 965**	**-3 309**	**22 172**	**-**	**22 172**

For the year ended December 31, 2019

	Attributable to the equity holders of the parent								
	Issued capital (Note 16)	Fund for invested unrestricted equity (Note 16)	Other capital reserves (Note 16)	Hybrid capital (Note 16)	Retained earnings	Foreign currency translation reserve (Note 16)	Total	Non-controlling interests	Total equity
€000									
At 31 December 2018	**10 932**	**89 843**	**7 086**	**-**	**-85 973**	**-1 803**	**20 087**	**-**	**20 087**
Adoption of IFRS16					33		33		33
At 1 January 2019	**10 932**	**89 843**	**7 086**		**-85 939**	**-1 803**	**20 121**	**-**	**20 121**
Profit for the period continuing	-	-	-		14 550	-	14 550	-	14 550
Profit for the period discontinuing					-12 879		-12 879		-12 879
Other compehensive income continuing					-383	288	-95		-95
Other compehensive income discontinuing		-	-		-306		-306	-	-306
Total comprehensive income	-	-	-		983	288	1 270	-	1 270
Distribution of reserves	-	-1 412	-		-	-	-1 412	-	-1 412
At 31 December 2019	**10 932**	**88 432**	**7 086**	**-**	**-84 958**	**-1 514**	**19 977**	**-**	**19 977**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2020	Restated 2019
Operating activities			
Profit before tax		11 363	20 639
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment		62 617	53 847
Depreciation and impairment of intangible assets		3 559	3 138
Other non-cash items		-51 351	-28 696
Finance income		-9	-22
Finance costs		10 329	6 425
Change in working capital:			
Change in trade and other receivables (+/–)		-62 121	33 000
Change in inventories (+/–)		3 239	18 528
Change in trade and other payables (+/–)		86 363	-15 156
Change in provisions (+/–)		1 174	-754
Interest paid		-4 449	-1 556
Interest received		9	25
Income tax paid		-5 039	-1 877
Net cash flows from/ (used in) operating activities, continued		**55 684**	**87 539**
Net cash flows from/ (used in) operating activities, discontinued	3.2	-14 241	-5 322
Net cash flows from/ (used in) operating activities		**41 442**	**82 217**
Investing activities			
Investments for tangible and intangible assets		-19 751	-40 415
Net cash flows from/ (used in) investing activities, continued		**-19 751**	**-40 415**
Net cash flows from/ (used in) investing activities, discontinued	3.2	-9 706	-901
Net cash flows from/ (used in) investing activities		**-29 457**	**-41 316**
Financing activities			
Increase in loans		85 000	0
Repayment of loans		-19 511	-1 667
Increase in hybrid capital		20 000	0
Change in restricted cash		-19 986	0
Finance lease payments		-6 072	-7 647
Distribution of reserves		-	-1 412
Net cash flow from/ (used in) financing activities, continued		**59 431**	**-10 725**
Net cash flows from/ (used in) financing activities, discontinued	3.2	-2 150	-2 079
Net cash flows from/ (used in) financing activities		**57 281**	**-12 805**
Net increase in cash and cash equivalents		**69 266**	**28 095**
Net foreign exchange difference		-140	25
Cash and cash equivalents at 1 January	15.2	48 459	20 339
Cash and cash equivalents at 31 December	15.2	**117 586**	**48 459**

The notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

1 ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 GENERAL

GENERAL INFORMATION

The consolidated financial statements of Valmet Automotive Oy and its subsidiaries (collectively, the Group) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on March 3, 2021, after which, in accordance with Finnish Company Law, the financial statements are either approved or rejected in the Annual General Meeting.

Valmet Automotive ("Group" or "Valmet Automotive") is an experienced provider of vehicle manufacturing, battery systems, and convertible roof and kinematic systems in the automotive industry. Its business is divided into three business lines - Vehicle Manufacturing, Roof & Kinematic Systems and Electric Vehicle Systems. Business is conducted via the Group's parent company, Valmet Automotive Oy and its subsidiaries in Finland, Poland and Germany. The subsidiaries are fully owned either directly or indirectly by Valmet Automotive Oy.

General accounting principles are described in this section. Principles that apply to specific accounting items are presented as part of the relevant notes.

BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

The consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU include the financial statements of Valmet Automotive Oy and its subsidiaries.

The financial statements are prepared under the historical cost convention, except as disclosed in the accounting principles.

The Group has elected to report expenses by nature within the statement of profit or loss, and to present two statements, a statement of profit or loss and a statement of other comprehensive income, rather than a single statement of comprehensive income combining the two elements.

The consolidated financial statements are presented in euro, which is the functional and reporting currency of the parent company. Financial information is presented in thousands of euro (€000), except when otherwise indicated.

CONSOLIDATION PRINCIPLES

The consolidated financial statements comprise the financial statements of the Group as of 31 December 2020.

Subsidiaries are companies in which the Group owns, directly or indirectly through subsidiaries, over 50 per cent of the voting rights or in which it is in a position to govern the financial and operating policies of the entity. Subsidiaries have been listed in Note 3.

All intercompany transactions, balances and gains or losses on transactions between subsidiaries are eliminated as part of the consolidation process.

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the consolidated profit or loss statement. Any investment retained is recognised at fair value.

Associated companies are consolidated by the equity method. Under the equity method, the share of profits and losses of associated companies is presented separately in the consolidated statements of income.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Open receivables and liabilities denominated in foreign currency at the end of the financial period are translated using the exchange rate of the balance sheet date and the resulting foreign exchange gains and losses are recognised in the income statement.

The income statements of subsidiaries with a functional currency different from the reporting currency are translated into euro at the average exchange rates for the financial year and the balance sheets are translated at the exchange rate of the balance sheet date. This exchange rate difference is recorded through Other Comprehensive Income/Expense (OCI) in the cumulative translation adjustment line item in equity. The translation differences arising from subsidiary net investments and long-term subsidiary loans without agreed settlement dates are recognised through the OCI to the cumulative translation adjustments under equity.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Assumptions, estimates and judgements are based on management's historical experience, best knowledge about the events and other factors, such as expectations of future events, which can be considered feasible. The actual amounts may differ significantly from the estimates used in the financial statements. Possible changes in estimates and assumptions are recognised in the financial period in which the estimate or assumption is changed.

Significant accounting judgements, estimates and assumptions made by management are described in the relevant notes.

FINANCIAL RISK MANAGEMENT

Financial risks and exposures are managed, reported and mitigated centrally by the Group Treasury under annually reviewed written policies approved by the Board of Directors. Group Treasury evaluates and hedges or otherwise manages financial risks in close co-operation with business lines and legal units. These risks include the Group's principal credit and counterparty, commodity price, translation, currency, interest rate and liquidity risks, which are outlined in more depth in Note 17. Group Treasury manages centrally external funding and is responsible for the management of financial assets and liabilities and appropriate hedging measures. The objective of financial risk management is to minimize potential adverse effects on Valmet Automotive financial performance.

1.2 CHANGES IN IFRS STANDARDS

The financial statements do not early adopt standards or amendments before their effective date. The standards applied in these financial statements are those that were effective for annual periods beginning on or after 1 January 2020.

COVID-19-RELATED RENT CONCESSIONS AMENDMENT TO IFRS 16

The Group has applied the covid-19-related rent concession to leases as issued in May 2020. The concession allows the lessee not to assess whether a rent concession is a lease modification. Any change in lease payments resulting from the rent concession is accounted for as if the change was not a lease modification. The Group has applied the practical expedient to all rent concessions that meet the conditions. Details of the rent concessions are in Note 10.

2 COVID-19 PANDEMIC'S IMPACT TO BUSINESS ACTIVITY AND UNDERLYING PERFORMANCE

The global covid-19 pandemic had influence in the Group performance in 2020, which however is difficult to quantify for the full year. Automotive supply chains were disrupted, and many production plants were in shutdown for several weeks during April-May in Europe and North America. The Group reacted swiftly by adjusting workforce temporarily, and by focusing on cash management. In addition, the Group arranged bridge funding in order to secure sufficient liquidity. During the last quarter of the year, sales and profitability were higher than the plan and largely compensated the losses from the second quarter. Nevertheless, the full year sales declined clearly from the previous year due to production losses in second and third quarter. However, operating profit from continuing operations was only somewhat lower than the year before.

The Group does not see any business continuity or going concern assumption risks. However, as the customer base is relatively narrow and concentrated in mostly automotive OEMs, changes in the automotive business activity can have significant impact in the Group performance.

The Group has received government subsidies to support employment during the pandemics, as well as benefited from temporarily lower pension and social security contribution rates. Some lease payments have been deferred from 2020 to 2021. Details are given in corresponding Notes.

3 SUBSIDIARIES AND ASSOCIATES

3.1 INFORMATION ABOUT SUBSIDIARIES

The consolidated financial statements of the Group include the following companies:

Name	Principal activities	Country of incorporation	% equity interest as of 31.12.2020 Group	Parent
Parent company				
Valmet Automotive Oy	Vehicle Manufacturing and Electric Vehicle Systems	Finland		
Subsidiaries				
Valmet Automotive GmbH	Roof and Kinematic Systems	Germany	100 %	100 %
Valmet Automotive Sp. Z o.o.	Roof and Kinematic Systems	Poland	100 %	100 %
Valmet Automotive EV Power Oy	Electric Vehicle Systems	Finland	100 %	100 %
Valmet Automotive EV Sp. Z o.o.	Electric Vehicle Systems	Poland	100 %	
Valmet Automotive Solutions GmbH	Electric Vehicle Systems	Germany	100 %	
Valmet Automotive Management GmbH	Group services	Germany	100 %	100 %
Associate company				
Kiinteistö Oy Pietolankatu 13		Finland	40 %	40 %

3.2 ACQUISITIONS AND DISPOSALS

The Group did not make any acquisitions in 2020 or 2019. In 2020 the Group sold the major part of its generic automotive engineering business in Germany and Spain. In 2019 there were no disposals.

DISPOSAL OF GENERIC AUTOMOTIVE ENGINEERING BUSINESS

On October 12, 2020, the Group reached an agreement to sell its Engineering Services business line to Mutares SE & Co. KGaA. The effective date of the sale was October 31, 2020. The sale consisted of Valmet Automotive Beteiligungs-GmbH with its subsidiaries in Germany and Spain. The divestment decision was driven by the Group's strategy to sharpen its focus to e-Mobility and electric vehicles as a contract manufacturer and Tier 1 system supplier.

The divested engineering services business included vehicle development, electrics/electronics, simulation and testing services as well as prototyping and small series manufacturing. Around 600 employees were affected.

Prior to the sale, the EV battery development and testing activities were transferred to Valmet Automotive Solutions GmbH, which is part of the Electric Vehicle Systems business line. In addition, certain group management functions were transferred to Valmet Automotive Management GmbH, a newly established legal entity.

Income statement items are adjusted for the disposed business in both 2020 and 2019. The disposed business is presented as a separate Discontinued Operations line item in the income statement and related disclosures. The disposed business is included in the consolidated financial statements up to the date of disposal.

A summary of the disposed business balance sheet, loss from the sale and cash impact from the disposal is presented below:

	2020
	€ 000
Non-current assets	14 802
Current assets	15 373
Defined pension benefit plan liability	-8 516
Other non-current liabilities	-8 035
Current liabilities	-9 243
Net Assets	**4 381**
Loss from sale of discontinued operations	-17 717
Contribution and cost to sell	**-13 336**
Cash	-706
Deferred payment	5 538
Cash flow from divestment	**-8 504**

Net result from the disposed business is shown below:

	2020	2019
	€ 000	€ 000
Revenues	31 138	55 869
Expenses	-40 856	-65 276
Loss before taxes	**-9 718**	**-9 407**
Income tax expense	-11	-3 472
Loss for the year	**-9 729**	**-12 879**
Loss from sale of discontinued operation	-17 717	0
Loss for the year from discontinued operations	**-27 446**	**-12 879**

Net cash flows related to the disposed business are shown below:

	2020	2019
	€ 000	€ 000
Operating cash flow	**-14 241**	**-5 322**
Investing cash flow related to disposed operations	-1 202	-901
Investing cash flow related to disposal	-8 504	0
Investing cash flow	**-9 706**	**-901**
Financing cash flow	**-2 150**	**-2 079**
Net cash outflow	**-26 097**	**-8 302**

Financing cash flow consists of repayment of lease liabilities.

