



Bioretec Oy

Financial Statements 31.12.2020

Accounting Period 1.1. - 31.12.2020

UNOFFICIAL TRANSLATION

BIORETEC OY
HERMIANKATU 22
33720 TAMPERE
Domicile Tampere
Tax ID F114741969

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Financial statements must be retained until 31.12.2030.
Financial statements have been prepared by Arol Finance Oy

	1.1.2020 - 31.12.2020	1.1.2019 - 31.12.2019	1.1.2018 - 31.12.2018
Currency EUR			
Revenue	1 499 273,11	1 746 519,62	1 585 017,68
Change in stocks of finished and work-in-progress products (+/-)	137 206,39	-50 617,15	8 285,90
Other operating income	1 508,84	4 891,28	777,40
Materials and services			
Purchases during the fiscal year	-539 406,23	-376 260,30	-365 961,84
Inventory increase (+) or decrease (-)	97 148,65	-15 391,16	-73 447,35
External services	-93 142,17	-58 585,97	-57 318,74
Total materials and services	-535 399,75	-450 237,43	-496 727,93
Personnel expenses			
Wages and salaries	-1 533 938,86	-1 494 199,27	-1 398 733,97
Pension costs	-206 256,02	-268 007,00	-233 274,55
Other personnel costs	-39 663,86	-28 766,59	-32 527,48
Total personnel expenses	-1 779 858,74	-1 790 972,86	-1 664 536,00
Depreciation and amortisation			
Planned depreciation	-58 482,82	-51 492,96	-35 408,01
Depreciation of group goodwill	-79 655,99	-79 655,97	-443,75
Total depreciation and amortisation	-138 138,81	-131 148,93	-35 851,76
Other operating expenses	-1 109 365,38	-1 065 832,85	-999 009,59
OPERATING PROFIT (LOSS)	-1 924 774,34	-1 737 398,32	-1 602 044,30
Financial income and expenses			
Other interest and financial income, from others	13 152,67	30 686,35	31 019,78
Interest and other financial expenses, for others	-346 636,90	-27 699,25	-482 984,87
PROFIT (LOSS) BEFORE TRANSFERS AND TAXES	-2 258 258,57	-1 734 411,22	-2 054 009,39
Income taxes			
Taxes for the period	-500,00	-500,04	0,00
PROFIT (LOSS) FOR THE PERIOD	-2 258 758,57	-1 734 911,26	-2 054 009,39

Currency EUR	31.12.2020	31.12.2019	31.12.2018
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights	172 070,70	168 703,10	149 147,10
Goodwill	237 636,63	317 292,60	887,51
Advance payments	210,00	0,00	0,00
Total intangible assets	409 917,33	485 995,70	150 034,61
Tangible assets			
Machinery and equipment	209 033,73	142 660,84	46 434,99
Prepayments and in-progress acquisitions	30 630,26	26 000,00	55 600,00
Total tangible assets	239 663,99	168 660,84	102 034,99
TOTAL NON-CURRENT ASSETS	649 581,32	654 656,54	252 069,60
CURRENT ASSETS			
Inventories			
Materials and semi-products	230 555,11	133 406,46	148 797,62
Finished products	441 633,31	304 426,92	355 044,07
Total inventories	672 188,42	437 833,38	503 841,69
Short-term receivables			
Trade receivables	205 786,21	386 988,28	387 370,69
Other receivables	90 362,54	87 791,68	93 265,59
Accrued income	1 370,03	8 896,62	7 652,50
Total short-term receivables	297 518,78	483 676,58	488 288,78
Cash and cash receivables	2 273 100,98	58 024,06	1 231 789,10
TOTAL CURRENT ASSETS	3 242 808,18	979 534,02	2 223 919,57
TOTAL ASSETS	3 892 389,50	1 634 190,56	2 475 989,17

EUR	31.12.2020	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	3 748 592,19	9 221 289,08	9 221 289,08
Share issue	609 647,70	0,00	0,00
Other funds			
Invested unrestricted equity	0,00	12 754 931,68	12 316 939,08
Other funds total	0,00	12 754 931,68	12 316 939,08
Profit (loss) for previous years	-739 347,45	-21 504 436,21	-19 450 426,82
Profit (loss) for the period	-2 258 758,57	-1 734 911,26	-2 054 009,39
EQUITY TOTAL	1 360 133,87	-1 263 126,71	33 791,95
LIABILITIES			
Non-current liabilities			
Loans from financial institutions	65 300,05	109 662,37	166 330,17
Capital loans	1 912 013,86	1 930 760,20	1 930 760,20
Non-current liabilities total	1 977 313,91	2 040 422,57	2 097 090,37
Current liabilities			
Loans from financial institutions	75 719,95	66 668,00	33 334,00
Advances recieved	22 548,88	206,80	0,00
Trade payables	118 640,41	272 923,52	98 873,69
Other liabilities	45 920,41	145 970,85	37 751,79
Accruals	292 112,07	371 125,53	175 147,37
Current liabilities total	554 941,72	856 894,70	345 106,85
TOTAL LIABILITIES	2 532 255,63	2 897 317,27	2 442 197,22
TOTAL EQUITY AND LIABILITIES	3 892 389,50	1 634 190,56	2 475 989,17