3.3 INVESTMENT IN AN ASSOCIATE

Accounting principles

An associate company is an entity in which the investment provides the Group the ability to exercise significant influence using power to participate in the financial and operating policy decisions of the company. Such influence is presumed to exist when the direct or indirect shareholding is between 20 and 50 per cent of the voting rights, or if the Group is able to otherwise exercise significant influence.

Investments in associated companies are initially recognised at cost after which the share of post- acquisition retained profits and losses is included as part of investments in associated companies in the consolidated balance sheets.

Associated companies are consolidated by the equity method. Under the equity method, the share of profits and losses of associated companies is presented separately in the consolidated statements of income. The share of profit of an associate is presented in one-line item.

At each reporting date, the Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The Group has a 40% non-operative interest in a real estate company Kiinteistö Oy Pietolankatu 13. The carrying amount of the investment and the Group's share of the associate's results are presented below.

	2020	2019
	€ 000	€ 000
Current assets	44	69
Non-current assets	1121	1166
Current liabilities	-77	-75
Non-current liabilities	-869	-934
Equity	**219**	**226**
Proportion of the Group's ownership	40 %	40 %
Carrying amount of the investment	**88**	**91**

	2020	2019
	€ 000	€ 000
Revenue	**155**	**168**
Other operational charges	-113	-118
Depreciation	-46	-45
Finance cost	-8	-8
Profit before tax	**-11**	**-3**
Income tax expense	2	1
Profit for the year	**-9**	**-2**
Group's share of the profit for the year	**-4**	**-1**

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Accounting principles

The Group recognises revenue when it has satisfied a performance obligation by transferring the control of the promised goods and services to the customer. The transfer of control takes place when the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods or services. The Group identifies the contract with the customer, various performance obligations of the contract and allocates the transaction price to these performance obligations.

Revenue is recognised in two categories, depicting the timing of revenue recognition: over time and at point of time.

When the control of the produced good and rendered services is transferred over time to the customer, revenue is recognised over time. The Group transfers control over time when:

- it produces goods with no alternative use and the Group has an irrevocable right to payment (including a reasonable margin) for the work completed to date (e.g. long engineering contracts); or

- it creates goods which are controlled by the customer as the goods are created or enhanced (e.g. work done on customer owned vehicles); or

- the customer simultaneously receives and consumes the benefits provided by the Group (e.g. work done at the customer or in customer design systems).

When none of the criteria stated above have been met, revenue is recognised at a point in time, which is when the control passes to the customer and the business has the right to payment, for example, on delivery.

For each performance obligation recognised over time, the Group recognises revenue using an input method, based on costs incurred. Revenue and attributable margin are calculated by reference to reliable estimates of transaction price and total expected costs. Changes to total estimated contract costs and losses, if any, are recognised in the period in which they are determined. Expected contract loss is expensed immediately when it becomes evident.

Unfinished contracts are presented in the balance sheet as contract assets and received payments as contract liabilities. The contract assets and liabilities are offset by individual contract, and the net difference is presented either as an asset or a liability in the balance sheet. Contract assets and liabilities are derecognised when the contract has been fully satisfied and invoiced.

Significant management estimates and judgment

The management has made judgements about determining distinct goods and services to define the promised performance obligations, and which contracts form a single commercial objective in complex contract packages. These judgments significantly affect determination of amount and timing of revenue.

Revenue recognition over time requires determination of a completion stage, which is based on actual cost incurred in proportion of the total estimated cost of the project (cost-to-cost basis). Total project cost estimates are based on project forecasts, which take into account changes in the estimated revenue, costs and profit, together with the planned delivery schedule. Project forecasts are updated and approved regularly.

Total project cost estimates might change, e.g. because of changes in the underlying project cost structures, which may ultimately affect the revenue recognised. Therefore, the over time recognition method is not applied for recognising sales commitments before a defined threshold is achieved or where the final outcome of the project and related cost structure cannot be established reliably.

Revenue recognised by timing category in 2020 and 2019 is summarized in the table below.

	1 Jan - 31 Dec 2020	Restated 1 Jan - 31 Dec 2019
	€000	€000
Performance obligations satisfied at point in time	474 335	584 892
Performance obligations satisfied over time	13 430	7 129
Interest revenue from significant financing component	6 210	3 573
Total revenue	**493 976**	**595 593**

The net contract assets and liabilities on December 31, 2020 and December 31, 2019 are presented below.

	31 December 2020	31 December 2019
Contract assets and liabilities		
Net contract assets		
Contract assets	19 886	60 260
Contract liabilities	-3 939	-41 551
Net contract assets	**15 947**	**18 709**
Non-current	13 336	6 922
Current	2 611	11 787
	15 947	**18 709**
Net contract liabilities		
Contract liabilites	156 021	195 161
Contract assets	-23 307	-30 182
Net contract liabilities	**132 714**	**164 979**
Non-current	92 336	130 649
Current	40 974	35 891
	133 310	**166 540**
Contract liabilities from significant financing component		
Non-current interest liability	4 635	11 163
Current interest liability	6 910	619
	11 544	**11 782**
Net contract liability including significant financing component		
Non-current	96 970	141 812
Current	47 884	36 510
	144 854	**178 322**

REVENUE STREAMS

The Group has identified several revenue streams within the categories of over time and at point of time satisfied performance obligations. These revenue streams reflect the performance obligations and timing of satisfaction of such performance obligations, and the allocation of related transaction price.

The Group's revenue streams are summarized below:

Revenue stream	Description	Business line	Revenue recognised
Contract manufacturing	Manufacturing assembly services and logistics	Vehicle Manufacturing, Electric Vehicle Systems	At a point in time
Product sales	Roofs, batteries, spare parts, production parts and other	Roof & Kinematic Systems, Electric Vehicle Systems	At a point in time
Engineering services	Design and development work, concept work, supplier tooling procurement	Roof & Kinematic Systems, Electric Vehicle Systems	Over time
Industrialisation (not recognised separately)	Services related to subsequent contract manufacturing or production	All	Part of contract manufacturing or product sales
Short and/or small contracts	Small or short engineering or other projects	All	At a point in time

The revenue recognition method varies depending on terms and conditions agreed with each customer. Many contracts are framework agreements, which cover the entire chain of activities performed for the customer. For example, contract manufacturing agreements typically cover the preparation phase for production, called industrialisation, as well as the assembly work and logistics. In Roof & Kinematic Systems, the contracts may have several parts, starting from design and development engineering of the product, and moving to industrialisation work and model specific tooling procurement for the customer, product and spare parts sales. If the customer has given firm commitment to part of the frame agreement deliveries only, the contract revenues will be recognised separately for that firm commitment part only. When the customer commitment covers the entire framework agreement, or large parts of it, it may be that such contracts are considered as one contract entity, even if the customer would place purchase orders in stages.

Contract manufacturing revenues are recognised when control for the assembly service done is transferred, which takes place at the delivery of the vehicles or batteries. Product sales revenue from sale of products such as roofs and spare parts is recognised when control for the goods is transferred at the delivery of goods. When there is pre-production industrialisation required, it will be recognised with the product. Contract manufacturing and product sales are paid after each delivery.

Large contract manufacturing agreements may include significant advance payments to prepare production and supply the necessary product specific equipment and tools. These advance payments agreed with the principal may be considered to generate a significant time value of money and as such may be considered to contain a significant financing component. In such cases, financing cost is accounted for as interest expense and financing component liability is presented. The influence of the significant finance component is recorded in turnover. Over the contract lifetime there is no net result impact.

In engineering contracts, the customer receives simultaneously the benefits provided and the Group the right to payment for the performance completed, and the corresponding revenue will be recognised over time. The progress is measured by the input method. The contract payments are made either at delivery or by milestones during the service performance and they typically follow the transfer of control of performance obligations to be satisfied.

Industrialisation, which is not an independent revenue stream, includes pre-production activities and manufacturing engineering work required to get the production lines and facilities ready for production. Such work is typically sold as part of contract manufacturing or roof systems supplier contracts. Industrialization cannot be considered as a separate deliverable i.e., distinct performance obligation but is part of the product sale or contract manufacturing. Revenue recognition commences at start of production and revenue is recognised with product deliveries at a point in time.

5 OTHER OPERATING INCOME AND EXPENSES

Accounting principles

Other operating expenses are recorded on their respective cost type accounts, unless they are considered as adjustments to income.

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions are complied with. If the grant is subject to approved costs and progress reports by the grantor, the grant is not recognised before the grantor approval has been received.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the period during which the costs related to the grant are incurred and expensed. When a grant relates to an asset, it is recognised as income proportionally over the expected useful life of the related asset.

Research costs and expenses are expensed as incurred. Development costs are normally expensed when incurred. They only can be capitalised, when certain economic and technical feasibility criteria conditions are fully met.

Other operating income	**2020**	**Restated 2019**
	€000	**€000**
Rental income	205	47
Goverment grants	2 695	1 929
Claims from suppliers	2 173	1 964
Compensation from customers	1 065	8 196
Other income	1 421	1 742
Total	**7 559**	**13 878**

Government grants are mainly related to Business Finland projects and employment subsidies. In 2020, the government grants also include EUR 0.8 million of covid-19 related subsidies. There are no unfulfilled conditions or contingencies attached to these grants. Claims from suppliers relate to compensation received from suppliers, e.g., for quality related issues.

Other operating expenses

	2020	Restated 2019
	€000	€000
Property, operating and maintenance costs	-17 275	-21 528
Research and development expenses	-1 534	-807
External services	-19 983	-36 072
ICT expenses	-14 316	-15 586
Machinery and equipment expenses	-9 330	-13 654
Travel expenses	-919	-3 178
Other personnel expenses	-4 069	-5 665
Other expenses	-6 612	-7 659
Total other operating expenses	**-74 039**	**-104 149**

Total research and development costs including personnel costs amounted to 2 641 kEUR in 2020 (2 251 kEUR in 2019).

Services rendered by statutory auditors

	2020	Restated 2019
	€000	€000
Auditing	-468	-368
Tax advisory	-132	-116
Other services	-4	-15
Total	**-603**	**-499**

6 EMPLOYEE BENEFITS AND NUMBER OF PERSONNEL

Accounting principles

Personnel benefits and related social security costs and pension contributions are expensed on the period the work has been performed.

Pension and other defined benefit plans are detailed in Note 7.

	2020	Restated 2019
	€000	€000
Wages and salaries	-139 605	-159 840
Long term employee benefits (Note 7.1)	-145	-252
Social security costs	-6 226	-6 483
Pension costs defined contribution	-18 814	-25 187
Pension costs defined benefit (Note 7.2)	-24	-13
Total employee benefits expense	**-164 814**	**-191 775**

	2020	Restated 2019
Number of employees, average, continued operations	3 868	4 172

The 2020 personnel costs include the impact from covid-19 related reduction of the social security and pension contribution rate, amounting to EUR 0.1 million and EUR 2.0 million, respectively.

7 PENSION AND OTHER DEFINED BENEFIT PLANS

Accounting principles

Pension plans are classified as defined contribution and defined benefit plans. Under a defined contribution scheme, the Group makes payments to separate insurance companies or independent funds. The Group has no legal or constructive obligation to make further payments if the payment recipient does not have sufficient assets to pay the post-employment benefits. All arrangements not meeting these conditions are defined benefit schemes.

Most schemes, including the Finnish TyEL scheme, are defined contribution plans where the Group makes payments to separate entities managing the assets. Payments made to defined contribution pension schemes are recorded through profit or loss in the accounting period the charge applies to.

The defined benefit plan pension cost is determined by external actuaries who analyse the plan applying the projected unit credit method. The cost of providing any defined retirement benefits is charged to profit and loss concurrently with the service rendered by the personnel. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised through OCI into shareholders' equity in the period in which they arise. Past service costs are recognised immediately in income statement. The liability of defined benefit pension plan is the present value of the defined benefit obligation less the fair value of plan assets.

In Finland, employees earn an additional benefit, payable after a certain number of service years is completed, following the rules of the long-service benefit plan. The cost of providing long-service benefits is charged to profit and loss concurrently with the service rendered by the personnel. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the income statement.

Significant management estimates and judgments

Defined benefit pension plan cost is determined from the advice of qualified actuaries who carry out valuation of the plan annually, calculating the obligation, using several assumptions such as the discount rate and expected return on assets, salary and pension increases and other actuarial factors. Many of these assumptions require also management judgment. As a result, the liability recorded on the balance sheet and cash contributions to funded arrangements are sensitive to changes.

Long-service benefit plan, in which the benefits are based on the promised amount of money after ten-year service time, require management judgment of the turnover of the personnel.

7.1 LONG-SERVICE BENEFIT PLAN

In Finland, qualified employees earn an additional benefit following the rules of the long-service benefit plan. The employer has promised a certain amount of benefit after given years of service time according to the rules of the long-service benefit plan. The benefits are based on the promised amount of money after ten-year service time. The promised benefit increases when the employment has lasted 15, 20 and 25 years. Benefit payments continue until retirement or resignation and are paid to the employees once a year or monthly.

	2020	**2019**
	€000	**€000**
1 January	**2 948**	**3 140**
Service cost	229	253
Net interest	4	23
Curtailments	-4	-7
Actuarial changes on obligation	-106	49
Other changes	22	-27
Sub-total included in profit or loss	**145**	**292**
Benefits paid	-533	-484
31 December	**2 560**	**2 948**

The discount rate has been determined using Bloomberg € EU Corporate AA+, AA, AA-yield curve. The estimated duration of the benefit obligation has been taken into consideration. The discount rate was -0.2% and 0.2% for the years ended December 31, 2020 and December 31, 2019, respectively.

7.2 DEFINED PENSION BENEFIT PLAN

The voluntary defined benefit pension plan in Finland is described below. The defined benefit pension plans of the disposed German Engineering business are shown in discontinued operations, see Note 3.2.

The Finnish voluntary defined benefit pension plan is closed for new members and the benefits are insured with an insurance company. The voluntary plan's benefits are based on a certain level of benefit after retirement. The promised benefit is a defined percentage of the base salary, which is an average of ten last year's salaries, indexed with common salary index to the current year. The benefits of this plan are old age, disability and survivor's benefits, topping up the statutory benefits. The pension plan premiums are calculated so that the promised old age benefit will be fully funded by the retirement age to purchase an annuity pension. The employer has no funding risk after retirement.

	2020			2019		
€000	**Defined benefit obligation**	**Fair value of plan assets**	**Benefit liability**	**Defined benefit obligation**	**Fair value of plan assets**	**Benefit liability**
1 January	402	-522	**-119**	1 040	-1 591	**-550**
Current service cost	25		**25**	24		**24**
Past service cost			**0**			**0**
Net interest	2	-2	**-1**	17	-27	**-10**
Sub-total included in profit or loss	**26**	**-2**	**24**	**40**	**-27**	**14**
Actuarial changes from changes in financial assumptions	13	92	**105**	26	509	**534**
Experience adjustments	-27		**-27**	-65		**-65**
Sub-total included in OCI	**-14**	**92**	**78**	**-39**	**509**	**470**
Benefits paid	0		**0**	-640	640	**0**
Contributions		-30	**-30**		-52	**-52**
31 December	**414**	**-462**	**-47**	**402**	**-522**	**-119**

The discount rate has been determined using Bloomberg € EU Corporate AA+, AA, AA-yield curve. The estimated duration of the benefit obligation has been taken into consideration. The main assumptions are described in the table below.

	2020	**2019**
	%	%
Discount rate	-0,1	0,4
Future salary increases	0,7	1,0
Future pension increases	0,0	0,0

The weighted average duration of the defined benefit obligation is 7 years. The expected contributions for the year 2021 amount to EUR 23 284.

A sensitivity analysis for assumptions as at December 31, 2020 was performed. The impact of changes in the discount rate and salary increase is shown below:

	Discount rate		**Salary increase**	
	+0,50%	**-0,50%**	**+0,50%**	**-0,50%**
	€000	**€000**	**€000**	**€000**
Impact on defined benefit obligation	-15	17	4	-4
Impact on fair value of plan assets	-18	20	0	0
Net liability (reduction -, increase +)	3	-3	4	-4
Service cost (reduction -, increase +)	0	0	0	0

8 FINANCE INCOME AND COSTS

Accounting principles

Financing costs are charged to the income statement during the financial period in which they incur. As an exception, any borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Losses from sales of shareholdings are recorded in financing costs, and gains from such sales are recorded in financing income.

The Group has elected to classify interest received and paid as cash flows from operating activities.

Finance income		**Restated**
	2020	**2019**
	€000	**€000**
Dividend received	5	6
Other interest income	4	16
Total finance income	**9**	**22**

Finance cost		**Restated**
	2020	**2019**
	€000	**€000**
Interest on debts and borrowings	-1 112	-675
Finance charges payable under leases	-706	-708
Interest on significant financing component	-5 971	-4 930
Total interest expense	**-7 789**	**-6 313**
Foreign exchange losses *	-661	64
Other interest and financial expense	-1 879	-176
Total finance costs	**-10 329**	**-6 425**

** Includes foreign currency losses on PLN-denominated loans and currency derivatives*

The 2020 total finance cost includes interest and other financing expenses on bridge funding acquired in April to secure liquidity during the pandemic shutdown period.

9 INCOME TAXES

9.1 INCOME TAX EXPENSE

Accounting principles

Income taxes in the consolidated statement of profit and loss consist of taxes on the taxable income of the Group companies for the current period and changes in deferred taxes. The statement of comprehensive income includes taxes on items presented in the statement of comprehensive income.

Current taxes include estimated taxes corresponding to the Group companies' taxable results for the financial year, and adjustments to taxes for previous years. Income tax receivables and payables are recognised at the expected amounts to be recovered from or paid to the tax authorities.

Deferred taxes are calculated based on temporary differences between financial reporting and the taxation calculated with enacted tax rates effective for the future years.

Significant management estimates and judgments

The Group assesses the probability that the local taxation authority or authorities, should the treatment be for cross-border transaction, will accept any tax treatment recorded in the accounts. Tax treatment is only recorded, when it is concluded that it is probable the tax treatment will be accepted by the relevant tax authority or authorities.

Significant management judgement is required to consider the probability that the tax treatment proposed can be recognised, taking into account the likelihood that the relevant tax authorities will accept the planned tax treatment. In the event that actual tax authority acceptance would not be obtained, the tax payable needs to be adjusted in coming financial years.

The major components of income tax expense for the years ended December 31, 2020 and December 31, 2019 are as follows:

		Restated
	2020	**2019**
Consolidated statement of profit or loss	**€000**	**€000**
Current year income tax expense	-2 765	-6 491
Previous year income tax expense	839	689
Current income tax expense	**-1 926**	**-5 802**
Accelerated depreciation for tax purposes	-1 788	-1688
Losses available for offsetting against future taxable income	0	-436
Other temporary differences deferred tax assets	3 329	1 346
Other temporary differences deferred tax liabilities	524	492
Deferred tax expense	**2 064**	**-286**
Income tax expense reported in the statement of profit or loss	**138**	**-6 089**
Deferred tax related to items recognised in OCI during the year		
Actuarial gains (+)/losses (-) from defined benefit plan	16	225
Income tax charged to other comprehensive income	**16**	**225**

Reconciliation of tax expense and the accounting profit or loss multiplied by Finland's 2020 statutory tax rate is presented below.

		Restated
	2020	**2019**
	€000	**€000**
Accounting profit before income tax	11 363	20 639
At Finland's statutory income tax rate of 20%	-2 273	-4 128
Tax exempt income	0	99
Non-deductible expenses	-773	-1 284
Deferred taxes for previously unrecognised temporary differences	2 352	-1 179
Previous year income taxes	839	689
Temporary differences from group consolidation	0	-39
Unrecognised tax losses	-487	-460
Difference between Finnish and foreign tax rates	480	212
Income tax expense reported in the statement of profit or loss	**138**	**-6 089**
Effective income tax rate %	**-1 %**	**30 %**

9.2 DEFERRED TAX ASSETS AND LIABILITIES

Accounting principles

Deferred tax liabilities or assets are calculated based on temporary differences between financial reporting and the taxation calculated with enacted tax rates effective for the future years. The deferred tax liabilities are recognised in the balance sheet in full, and the deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Significant management estimates and judgments

The Group estimates income tax in each country it operates. This process involves estimating the actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as deferred revenue and cost reserves, for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be recorded in the consolidated balance sheet. The likelihood for the recovery of deferred tax assets from future taxable income is assessed, and to the extent the recovery is not considered likely the deferred asset is not recorded.

Significant management judgement is required to determine the provisions for deferred tax assets that can be recognised, taking into account the likely timing and the level of future taxable profits together with future tax management strategies. In the event that actual results differ from these estimates, the deferred tax assets need to be adjusted in coming financial years. The final outcome may also be affected by future changes in tax laws applicable in the jurisdictions where the Group operates.

Deferred tax assets and liabilities are presented in the tables below.

2020 Deferred tax assets

	1.1.2020	Recognised in income statement	Recognized in OCI	Reclassification	Discontinued	Translation differences	31.12.2020
Employment related	2 177	-58	16	0	-1 504	0	630
Property, plant and equipment	0	2 597	0	0	0	0	2 597
Confirmed losses	782	1 164	0	0	0	0	1 946
Leases	107	113	0	0	-61	0	159
Provisions	1 532	231	0	0	-36	-37	1 690
Revenue recogniton	5 668	-867	0	0	0	0	4 801
Other temporary differences	535	149	0	0	0	-38	645
Total	10 801	3 329	16	0	-1 601	-76	12 469

2020 Deferred tax liabilities

	1.1.2020	Recognised in income statement	Recognized in OCI	Reclassification	Discontinued	Translation differences	31.12.2020
Property, plant and equipment	1 346	1 788	0	0	0	0	3 133
Fair value adjustment	1 950	-402	0	0	-332	0	1 216
Leases	1	0	0	0	0	1	2
Other temporary differences	126	-121	0	0	0	-5	0
Total	3 423	1 265	0	0	-332	-4	4 351

2019 Deferred tax assets

	1.1.2019	Recognised in income statement	Recognized in OCI	Reclassification	Discontinued	Translation differences	31.12.2019
Employment related	1 739	213	225	0		0	2 177
Property, plant and equipment	1 668	-1 688	0	0		20	0
Confirmed losses	4 688	-3 908	0	0		2	782
Leases	0	107	0	0		0	107
Provisions	1 426	100	0	0		6	1 532
Revenue recogniton	4 285	1 462	0	0		-79	5 668
Other temporary differences	1 087	-536	0	0		-16	535
Total	14 893	-4 250	225	0	0	-67	10 801

2019 Deferred tax liabilities

	1.1.2019	Recognised in income statement	Recognized in OCI	Reclassification	Discontinued	Translation differences	31.12.2019
Property, plant and equipment	1 222	0	0	124		0	1 346
Fair value adjustment	2 291	-341	0	0		0	1 950
Leases	0	1	0	0		0	1
Other temporary differences	399	-152	0	-124		2	126
Total	3 912	-492	0	0	0	2	3 423

Management has assessed all subsidiary losses carried forward for deferred asset recognition. Analysis was done by subsidiary. At December 31, 2020, the Group had approximately EUR 12.1 million of tax losses carried forward for which no deferred tax assets were recognised. None of the tax losses have an expiration date.

10 LEASES

Accounting principles

The Group assesses whether a contract is or contains a lease based on the definition of a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

The Group has chosen to apply the IFRS 16 accounting standard to tangible assets only, applying the exemption allowed in the standard.

As a lessee, the Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Leases are capitalized at the inception of the lease at the lower of the fair value of the leased right-of-use asset or the present value of the minimum lease payments. Property, plant and equipment acquired under leases are depreciated over the useful life of the asset or over the lease contract period, if shorter. Each lease payment is allocated between repayment of the lease liability and finance charges, in such a way that a constant interest rate on the outstanding balance is achieved. Lease obligations, net of finance charges, are included in interest bearing liabilities, divided to short-term and long-term liabilities, as appropriate. Interest element is charged to profit and loss over the lease period.

The Group has elected to apply the exemption regarding short-term and low-value leases, which are expensed when incurred, and they are not recorded in assets and liabilities. Short-term leases are leases with a lease term of maximum 12 months, and without a purchase option. Low-value leases are leases, in which the value of an individual asset does not exceed 5,000 euro, when new.

The Group has elected to apply the practical expedient of IFRS16 not to separate non-lease components from the actual lease components of the lease contract. Proportionally large and other material non-lease components are analysed to identify whether they are part of any lease component. Identified non-lease components cover any payments for services, which are part of a lease contract, such as general maintenance charges. Services, which could be supplied separately, such as leased property cleaning, machine maintenance, and utilities are not considered to be part of the lease, and they are expensed.

The lease payments are discounted by the interest rate implicit in the lease, if that can be determined. Otherwise the lessee incremental borrowing rates reflecting entity-specific factors, country and lease term are applied to all lease contracts when calculating the present value of lease liability and interest expense.

When the Group is a lessor, the Group classifies the lease as finance lease or operating lease by analysing the right of use terms transferred to the lessee. When the Group has transferred substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Assets held under finance leases are recognised as receivables at an amount equal to the net investment in the lease. Other leases are treated as operating leases, with payments recognised as income on a straight-line basis over the lease term.

Sub-leases in which the Group is both lessee and lessor are treated as different contracts. When the sub-lease term covers practically all remaining head lease term, the head lease right of use asset will be derecognised and treated as a lease receivable.

RIGHT OF USE ASSETS

Right of use assets under lease contracts and included in property, plant and equipment are detailed in the table below. The Group's lease arrangements consist of lease contracts for property, machinery and equipment located primarily on Group company premises as well as company vehicles.

	Buildings and constructions €000	Machinery and equipment €000	Total €000
Cost			
At 1 January 2020	26 724	26 143	52 867
Additions	6 706	1 075	7 781
Disposals	-4 066	-454	-4 520
Reclassifications	0	547	547
Discontinued operations	-11 397	-1 174	-12 571
Exchange differences	-6	-28	-33
At 31 December 2020	**17 961**	**26 110**	**44 071**
Depreciation and impairment			
At 1 January 2020	-4 717	-11 860	-16 577
Depreciation charge for the year	-5 131	-6 194	-11 325
Disposals	667	312	979
Discontinued operations	3 832	583	4 414
Exchange differences	2	15	17
At 31 December 2020	**-5 348**	**-17 144**	**-22 492**
Net book value 1 January 2020	**22 007**	**14 283**	**36 290**
Net book value 31 December 2020	**12 613**	**8 966**	**21 579**
Cost			
At 1 January 2019	142	17 396	17 538
Adaption of IFRS16	15 776	3 468	19 244
Additions	10 805	5 336	16 142
Disposals	0	-63	-63
Exchange differences	1	5	6
At 31 December 2019	**26 724**	**26 143**	**52 867**
Depreciation and impairment			
At 1 January 2019	-32	-6 194	-6 225
Adaption of IFRS16	0	0	0
Depreciation charge for the year	-4 686	-5 726	-10 412
Disposals	0	62	62
Exchange differences	0	-2	-2
At 31 December 2019	**-4 717**	**-11 860**	**-16 577**
Net book value 1 January 2019	**111**	**11 203**	**11 313**
Net book value 31 December 2019	**22 007**	**14 283**	**36 290**

LEASE LIABILITIES

Details of changes in lease liabilities, excluding expensed short-term and low value leases, are shown below:

	2020	2019
	€000	€000
At 1 January	**37 412**	**11 647**
Adaption of IFRS16	0	19 353
Additions	7 781	16 142
Disposals	-3 439	0
Payments	-8 363	-9 727
Discontinued	-8 122	0
Exchange differences	-24	-3
At 31 December	**25 245**	**37 412**

LEASE CASH FLOWS

Total lease cash flows, detailing the lease payments, expensed short term and low value leases, as well the sublease income, are presented below:

		2020		2019
		€000		€000
Lease payments		-9 069		-10 844
of which liability	-8 363		-9 727	
of which interest	-706		-1 117	
Expense related to short term leases		-488		-2 485
Expense related to low value assets		-489		-657
Total Payments		**-10 045**		**-13 986**
Sublease income received		0		71
Net cashflows on leases		**-10 045**		**-13 915**

The covid-19-related rent concession impact in lease payments was EUR 2.3 million.

OPERATING LEASE COMMITMENTS

Commitments consist of payments related to leases of low value assets and short-term leases. As of December 31, 2020 and 2019, operating lease commitments were as follows:

	2020	2019
	€000	€000
Within one year	555	1 388
After one year but no more than five years	430	593
More than five years	0	0
	985	**1 981**

Lease commitments of leases signed but not commenced on December 31, 2020 were 2 533 kEUR and 3 738 kEUR on December 31, 2019.

11 PROPERTY, PLANT AND EQUIPMENT

Accounting principles

Property, plant and equipment are stated on the balance sheet at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Improvement costs related to an asset are included in the carrying value of such asset or recognised as a separate asset, as appropriate, only when the future economic benefits associated with the costs are probable and the related costs can be separated from normal maintenance costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leased right of use assets are recognised at the commencement date of the lease at cost.

	Land and water areas €000	Buildings and constructions €000	Machinery and equipment €000	Fixed assets under construction €000	Total €000
Cost					
At 1 January 2020	5 225	126 399	451 042	29 518	612 184
Additions	0	6 706	1 075	26 297	34 077
Disposals	0	-4 097	-61 721	1 294	-64 524
Reclassifications	0	1 123	34 891	-36 015	0
Discontinued operations	0	-11 397	-21 526	0	-32 923
Exchange differences	-31	-500	-839	-373	-1 743
At 31 December 2020	**5 194**	**118 232**	**402 923**	**20 721**	**547 071**
Depreciation and impairment					
At 1 January 2020	0	-54 162	-267 103	0	-321 265
Depreciation charge for the year	0	-7 895	-57 668	0	-65 564
Disposals	0	698	60 804	0	61 502
Discontinued operations	0	3 832	16 063	0	19 895
Exchange differences	0	130	700	0	830
At 31 December 2020	**-**	**-57 398**	**-247 205**	**-**	**-304 602**
Net book value 1 January 2020	**5 225**	**72 237**	**183 939**	**29 518**	**290 918**
Net book value 31 December 2020	**5 194**	**60 835**	**155 719**	**20 721**	**242 468**
Cost					
At 1 January 2019	5 221	95 249	383 787	8 095	492 351
Adaption of IFRS16	0	15 776	3 466	0	19 242
Additions	0	11 513	46 676	43 052	101 241
Disposals	0	0	-913	0	-913
Reclassifications	0	3 783	17 878	-21 673	-12
Exchange differences	5	78	148	44	275
At 31 December 2019	**5 225**	**126 399**	**451 042**	**29 518**	**612 184**
Depreciation and impairment					
At 1 January 2019	0	-46 867	-217 610	0	-264 476
Adaption of IFRS16	0	0	0	0	0
Depreciation charge for the year	0	-7 206	-50 301	0	-57 507
Disposals	0	0	889	0	889
Exchange differences	0	-89	-81	0	-170
At 31 December 2019	**0**	**-54 162**	**-267 103**	**0**	**-321 265**
Net book value 1 January 2019	**5 221**	**48 382**	**166 177**	**8 094**	**227 874**
Net book value 31 December 2019	**5 225**	**72 237**	**183 939**	**29 518**	**290 919**

Relating to production set-up, certain machinery and equipment additions are acquired through a non-cash arrangement against customer advance payments directly to the supplier. These payments amount to EUR 9.7 million in 2020 (46.2 million in 2019).

12 INTANGIBLE ASSETS

12.1 INTANGIBLE ASSETS, TOTAL

Accounting principles

The Group's intangible assets comprise mainly of goodwill, customer relations, patents, licenses and software. They are stated at historical cost less accumulated amortization and impairment losses, if any.

Development activities are an integral part of customer projects where technical development is carried out in close co-operation with customers. The related expenditures are typically expensed. However, development expenditures are capitalised when certain criteria related to economic and technical conditions are met and it is expected that the asset will generate future economic benefits. Capitalised development costs are included in intangible assets and carried at cost less any accumulated amortization and accumulated impairment losses. Amortization over the period of expected future benefits of the asset is started when the development is complete, and the asset is available for use.

	Goodwill	Customer relationships	Other intangible rights	Intangible asset under constuction	Total
	€000	€000	€000	€000	€000
Cost					
At 1 January 2020	8 741	6 581	29 067	6 070	50 459
Additions	-	-	0	3 917	3 917
Disposals	-	-	-3 475	0	-3 475
Reclassifications	-	-	2 952	-2 951	1
Discontinued operations	-	-	-2 073	-	-2 073
Exchange differences	-	-	-13	-	-13
At 31 December 2020	**8 741**	**6 581**	**26 459**	**7 035**	**48 816**
Amortization and impairment					
At 1 January 2020		-1 869	-19 760	-	-21 629
Amortization charge for the year		-658	-2 937		-3 595
Disposals			3 475		3 475
Discontinued operations			1 901		1 901
Exchange differences			12		12
At 31 December 2020	**0**	**-2 528**	**-17 309**	**0**	**-19 837**
Net book value 1 January 2020	**8 741**	**4 712**	**9 307**	**6 070**	**28 830**
Net book value 31 December 2020	**8 741**	**4 053**	**9 150**	**7 035**	**28 980**
Cost					
At 1 January 2019	8 741	6 581	25 647	3 276	44 246
Additions	-		97	2 366	2 464
Reclassifications	-		3 433	-3 427	6
Exchange differences			2	-	2
At 31 December 2019	**8 741**	**6 581**	**29 067**	**2 216**	**46 605**
Amortization and impairment					
At 1 January 2019		-1 168	-17 383		-18 551
Amortization charge for the year		-700	-2 488		-3 188
Exchange differences			-2		-2
At 31 December 2019	**-**	**-1 869**	**-19 760**	**-**	**-21 629**
Net book value 1 January 2019	**8 741**	**5 413**	**8 265**	**3 276**	**25 695**
Net book value 31 December 2019	**8 741**	**4 712**	**9 307**	**2 216**	**24 977**

Opening balance 1.1.2020 of intangible assets under construction was adjusted relating to reclassification of certain balance sheet assets without restating 2019 closing balance.

12.2 GOODWILL

Accounting principles

Acquisitions are accounted for using the acquisition method. Goodwill represents the excess of acquisition cost over the fair values of identified acquired assets and liabilities of acquired companies.

Goodwill represents typically the value of the acquired market share, business knowledge and the synergies obtained in connection with the acquisition. The carrying amount of goodwill is tested for impairment at least annually.

Goodwill is allocated to cash-generating units (CGUs), which are identified as business lines of the Group. Initial goodwill calculation is prepared at the acquisition date book values with fair value adjustments of acquired assets and related deferred tax adjustments.

If a CGU is disposed entirely, the corresponding goodwill is totally derecognised. If a CGU is disposed partly, the corresponding goodwill is allocated to the remaining business calculating the value of the acquired market share, business knowledge and the synergies obtained in connection with the acquisition for the other Group businesses, and any excess goodwill is derecognised.

On 31.12.2020 the carrying amount of goodwill 8 741 kEUR is allocated solely to EV Systems business line, following the reorganization of the engineering business and the composition of the CGUs. Initially the goodwill was allocated to the German engineering business. As part of the reorganization, electric vehicle related engineering such as battery testing and development was transferred to EV Systems business line. In this connection, reallocation of the goodwill was performed based on the relative value approach and 100% of the goodwill was allocated to EV Systems.

Goodwill impairment testing is detailed in Note 13.2.

13 IMPAIRMENT TESTING

13.1 TESTING OF NON-FINANCIAL ASSETS

Accounting principles

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

When there is an indication that previously recognised impairment losses no longer exist or have decreased, the Group estimates the asset's recoverable amount, and previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

Significant management estimates and judgments

The carrying values of property, plant and equipment and intangible assets, subject to depreciation and amortization are reviewed for impairment whenever there are indications that their carrying values could exceed their value in use or disposal value if disposal is considered as a possible option.

The valuation is inherently judgmental and highly susceptible to change from period to period because it requires the Group to make assumptions about future supply and demand related to its individual business units, future sales prices and achievable cost savings. The value of the benefits and savings expected from the efficiency improvement programs are inherently subjective. The cash flows are derived from the budget for the foreseeable future and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The fair value of is determined using a derived weighted average cost of capital as the rate to discount estimated future cash flows. This rate may not be indicative of actual rates obtained in the market.

The Group had no impaired non-financial assets as of December 31, 2020 or December 31, 2019. As such, no impairment losses on non-financial assets have been recognised.

13.2 TESTING OF GOODWILL

Accounting principles

The Group assesses the carrying amount of goodwill annually or more frequently if any indication of impairment exists on business unit level at which goodwill is monitored for internal purposes. The carrying value of goodwill is tested with the CGU's value in use or CGU's fair value less costs of disposal, when appropriate. In assessing the value in use amount, estimated future cash flows are discounted to their present value. Cash flow estimates are based on operative managerial estimates. The discount rate is a nominal rate, which is based on the weighted average cost of capital (WACC) for the main currency area in the location of the CGU. The nominal discount rate reflects the market assessment for the time-value of money and for the risk specific in the business.

The value in use calculations for the CGU specific cash flow projections are based on financial estimates prepared by the management. The cash flows are derived from the current year's last quarter estimate, the following year's budget and the approved strategy for the following seven years, beyond which cash flows are calculated using the terminal value method. The terminal growth rate used is based on management's judgment regarding the average long-term growth. Cash flows include only normal maintenance investments and exclude any potential investments that enhance the CGUs performance and acquisitions.

Any impairment loss of goodwill is recognised immediately as an expense and is not subsequently reversed.

Significant management estimates and judgement

Upon initial acquisition the Group applies available market values to determine the fair values of acquired net assets. However, when this is not possible, the valuation is based on past performance of such an asset and expected future cash generating capacity, which requires management to make estimates and assumptions of the future performance and use of such assets.

The business growth, price and cost development assumptions embedded in the CGU specific cash flow projections are based on management assessments of the market demand and environment, which are examined against external information sources. Value in use calculations are sensitive to changes between periods, as they require management to make assumptions about future supply and demand related to its individual business units, future sales prices, margins and achievable cost savings over time. Such assumptions are subjective by nature and require management judgment.

The Group conducted value in use impairment testing of the Electric Vehicle Systems business line CGU goodwill during December 2020. The key assumptions were the following: management estimates for 2020 – 2027 with corresponding EBITDA, risk adjusted discount rate 11.8% and terminal growth 2.0%. No goodwill impairment losses were recognised during the accounting period based on the impairment tests.

The impairment testing was supported by a sensitivity analysis, in which the CGU specific EBITDA estimates were reduced, the discount interest rates were increased, and the terminal growth rate was reduced. According to the sensitivity tests of comparing the goodwill value to the CGU enterprise value, there is no risk that the carrying amount would exceed the recoverable amount. Under the basic scenario, the discounted cash flow in use was 6.9 times the carrying amount of the CGU's assets employed. Sensitivity of each key assumption was tested separately increasing the WACC to 17.8%, lowering EBITDA by 5.0%, and the terminal growth by 1.8%. In all the analysis, the carrying amount remained securely above the recoverable amount, and the impairment risk was considered very low.

14 DEPRECIATION AND AMORTIZATION

Accounting principles

Tangible assets are stated at historical cost, less accumulated depreciation and impairment loss, if any. Tangible assets of acquisitions are measured at fair value on acquisition date.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Improvements to land areas:	10 years
Buildings and structures:	5-40 years
Machinery and equipment:	3-10 years

Leased right of use assets' useful lifetimes are adjusted by expected lease periods and use of purchase option at the end of the lease period.

Land areas are not depreciated.

The Group reviews residual values and useful lives of property, plant and equipment for impairment whenever events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment of property, plant and equipment and capital gains and losses on their disposal are included in other operating income and expenses.

Depreciation of property, plant and equipment ceases when an item is classified as a non-current asset held for sale.

Amortization of **intangible assets** with a definite useful life is calculated over the expected economic lives of the assets, which is 3-10 years.

Any intangible assets with indefinite useful lives are not amortized but tested annually for impairment. See Note 13 for impairment testing.

The consolidated depreciation and amortization charges include the impact from the assets acquired in business combinations and measured at fair value.

		Restated
	2020	**2019**
Depreciation and amortization	**€000**	**€000**
Intangible assets	-3 563	-3 106
Buildings and constructions	-5 869	-4 772
Machinery and equipment	-56 802	-49 148
Total	**-66 234**	**-57 026**

15 FINANCIAL INSTRUMENTS

Accounting principles

The Group classifies its financial assets into the following categories: at amortized cost and at fair value through profit or loss. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows and is determined at the time of the acquisition depending on the intended purpose. Financial assets are derecognised when the contractual rights to cash flows have expired, or the rights to cash flows together with substantially all risks and rewards of ownership, have transferred.

Financial liabilities are classified either at amortized cost or at fair value through profit or loss. Financial liabilities are derecognised when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expires.

The Group applies trade date accounting to all financial assets and liabilities.

15.1 SUMMARY

	At amortised cost	At fair value through P&L	Total
2020			
Non-current financial assets			
Equity investments	-	77	**77**
Net contract assets	13 336	-	**13 336**
Total	**13 336**	**77**	**13 413**
Current financial assets			
Trade receivables	105 191		**105 191**
Other receivables*	28 444		**28 444**
Net contract assets	2 611		**2 611**
Cash and cash equivalents	117 586		**117 586**
Total	**253 831**		**253 831**
Non-current financial liabilities			
Interest bearing loans and borrowings	18 832		**18 832**
Net contract liabilities	96 970		**96 970**
Total	**115 803**		**115 803**
Current financial liabilities			
Interest bearing loans and borrowings	79 307		**79 307**
Net contract liabilities	47 884		**47 884**
Trade payables	207 241		**207 241**
Other payables	9 666		**9 666**
Total	**344 097**		**344 097**

** Excluding prepayments and deferred income*

2019	At amortised cost	At fair value through P&L	Total
Non-current financial assets			
Equity investments	-	77	**77**
Net contract assets	6 922	-	**6 922**
Total	**6 922**	**77**	**6 999**
Current financial assets			
Trade receivables	65 740		**65 740**
Other receivables*	8 460		**8 460**
Net contract assets	11 787		**11 787**
Cash and cash equivalents	48 459		**48 459**
Total	**134 446**		**134 446**
Non-current financial liabilities			
Interest bearing loans and borrowings	31 972		**31 972**
Net contract liabilities	141 812		**141 812**
Total	**173 784**		**173 784**
Current financial liabilities			
Interest bearing loans and borrowings	12 945		**12 945**
Net contract liabilities	36 510		**36 510**
Trade payables	122 543		**122 543**
Other payables	4 876		**4 876**
Total	**176 874**		**176 874**

** Excluding prepayments and deferred income*

15.2 CASH AND RESTRICTED CASH ACCOUNTS

Cash and cash equivalents consist of cash in banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Restricted bank accounts related to given guarantees, which may be interest bearing, are reported in other receivables. Current accounts with restrictions, such as accounts held for tax payments, and which are typically non-interesting bearing accounts, are reported as bank accounts.

For the purpose of statement of cash flows, cash and cash equivalents consist of the following as of December 31.

	2020	2019
	€000	€000
Cash at banks and on hand	117 586	48 177
Treasury instruments	0	282
Cash at banks and on hand in Cash Flow	**117 586**	**48 459**

	2020	2019
	€000	€000
Restricted cash accounts	**20 020**	**232**

At 2020 year-end, restricted cash includes a EUR 20 million escrow account deposit related to the bridge financing package.

15.3 FINANCIAL ASSETS AT AMORTIZED COST

This category comprises assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. It includes trade receivables and net contract assets, other receivables as well as loan receivables.

Trade receivables, contract assets and lease receivables are subject to expected credit loss impairment allowance adjustments. Net contract assets and loan receivables are considered not having any such credit default risk, which would create a credit loss allowance.

TRADE RECEIVABLES

Trade receivables are recognised at original invoice amount to customers and reported in the balance sheet, net of expected credit loss allowance.

Trade receivables are assessed at each reporting date to determine whether there is evidence of impairment applying the expected credit loss model. In assessing the expected lifetime credit loss, the Group uses both historical information on credit losses and forward-looking information that is available without undue cost or effort. The Group considers evidence of impairment for trade receivables at a collective level by customer group. The customer groups are determined by grouping customers that have similar risk characteristics.

Significant increases in credit risk are reflected in the impairment allowance and are recognised in profit and loss. If the estimated credit risk subsequently decreases, the previously recognised increase in impairment allowance is recognised in profit and loss.

When the Group considers that it has no reasonable expectations of recovering a trade receivable, the relevant amounts are written off.

Impairment allowance is recognised in the statement of financial position as part of the carrying amount of trade receivables. Changes in allowance together with final bad debts are reported under other operating income and expenses.

Trade receivables are non-interest bearing. Applied payment terms are customary in the industry and market area and are generally on terms of 10 to 60 days.

The aging analysis of trade receivables is as follows:

	2020	Impaired	Net	2019	Impaired	Net
	€000	€000	€000	€000	€000	€000
Not past due	61 392	-55	61 339	38 517	-84	38 433
Past due						
< 30 days	43 028	-40	42 988	24 223	-43	24 180
30-60 days	237	-1	237	1 008	-30	978
61-90 days	33	0	33	660	-7	653
> 90 days	599	-4	595	1 539	-43	1 496
Total	**105 290**	**-100**	**105 191**	**65 947**	**-208**	**65 740**

Expected credit loss allowance is presented below.

	2020	2019
	€000	€000
Impairment allowance		
Balance at 31 December 2019	-208	-202
Released	0	35
Recognized	-28	-41
Discontinued	135	
Balance at 31 December 2020	**-100**	**-208**

OTHER CURRENT RECEIVABLES

Details of other current receivables are presented in the table below.

	2020	2019
	€000	€000
Other current receivables		
Prepayment and accrued income	6 023	5 086
VAT-receivables	7 238	6 222
Other S-T receivables	21 205	2 210
Sublease receivable	0	29
Total	**34 466**	**13 547**

15.4 FINANCIAL LIABILITIES AT AMORTIZED COST

The Group's financial liabilities include mainly trade payables and cost accruals as well as interest bearing loans, net contract liabilities and lease liabilities. All other financial liabilities than derivatives are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Details of trade payables and other current liabilities are presented in the tables below.

	2020	2019
Trade payables	**€000**	**€000**
Related parties (Note 21)	25	27
Other trade payables	207 216	122 516
Total trade payables	**207 241**	**122 543**
Other current liabilities and accruals		
Employment benefit related	3 459	1 867
VAT liabilities	339	494
Other current liabilities	5 868	2 515
	9 666	4 876
Accruals		
Employment benefit related	30 106	29 289
Other accruals	97 014	119 903
	127 120	149 193
Total other current liabilities and accruals	**136 786**	**154 069**

Details of interest-bearing liabilities are presented in the table below.

	2020	2019
	€000	€000
Current interest-bearing loans and borrowings		
Obligations under lease contracts	10 579	11 278
Loans from financial institutions	68 728	1 667
Total current interest-bearing loans and borrowings	**79 307**	**12 945**
Obligations under lease contracts	14 666	26 139
Loans from financial institutions	4 166	5 833
Total non-current interest-bearing loans and borrowings	**18 832**	**31 973**
Total interest-bearing loans and borrowings	**98 139**	**44 917**

During 2020, the Group concluded new loan agreements amounting to EUR 120 million of mainly short-term loans. At 31 December 2020, EUR 85 million of these loans were raised and approximately EUR 66 million were outstanding. In addition, the Group had an earlier EUR 20 million long-term loan from the European Investment Bank, of which EUR 6.7 million was outstanding at the end of the year. The loan agreements contain common covenants which were all met at year-end 2020 and 2019.

The Group also has a EUR 10 million receivable sale facility, which was not utilized at the end of the year.

The table below summarises the maturity profile of the Group's interest-bearing liabilities and trade payables based on contractual undiscounted payments.

Year ended 31 December 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	€000	€000	€000	€000	€000	€000
Interest-bearing loans and borrowings	0	0	69 526	4 411	0	73 937
Lease liabilities	0	1 471	10 189	14 408	948	27 015
Trade payables	28 668	178 643	0	0	0	207 312
Other financial liabilities	0	0	773	0	0	773
	28 668	**180 114**	**80 488**	**18 818**	**948**	**309 036**

Year ended 31 December 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	€000	€000	€000	€000	€000	€000
Interest-bearing loans and borrowings	-	1 128	963	6 289	0	8 380
Lease liabilities	-	2 710	8 877	24 610	4 072	40 270
Trade payables	-	122 542	-	-	-	122 542
	-	**126 381**	**9 840**	**30 899**	**4 072**	**171 192**

15.5 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

This category comprises of equity investments and derivative instruments that are to be measured at fair value through profit and loss. The Group has not elected to present changes of equity investments in fair value in other comprehensive income.

The Group may use derivative financial instruments, such as forward currency contracts, to reduce its foreign currency risks. Such instruments are initially recognised at fair value and are subsequently measured at their fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Hedge accounting is not applied.

Equity investments consist of mainly shares not quoted on an active market and which are carried at cost as the fair value of these assets cannot be measured reliably or the fair value would not significantly differ from the acquisition cost.

	2020	2019
Non-current equity investments	**€000**	**€000**
At 1 January	**77**	**75**
Additions	-	2
Disposals	-	-
At 31 December	**77**	**77**
Total current	**-**	**-**
Total non-current	**77**	**77**

FAIR VALUE ESTIMATION

Accounting principles

The Group measures financial instruments such as derivatives at fair value at each balance sheet date.

For those financial assets and liabilities, which have been recognised at fair value in the balance sheet, the following measurement hierarchy and valuation methods have been applied:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3; Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities. There have been no transfers between level 1, level 2 and level 3 during the period. There were no differences between fair values and carrying amounts of other financial assets and liabilities.

Fair value hierarchy for financial instruments measured at fair value at December 31, 2020:

	Total	Level 1	Level 2	Level 3
	€000	€000	€000	€000
Assets measured at fair value:				
Financial assets at fair value through profit and loss	77	-	-	77
Total	**77**	**-**	**-**	**77**

Fair value hierarchy for financial instruments measured at fair value at December 31, 2019:

	Total	Level 1	Level 2	Level 3
	€000	€000	€000	€000
Assets measured at fair value:				
Financial assets at fair value through profit and loss	77	-	-	77
Total	**77**	**-**	**-**	**77**

16 ISSUED CAPITAL AND RESERVES

16.1 SUMMARY

	Number of shares	Issued capital	Share premium	Funds invested for unrestricted equity	Other capital reserves	Hybrid capital	Total
		€000	€000	€000	€000	€000	€000
At 1 January 2019	**136 887**	**10 932**	**1 704**	**89 843**	**5 382**		**107 861**
Distribution of reserves				-1 412			-1 412
At 31 December 2019	**136 887**	**10 932**	**1 704**	**88 431**	**5 382**		**106 449**
Hybrid capital						20 000	**20 000**
At 31 December 2020	**136 887**	**10 932**	**1 704**	**88 431**	**5 382**	**20 000**	**126 449**

The Group holds 5 288 own shares. Other capital reserves consist of Valmet Automotive Oy restricted reserves.

16.2 HYBRID CAPITAL INSTRUMENTS

The Group issued a EUR 20 million hybrid capital on 24 April 2020, an instrument classified as equity in the IFRS financial statements. The hybrid capital does not have a maturity date but the Group is entitled to redeem the hybrid capital in full or in part together with accrued but unpaid interest at any time without any premium or penalty.

The hybrid capital accrues interest of 10,0 per cent per annum during the first 12 months, 12,5 per cent per annum for 12 to 24 months and 17,5% per cent per annum thereafter. The interest from the hybrid capital must be paid to the investors if Valmet Automotive Oy pays dividends or other distribution of equity. If dividends are not paid, a separate decision regarding interest payment on the hybrid capital will be made, if the interest payment conditions were met. The accrued interest on the capital was EUR 1,373 million at 31 December 2020. This interest is not recognised in the accounts.

The hybrid capital is initially recognised at fair value less transaction costs and subsequently the capital is measured at amortised cost. If interest is paid to the hybrid capital, it is charged to equity.

17 TREASURY RISK MANAGEMENT

Liquidity and refinancing risk

The Group safeguards its liquidity with constant monitoring of receivables, keeping sufficient financial assets in cash and liquid assets and considering its financial counterparties based on their creditworthiness. Group Treasury maintains bank account structures and monitors cash balances and forecasts of the operating units and manages their liquidity position. The maturity profile of the debt portfolio is monitored to minimize refinancing risk of the debt for the Group.

Interest rate risk

Interest rate risk arises when changes in market interest rates and interest margins influence finance costs, returns on financial investments and valuation of interest-bearing balance sheet items. Interest rate risks are reduced through fixed interest rate loans and interest rate derivatives.

Foreign exchange risk

Valmet Automotive operates mainly in the euro zone and has limited exposure on changes in foreign exchange rates. Nearly all financial risk arising from the changing currency rates is mitigated either contractually or using financial derivatives. The most relevant currency pair in terms of revaluation differences is EUR/PLN.

Translation or equity exposure

Foreign exchange translation exposure arises when the equity of a subsidiary is denominated in currency other than the functional currency of the parent company. The major translation exposure of the Group is in PLN. The Group does not hedge any of its equity exposure.

Commodity risk

The Group is affected by the price volatility of certain raw materials and components and supplies including energy. Car manufacturing parts and materials are covered by the customer agreements, and the Group does not carry the commodity or logistics price risk. Roof & Kinematic business supplies do not have any significant commodity price risk. The Group may also enter into fixed price commodity agreements based on business considerations to limit the effects of fluctuating commodity prices.

Credit and counterparty risk

Credit risk is the risk that a customer, supplier or financial counterparty would not meet its obligations under a financial instrument or customer or supplier contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Customer credit risk is assessed low, as practically all major customers are large automotive groups with good credit ratings. Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy.

The maximum credit risk equals the carrying value of trade and other receivables, and contract assets of revenue recognised but not yet billed. The credit quality is evaluated both on the basis of aging of the trade receivables and also on the basis of customer specific analysis. The corresponding expected lifetime credit loss allowance is presented in Note 15. The aging structure of trade receivables is presented in Note 15. The Group's maximum exposure relating to financial guarantees is presented in Note 20.

Capital structure management

The objectives of capital structure management are to maintain the long-term capital structure in a level that safeguards the ongoing business operations and optimizes the cost of capital. Due to nature of its business, the Group may have significant investment programs, which can have a temporary effect on the capital structure because of increased loan or customer advance payment funding needs.

Equity ratio has been identified as a key financial indicator.

In some cases, customer advances are considered as significant financing components where interest is calculated at the incremental borrowing rate. See Note 4.

The capital structure is assessed on a regular basis by the Board of Directors.

18 INVENTORIES

Accounting principles

Inventories are valued at the lower of cost and net realisable value. Purchase, transport and processing costs incurred in bringing each product to its present location and condition are included in inventory costs. The costs of finished goods and work-in-progress include direct materials and labour and allocable proportion of production overheads based on the normal operating capacity but excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are shown net of a provision for obsolete and slow-moving inventories. A provision is established, and a corresponding charge is taken to profit and loss in the period in which the loss occurs, when obsolescence and related factors are assessed.

Significant management estimates and judgments

The Group policy maintains a provision for slow-moving and obsolete inventory based on the best estimate of such amounts at the balance sheet date. The estimates are made in consideration of the composition and age of the inventory compared to anticipated future needs. Given the typically short turnover times, typically only minor allowances are considered necessary.

	2020	**2019**
	€000	**€000**
Raw materials (at cost)	45 886	59 383
Work in process (at cost)	9 887	11 619
Finished goods (at cost or net realisable value)	15 036	4 468
Total inventories at the lower of cost and net realisable value	**70 810**	**75 469**

19 PROVISIONS

Accounting principles

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources is required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions, for which settlement is expected to occur more than one year after the initial recognition, are discounted to their present value and adjusted in subsequent closings for the time effect.

A provision for restructuring costs is recognised only after management has developed and approved a detailed plan and started the implementation of the plan or communicated the plan. Employee termination benefits are recognised after the representatives of employees or individual employees have been informed of the intended measures in detail and the related compensation packages can be reliably measured. Restructuring costs are booked to the expense group to which they by nature belong, e.g., termination payments are entered in personnel expenses.

Provisions for warranties cover the estimated costs to repair or replace products still under warranty on the balance sheet date. The Group provides warranty usually for 3 to 5 years, in line with the industry practice. Provision for warranty is calculated based on historical experience. A liability is recognised at the time the product is sold.

Provisions for loss-making contracts are recognised in the period in which they are determined.

SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGMENTS

Provision amounts to be recorded are based on management judgement and are the best estimate of the cost required to settle the obligations at the reporting date. Provisions are reviewed on a regular basis, and when necessary, adjusted to reflect the current best estimate. The actual costs may differ from the estimated costs.

The most significant provisions based on estimates are warranty provisions. Warranty provisions include estimated costs for repair work during warranty periods.

	Warranty provision	Restructuring provision	Loss contracts	Onerous contracts	Total
	€000	€000	€000	€000	€000
At 1 January 2019	**7 210**	**1 054**	**379**	**46**	**8 689**
Adoption of IFRS16				-46	**-46**
Arising during the year	2 798	704	191	0	**3 693**
Utilised	-1 313	-854	-378	0	**-2 545**
Released	-2 236	-69	0	0	**-2 305**
FX rate	31	-41	0	0	**-10**
At 31 December 2019	**6 490**	**794**	**192**	**0**	**7 476**
Arising during the year	3 190	0	0	0	**3 190**
Utilised	-1 178	0	0	0	**-1 178**
Released	-834	0	0	0	**-834**
Discontinued operations	0	-704	-192	0	**-896**
FX rate	-126	0	0	0	**-126**
At 31 December 2020	**7 542**	**90**	**0**	**0**	**7 632**
Current	1 095	90	0	0	**1 185**
Non-current	6 447	0	0	0	**6 447**

20 OTHER COMMITMENTS AND CONTINGENCIES

There are no commitments or contingent liabilities recorded in the accounts.

The Group has common fixed price supply agreements for electricity and other supplies, which do not require recognition in the accounts.

	2020	2019
	€000	€000
Mortgages and pledges	240 711	2 836
Guarantees	4 793	5 872
Non-recognized hybrid capital interest	1 373	0
Total	**246 877**	**8 708**

The increase in mortgages and pledges is related to bridge financing raised during the year.

New leases agreed but not yet commenced at 31 December 2020 are presented in Note 10.

21 RELATED PARTY TRANSACTIONS

Accounting principles

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, a person or entity, regardless of whether a price is charged.

Intragroup related party transactions and outstanding balances are eliminated in the consolidated financial statements.

TRANSACTIONS

The Group's transactions with related parties are detailed below.

		Revenue	Receivables	Expenses	Payables	Loans
		€000	€000	€000	€000	€000
Key management personnel of the group	31.12.2020	-	-			-
	31.12.2019	-	-	120	25	-
Entity with significant influence over the group	31.12.2020	-	-	451	-	-
	31.12.2019	-	-	-	-	-

KEY MANAGEMENT COMPENSATION

The key management includes the Board of Directors and the Group Management Team. The remuneration paid or payable based on the work performed consists of the following:

	2020	2019
	€000	€000
Salaries and other short-term employee benefits	-3 474	-3 236
Other long-term employee benefits	-257	-197
Termination benefits	-	-
Total compensation to key management personnel	**-3 731**	**-3 433**

Group Management Team consisted of 11 persons in average during 2020 (10 persons in 2019).

The Board of Directors' compensation amounted to 347 kEUR in 2020 and 276 kEUR in 2019, respectively.

22 EVENTS AFTER THE REPORTING PERIOD

On January 28, 2021 Valmet Automotive announced it had signed a second battery manufacturing contract with a major automotive OEM for the Uusikaupunki, Finland battery plant. The new contract further strengthens Valmet Automotive's position as a main automotive battery systems provider, and it is yet another important step towards the company's strategic goal to expand the EV Systems business line.

FINANCIAL STATEMENTS OF THE PARENT COMPANY (FAS)

INCOME STATEMENT OF THE PARENT COMPANY

INCOME STATEMENT	1.1.-31.12.2020	1.1.-31.12.2019
	EUR	*EUR*
NET SALES	**377 553 954,78**	**506 103 008,81**
Change in inventories of finished goods and in work in progress	1 868 666,11	-1 981 116,18
Other operating income	5 847 180,56	13 525 613,04
Materials and services	-150 687 517,93	-216 205 012,50
Personnel expenses	-130 813 495,42	-164 919 007,37
Depreciation and writedowns	-46 445 583,75	-46 352 692,67
Other operating expenses	-56 338 020,53	-66 913 627,56
OPERATING PROFIT (LOSS)	**985 183,82**	**23 257 165,57**
Financing income and expenses	-38 101 980,22	-17 868 147,20
PROFIT (LOSS) BEFORE TAXES	**-37 116 796,40**	**5 389 018,37**
Change in cumulative accelerated depreciation	-1 554 176,75	0,00
Change in deferred taxes	2 555 095,47	-1 463 038,40
Income taxes	-1 137 124,80	-4 293 897,68
NET INCOME (LOSS)	**-37 253 002,48**	**-367 917,71**

BALANCE SHEET OF THE PARENT COMPANY

ASSETS	31.12.2020	31.12.2019
NON-CURRENT ASSETS		
Intangible assets		
Intangible assets	630 725,53	574 906,92
Other capitalized long term expenditure	6 128 239,13	8 388 557,60
Assets under construction	1 689 066,03	923 219,95
Intangible assets total	**8 448 030,69**	**9 886 684,47**
Property, plant and equipment		
Land and water areas	4 759 290,81	4 759 290,81
Buildings	42 252 574,45	44 004 695,13
Machinery and equipment	80 809 796,61	120 701 569,73
Other tangible assets	919 583,45	1 052 367,08
Assets under construction	2 383 976,61	1 840 396,77
Tangible assets total	**131 125 221,93**	**172 358 319,52**
Investments		
Shares in group companies	32 035 116,41	28 792 278,29
Other shares and participations	76 971,75	76 170,75
Investments total	**32 112 088,16**	**28 868 449,04**
TOTAL NON-CURRENT ASSETS	**171 685 340,78**	**211 113 453,03**
CURRENT ASSETS		
Inventories		
Materials and supplies	34 436 979,42	49 969 405,38
Work in progress	8 297 594,16	9 987 932,44
Finished products	11 309 473,24	1 004 788,68
Inventories total	**54 044 046,82**	**60 962 126,50**
Long-term receivables		
Loan receivables from group companies	13 487 729,46	16 861 886,86
Pension plan receivables	47 020,00	119 017,00
Deferred tax asset	4 027 758,77	1 472 663,30
Long-term receivables total	**17 562 508,23**	**18 453 567,16**
Short-term receivables		
Accounts receivable	85 646 745,32	50 723 712,81
Receivables from group companies	15 316 725,89	18 605 723,42
Other receivables	25 382 368,91	5 164 528,50
Accruals	5 485 402,85	4 033 249,18
Short-term receivables total	**131 831 242,97**	**78 527 213,91**
Bank and cash	**109 853 499,78**	**45 813 494,12**
TOTAL CURRENT ASSETS	**313 291 297,80**	**203 756 401,69**
TOTAL ASSETS	**484 976 638,58**	**414 869 854,72**

BALANCE SHEET OF THE PARENT COMPANY

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2020	31.12.2019
SHAREHOLDERS´ EQUITY		
Share capital	10 932 215,22	10 932 215,22
Share premium reserve	1 704 135,55	1 704 135,55
Revaluation reserve	5 382 013,65	5 382 013,65
Invested non-restricted equity fund	88 840 723,19	88 840 723,19
Retained earnings	-63 344 048,46	-62 976 130,75
Net income for the year	-37 253 002,48	-367 917,71
Hybrid capital	20 000 000,00	0,00
Shareholders' equity total	**26 262 036,67**	**43 515 039,15**
APPROPRIATIONS		
Accelerated depreciation total	1 554 176,75	0,00
TOTAL APPROPRIATIONS	**1 554 176,75**	**0,00**
PROVISIONS		
Other provisions	7 449 325,92	7 482 333,49
Provisions total	**7 449 325,92**	**7 482 333,49**
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	4 166 666,69	5 833 333,35
Deferred tax liability	1 345 503,41	1 345 503,41
Non-current liabilities total	**5 512 170,10**	**7 178 836,76**
Current liabilities		
S-T loans from financial institutions	68 822 231,99	1 666 666,66
Advances received	46 434 290,95	79 684 264,87
Trade payables	189 270 983,93	108 625 007,25
Liabilities to group companies	15 552 947,59	18 113 224,26
Other expenses	11 765 150,96	8 721 574,73
Accrued expenses	112 353 323,72	139 882 907,55
Current liabilities total	**444 198 929,14**	**356 693 645,32**
TOTAL LIABILITIES	**449 711 099,24**	**363 872 482,08**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES	**484 976 638,58**	**414 869 854,72**

CASH FLOW STATEMENT OF THE PARENT COMPANY

CASH FLOW STATEMENT	1.1.-31.12.2020	1.1.-31.12.2019
OPERATING PROFIT (LOSS)	**985 184**	**23 257 166**
Adjustments		
Depreciation and writedowns	46 445 584	46 352 693
Other non-cash adjustments	-32 233 425	-29 930 741
Adjustments total	**14 212 159**	**16 421 952**
Change in net working capital		
Inventory, increase (-) / decrease (+)	5 571 535	23 637 013
Short term receivables, increase (-) / decrease (+)	-36 352 444	38 517 473
Short term liabilities, increase (+) / decrease (-)	55 025 356	-44 661 163
Provisions, increase (-) / decrease (+)	-626 267	0
Change in net working capital total	**23 618 180**	**17 493 323**
Financing income and expenses, taxes		
Financing income and expenses, taxes	4 698 955	-129 061
Financing income and expenses and taxes, net	**4 698 955**	**-129 061**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**43 514 478**	**57 043 380**
Investing activities		
Acquisitions of fixed assets, net	-5 899 448	-17 515 402
Shares and participations, net	-6 025 801	-5 001 638
Increase (-) / decrease (+) in loans, non-current assets	-35 540 095	0
Advances received, investments	168 000	5 248 000
Net cash flows from investing activities	**-47 297 344**	**-17 269 040**
NET CASH FLOWS BEFORE FINANCING ACTIVITIES	**-3 782 866**	**39 774 340**
Financing activities		
Distribution of reserves	0	-1 412 000
Increase in hybrid capital	20 000 000	0
Change in restricted cash	-20 000 000	0
Increase (-) / decrease (+) in L-T loans	-833 333	-1 666 667
Increase (-) / decrease (+) in S-T loans	63 882 991	8 054 996
Increase (+) / decrease (-) in other receivables	4 773 213	-13 705 511
Net cash flows from financing activities	**67 822 871**	**-8 729 182**
NET CASH FLOW AFTER FINANCING ACTIVITIES	**64 040 006**	**31 045 158**
Cash and cash equivalents at the beginning of year	45 813 494	14 768 336
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**109 853 500**	**45 813 494**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (FAS)

1. ACCOUNTING PRINCIPLES

Basis of preparation

The domicile of the parent company is Uusikaupunki, Finland. The parent company financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

Foreign currency translation

Receivables and payables in foreign currency are converted into Euros at the exchange rates of the European Central Bank for the balance sheet date. Exchange gains and losses related to fixed assets are treated as adjustments to the acquisition cost of fixed assets.

Fixed assets and depreciation

Fixed assets are mainly stated at original purchase prices. Depreciation and amortization are made on a straight-line basis. The buildings and land areas include also revaluations.

Depreciation time according to expected useful lives of the assets:

Intangible assets	5 - 10 years
Improvements of land areas	10 years
Buildings and structures	20 years
Machinery and equipment	3 - 10 years

Inventories

Inventories are valued at the original purchase price or at the lower of cost or market. Indirect production costs are also included to the work in progress inventory value.

Receivables

Receivables are booked at nominal value or at their estimated realizable value.

Revenue recognition based on the percentage of completion

Revenue on long-term contracts is recognized based on the Percentage of Completion (POC) Method. A project lasting more than one year is considered a long-term contract. Percentage of completion is calculated based on costs incurred to date in relation to total estimated project costs (cost-to-cost method).

Material purchases

Pass-through material for Mercedes-Benz manufacturing is handled completely in materials and services costs in the income statement; the pass-through sales price is booked as a correction to purchase cost. All the material is included in inventory, accounts payable, accruals and accounts receivable in the balance sheet.

2. NOTES OF THE INCOME STATEMENT

	2020	2019
Net sales	*EUR*	*EUR*
By Business line		
Vehicle manufacturing	375 425 245,18	488 162 693,87
Electric vehicle systems	2 107 134,38	898 258,94
Engineering services	0,00	16 961 960,41
Other sales (mostly intra-group sales)	21 575,22	80 095,59
Total net sales	**377 553 954,78**	**506 103 008,81**
By market area		
Finland	7 019 621,87	10 943 909,62
Germany	363 052 893,79	491 549 825,53
Others	7 481 439,12	3 609 273,66
Total net sales	**377 553 954,78**	**506 103 008,81**
Specification of net sales		
POC sales	3 374 000,53	7 944 200,56
Other sales	374 179 954,25	498 158 808,25
Total net sales	**377 553 954,78**	**506 103 008,81**
Other operating income		
Royalties from group companies	997 299,97	456 758,59
Government grants	2 246 860,59	1 856 668,37
Compensation from customers and suppliers	2 085 158,00	10 682 986,08
Other income	517 862,00	529 200,00
Total	**5 847 180,56**	**13 525 613,04**
Materials and services		
Materials	-146 356 090,81	-199 993 959,92
External services	-4 331 427,12	-16 211 052,58
Total	**-150 687 517,93**	**-216 205 012,50**
Personnel expenses		
Wages & Salaries	-110 872 876,40	-136 783 509,12
Pension insurances	-16 141 233,18	-23 515 930,79
Other indirect employee costs	-3 799 385,84	-4 619 567,46
Total personnel expenses	**-130 813 495,42**	**-164 919 007,37**
The average number of personnel	3 169	3 617

Pension liabilities

The pension responsibility for personnel is covered by a pension insurance agreement with an external insurance company.

Depreciation and write-down of fixed assets	2020 EUR	2019 EUR
Intangible rights	-239 433,59	-219 884,87
Other capitalized long-term expenditure	-2 146 388,02	-2 001 088,57
Improvements of land areas	-132 783,63	-132 664,07
Buildings	-2 586 357,10	-2 408 923,60
Machinery and equipment	-41 340 621,41	-41 590 131,56
Total depreciation	**-46 445 583,75**	**-46 352 692,67**
Total depreciation and write-down	**-46 445 583,75**	**-46 352 692,67**

Other operating expenses

	2020	2019
Facility, maintenance and operating cost	-10 732 854,36	-13 249 755,01
Research and development expenses	-1 486 217,83	-832 280,03
Patent maintenance costs	-354 811,38	-335 707,54
External services	-13 327 455,71	-11 708 074,65
ICT expenses	-12 108 433,24	-14 035 881,40
Machinery and equipment expenses and leases	-12 885 175,19	-18 085 140,40
Sales and marketing	-320 541,93	-957 257,69
Other operating expenses	-5 122 530,89	-7 709 530,84
Total	**-56 338 020,53**	**-66 913 627,56**

Services rendered by statutory auditors

	2020	2019
Audit services	-308 252,00	-275 527,00
Tax advisory services	-49 347,00	-72 206,00
Other services	-4 430,00	-5 240,00
Total	**-362 029,00**	**-352 973,00**

Financing income and expenses	2020 EUR	2019 EUR
Dividend income	5 085,00	5 922,00
Dividend income from group companies	9 575 344,60	0,00
Interest income	3 092,66	13 252,63
Interest income from group companies	1 249 209,42	631 572,14
Other financing income	143 048,02	0,00
Other financing income from group companies	204 973,08	0,00
Total financing income	**11 180 752,78**	**650 746,77**
Loss from foreign exchange	-216 341,26	-323 503,86
Interest expenses	-1 107 156,89	-720 317,20
Financing expenses to group companies	-33 879 677,20	-10 400 000,00
Other financing expenses	-2 579 557,65	-75 072,91
Total financing expenses	**-37 782 733,00**	**-11 518 893,97**
Write down on investments in fixed assets	0,00	-7 000 000,00
Losses from investments in fixed assets	-11 500 000,00	0,00
Total financing income and expenses	**-38 101 980,22**	**-17 868 147,20**

Loss from investments in fixed assets of EUR 11,5 million relates to the selling of the Valmet Beteiligungs GmbH.

Change in accelerated depreciation

Change in accelerated depreciation, buildings	-449 361,87	0,00
Change in accelerated depreciation, machinery and equipment	-1 104 814,88	0,00
Total change in accelerated depreciation	**-1 554 176,75**	**0,00**

Income taxes

Income taxes	-1 137 124,80	-4 293 897,68
Change in deferred taxes	2 555 095,47	-1 463 038,40
Total income taxes	**1 417 970,67**	**-5 756 936,08**

3. NOTES OF BALANCE SHEET

Non-current assets	2020 EUR	2019 EUR
Intangible assets		
Intangible rights		
Historical purchase price 1.1	11 145 820,61	10 923 182,13
Additions	216 391,55	9 507,01
Disposals	-47 875,92	0,00
Reclassifications	120 089,14	213 131,47
Total cost 31.12.	**11 434 425,38**	**11 145 820,61**
Accumulated depreciation 1.1	10 570 913,69	10 351 028,82
Depreciation of the accounting period	232 786,16	219 884,87
Accumulated depreciation 31.12	**10 803 699,85**	**10 570 913,69**
Book value 31.12	**630 725,53**	**574 906,92**
Other capitalised long-term expenditure		
Historical purchase price 1.1	22 503 970,88	19 316 079,78
Additions	110 633,59	661 063,92
Disposals	-283 706,90	0,00
Reclassifications	47 353,20	2 526 827,18
Total cost 31.12.	**22 378 250,77**	**22 503 970,88**
Accumulated depreciation 1.1	14 115 413,28	12 114 324,71
Depreciation of the accounting period	2 134 598,36	2 001 088,57
Accumulated depreciation 31.12	**16 250 011,64**	**14 115 413,28**
Book value 31.12	**6 128 239,13**	**8 388 557,60**
Assets under construction		
Historical purchase price 1.1	923 219,95	3 276 294,58
Additions	933 288,42	403 183,02
Reclassifications	-167 442,34	-2 756 257,65
Total cost 31.12.	**1 689 066,03**	**923 219,95**
Book value 31.12	**1 689 066,03**	**923 219,95**

Property, plant and equipment	2020 EUR	2019 EUR
Land- and water areas		
Historical purchase price 1.1	4 591 102,88	4 591 102,88
Total cost 31.12.	**4 591 102,88**	**4 591 102,88**
Accumulated depreciation/ revaluation 1.1.	168 187,93	168 187,93
Accumulated depreciation 31.12	**168 187,93**	**168 187,93**
Book value 31.12	**4 759 290,81**	**4 759 290,81**
Buildings and constructions		
Historical purchase price 1.1	89 579 726,38	85 806 353,79
Additions	817 175,52	3 247 629,43
Disposals	-853,33	0,00
Reclassifications	17 060,90	525 743,16
Total cost 31.12.	**90 413 109,47**	**89 579 726,38**
Revaluation 1.1	6 559 329,13	6 559 329,13
Revaluation 31.12	**6 559 329,13**	**6 559 329,13**
Accumulated depreciation 1.1	52 134 360,38	49 725 436,48
Depreciation of the accounting period	2 585 503,77	2 408 923,90
Accumulated depreciation 31.12	**54 719 864,15**	**52 134 360,38**
Book value 31.12	**42 252 574,45**	**44 004 695,13**

Machinery and equipment	2020 EUR	2019 EUR
Historical purchase price 1.1	368 724 347,60	351 675 521,92
Additions	1 705 680,85	11 913 836,92
Impairments	-1 914,44	0,00
Disposals	-1 812 469,41	0,00
Reclassifications	1 555 636,85	5 134 988,76
Total cost 31.12.	**370 171 281,45**	**368 724 347,60**
Accumulated depreciation and write-downs 1.1.	248 022 777,87	206 432 646,31
Depreciation of the accounting period	41 338 706,97	41 590 131,56
Accumulated depreciation 31.12	**289 361 484,84**	**248 022 777,87**
Book value 31.12	**80 809 796,61**	**120 701 569,73**

Other tangible assets		
Historical purchase price 1.1	4 155 403,04	4 148 229,04
Reclassifications	0,00	7 174,00
Total cost 31.12.	**4 155 403,04**	**4 155 403,04**
Accumulated depreciation 1.1	3 103 035,96	2 970 371,89
Depreciation of the accounting period	132 783,63	132 664,07
Accumulated depreciation 31.12	**3 235 819,59**	**3 103 035,96**
Book value 31.12	**919 583,45**	**1 052 367,08**

Assets under construction		
Machinery and equipment	1 840 396,77	6 211 822,08
Additions	2 116 277,59	1 280 181,61
Reclassifications	-1 572 697,75	-5 651 606,92
Total cost 31.12.	**2 383 976,61**	**1 840 396,77**
Book value 31.12	**2 383 976,61**	**1 840 396,77**

Investments		2020 EUR	2019 EUR
Shares and participatios	**Share-%**		
Group companies			
Valmet Automotive GmbH	100	14 200 000,00	14 200 000,00
Valmet Automotive EV Oy	100	8 221 190,92	5 003 352,80
Valmet Automotive Sp. z o.o.	100	9 588 925,49	9 588 925,49
Valmet Automotive Management GmbH	100	25 000,00	0,00
Total Group companies		**32 035 116,41**	**28 792 278,29**
Associated companies			
Kiint. Oy Pietolankatu 13,U:ki	40	0,17	0,17
V-A Group's share of shareholder's equity 58.193,41 EUR			
Other shareholdings total		76 971,75	76 170,75
Total		**32 112 088,16**	**28 868 449,04**

	2020 EUR	2019 EUR
Accounts receivables	**85 646 745,32**	**50 723 712,81**
Other short-term receivables		
Tax receivables	5 224 196,94	4 831 441,43
Salary and travel advances	6 472,02	0,00
Other receivables	151 699,95	333 087,07
Danske Bank escrow account	20 000 000,00	0,00
Total	**25 382 368,91**	**5 164 528,50**
Accrued income and prepaid expenses		
Accrued sales revenue	5 025 821,53	4 033 249,18
Accrued items of funding	94 500,00	0,00
Other prepaid expenses	365 081,32	0,00
Total	**5 485 402,85**	**4 033 249,18**
Receivables from group companies		
Long-term receivables	13 487 729,46	16 861 886,86
Total long-term receivables	**13 487 729,46**	**16 861 886,86**
Short-term receivables	12 502 933,57	11 943 624,61
Accounts receivables	2 106 311,78	5 425 005,34
Accrued income	707 480,54	1 237 093,47
Total short-term receivables	**15 316 725,89**	**18 605 723,42**
Total	**28 804 455,35**	**35 467 610,28**

Shareholders´ equity	2020 EUR	2019 EUR
Equity		
Shareholders´ equity 1.1.	10 932 215,22	10 932 215,22
Shareholders´ equity 31.12.	10 932 215,22	10 932 215,22
Additional paid-in capital 1.1.	1 704 135,55	1 704 135,55
Additional paid-in capital 31.12.	1 704 135,55	1 704 135,55
Revaluation reserve 1.1.	5 382 013,65	5 382 013,65
Revaluation reserve 31.12.	5 382 013,65	5 382 013,65
Total equity	**18 018 364,42**	**18 018 364,42**
Free equity		
Reserve of invested non-restricted equity 1.1.	88 840 723,19	90 252 723,18
Distribution of reserves	0,00	-1 411 999,99
Reserve of invested non-restricted equity 31.12.	88 840 723,19	88 840 723,19
Retained earnings 1.1.	-63 344 048,46	-62 976 130,75
Retained earnings 31.12.	-63 344 048,46	-62 976 130,75
Net income for the year	-37 253 002,48	-367 917,71
Total free equity	**-11 756 327,75**	**25 496 674,73**
Hybrid capital		
Hybrid capital	20 000 000,00	0,00
Hybrid capital total	**20 000 000,00**	**0,00**
Total shareholders' equity	**26 262 036,67**	**43 515 039,15**

Accrued interest of the hybrid capital, not booked, as of 31.12.2020 is 1 373 000 eur.

Other non-current financial assets		
Cumulative accelerated depreciation	1 554 176,75	0,00
Total	**1 554 176,75**	**0,00**

Provisions		
Provision for restructuring, personnel	90 176,04	90 176,04
Long-service benefit and defined pension plans	2 425 095,00	2 924 818,00
Warranty reserves	4 934 054,88	4 467 339,45
Total	**7 449 325,92**	**7 482 333,49**

Advances received	2020 EUR	2019 EUR
Advances received, POC projects	0,00	299 748,98
Other advances	46 434 290,95	79 384 515,89
Total	**46 434 290,95**	**79 684 264,87**

Specification of accrued income, combined asset and liability amounts		
Long-term contracts, combined amounts		
Accrued receivables related to POC reveneues	0,00	-350 276,32
Advances received from customers	0,00	650 025,30
Project receivables on the balance sheet, current assets	**0,00**	**299 748,98**

Liabilities to group companies		
Short-term liabilities		
Accounts Payable	1 349 391,11	2 191 431,32
Other short-term liabilities	14 203 556,48	15 921 792,94
Total	**15 552 947,59**	**18 113 224,26**

Other short-term liablities		
Witholding taxes and social security expenses	2 349 859,41	2 292 224,51
Other short-term liabilities	3 876 680,55	6 429 350,22
Total	**6 226 539,96**	**8 721 574,73**

Accruals		
Wages and salaries including social security expenses	25 254 625,83	24 037 889,90
Accrual on manufacturing materials	55 615 792,68	89 721 814,59
Other accruals	31 482 905,21	26 123 203,06
Total	**112 353 323,72**	**139 882 907,55**

4. OTHER NOTES

	2020	2019
Revenue recognition on long-term contracts based on POC	***EUR***	***EUR***
POC revenue booked on long-term contracts not yet delivered to customers, total amount booked in the financial year and in earlier financial years, as of 31.12.	**0,00**	**350 276,32**
Not recognized as revenue 31.12.(order backlog)	**0,00**	**299 748,98**

Deferred taxes

	2020	2019
Deferred tax liabilities		
Revaluations of fixed assets	1 345 503,41	1 345 503,41
Total	**1 345 503,41**	**1 345 503,41**
Deferred tax asset		
Fixed assets (depreciation)	2 547 297,59	0,00
Accruals	1 480 461,18	1 472 663,30
Total	**4 027 758,77**	**1 472 663,30**
Total deferred taxes	**2 682 255,36**	**127 159,89**

Mortgages and lease contracts

Lease and rental contracts (VAT 0%)

	2020	2019
Due in 12 months	9 392 344,00	8 049 940,31
Due in 12-24 months	1 844 334,00	6 407 498,76
Due in 24-36 months	1 358 342,00	1 652 450,07
Due in 37 months and later	311 094,00	1 677 272,00
Total	**12 906 114,00**	**17 787 161,14**

Other mortgages and pledges

	2020	2019
Mortgages and pledges	240 710 966,00	2 835 675,30
Other guarantees on behalf of group companies	4 793 201,96	5 872 337,79
Total	**245 504 167,96**	**8 708 013,09**

SIGNATURES FOR BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Vantaa, March 3, 2021

JARKKO SAIRANEN

Jarkko Sairanen

Chairman

TIMO KOKKILA

Timo Kokkila

Member

HANS-JOACHIM SCHÖPF

Hans-Joachim Schöpf

Member

KARI HEINISTÖ

Kari Heinistö

Member

PHILIP-CHRISTIAN ELLER

Philip-Christian Eller

Member

OLAF BONGWALD

Olaf Bongwald

Chief Executive Officer

The Auditor's report has been given today

Ernst & Young Oy

Authorized Public Accountant Firm

Vantaa, March 3, 2021

MIKKO RYTILAHTI

Mikko Rytilahti

Authorized Public Accountant


VALMET AUTOMOTIVE