	1.1.2020 - 31.12.2020	1.1.2019 - 31.12.2019	1.1.2018 - 31.12.2018
Currency EUR			
Cash flow from operating activities			
Profit (loss) for the period	-2 258 759	-1 734 911	-2 054 009
Adjustments			
Total depreciations	138 139	131 149	35 852
Net financial expenses	333 484	-2 987	451 965
Other adjustments	500	500	0
Cash flow before changes in working capital	-1 786 636	-1 606 249	-1 566 193
Change in working capital			
Change in short term non-interest bearing receivables	186 158	4 612	-36 626
Change in inventories	-234 355	66 008	65 161
Change in short term non-interest bearing payables	-144 518	341 881	7 409
Operational cash flow before net financial expenses and taxes	-1 979 351	-1 193 748	-1 530 248
Paid operational net financial expenses	-18 373	-23 585	-8 709
Taxes paid	-500	-500	0
Cash flow from operating activities (A)	-1 998 224	-1 217 833	-1 538 957
Cash flow from investments			
Investments for intangible and tangible assets	-121 224	-54 925	-52 771
Cash flow from investments (B)	-121 224	-54 925	-52 771
Cash flow from financing			
Paid share issues	4 613 273	0	2 601 099
Increase in short term loans	125 000	125 000	0
Decrease in short term loans	-76 668	-26 007	0
Decrease in long term loans	0	0	-31 001
Paid other financial expenses	-327 080	0	-160 991
Cash flow from financing (C)	4 334 525	98 993	2 409 107
Change in liquid assets (A+B+C) Increase (+)/ Decrease (-)	2 215 077	-1 173 765	817 379
Bank and bank receivables at the beginning of the year	58 024	1 231 789	414 410
Bank and bank receivables at the end of the year	2 273 101	58 024	1 231 789

	1.1.2020 - 31.12.2020	1.1.2019 - 31.12.2019
Currency EUR		
Net sales	1 498 697,11	1 743 639,62
Change in stocks of finished and work-in-progress products increase (+) or reduction (-)	137 206,39	-50617,15
Other operating income	1 508,84	1 000,00
Materials and services		
Purchases during the fiscal year	-539 406,23	-375 966,30
Inventory increase (+) or decrease (-)	97 148,65	-15 391,16
External services	-93 142,17	-58 585,97
Total materials and services	-535 399,75	-449 943,43
Personnel expenses		
Wages and salaries	-1 533 560,81	-1 488 223,00
Pension costs	-206 256,02	-268 007,00
Other personnel costs	-39 653,54	-28 182,71
Total personnel expenses	-1 779 470,37	-1 784 412,71
Depreciation and amortisation		
Planned depreciation	-55 848,00	-48 931,97
Total depreciation and amortisation	-55 848,00	-48 931,97
Other operating expenses	-1 072 090,76	-1 043 748,04
OPERATING PROFIT (LOSS)	-1 805 396,54	-1 633 013,68
Financial income and expenses		
Other interest and financial income	13 152,62	30 686,16
Interest and other financial expenses	-346 631,51	-27 693,23
PROFIT (LOSS) BEFORE TRANSFERS AND TAXES	-2 138 875,43	-1 630 020,75
Income taxes		
Taxes for the period	0,00	0,00
PROFIT (LOSS) FOR THE PERIOD	-2 138 875,43	-1 630 020,75

Currency EUR	31.12.2020	31.12.2019
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	148 178,72	143 405,71
Advance payments	210,00	0,00
Total intangible assets	148 388,72	143 405,71
Tangible assets		
Machinery and equipment	208 664,25	141 505,28
Prepayments and in-progress acquisitions	30 630,26	26 000,00
Total tangible assets	239 294,51	167 505,28
Investments		
	443 210,10	443 210,10
Total investments	443 210,10	443 210,10
TOTAL NON-CURRENT ASSETS	830 893,33	754 121,09
CURRENT ASSETS		
Inventories		
Materials and semi-products	230 555,11	133 406,46
Finished products	441 633,31	304 426,92
Total inventories	672 188,42	437 833,38
Short-term receivables		
Trade receivables	205 786,21	386 988,28
Receivables from group companies	49 868,54	13 896,53
Other receivables	80 805,86	82 334,39
Accrued income	1 295,00	8 896,62
Short-term receivables total	337 755,61	492 115,82
Cash and cash receivables	2 271 355,34	53 954,18
TOTAL CURRENT ASSETS	3 281 299,37	983 903,38
TOTAL ASSETS	4 112 192,70	1 738 024,47

EUR	31.12.2020	31.12.2019
LIABILITIES		
EQUITY		
Share Capital	3 748 592,19	9 221 289,08
Share issue	609 647,70	0,00
Other funds		
Invested unrestricted equity	0,00	12 754 931,68
Total other funds	0,00	12 754 931,68
Profit (loss) for previous years	-631 316,83	-21 501 296,08
Profit (loss) for the period	-2 138 875,43	-1 630 020,75
TOTAL EQUITY	1 588 047,63	-1 155 096,07
LIABILITIES		
Long-term liabilities		
Loans from financial institutions	65 300,05	109 662,37
Capital loans	1 912 013,86	1 930 760,20
Total long-term liabilities	1 977 313,91	2 040 422,57
Short-term liabilities		
Loans from financial institutions	75 719,95	66 668,00
Advances recieved	22 548,88	206,80
Trade payables	115 976,41	272 923,52
Other liabilities	41 973,85	143 274,12
Accruals	290 612,07	369 625,53
Total short term liabilities	546 831,16	852 697,97
TOTAL LIABILITIES	2 524 145,07	2 893 120,54
TOTAL EQUITY AND LIABILITIES	4 112 192,70	1 738 024,47

NOTES TO THE FINANCIAL STATEMENTS

GROUP

GENERAL

Short description of the company's operations

The company is focused on the development, manufacturing and marketing of bioabsorbable, bioactive surgical implants for orthopedic, trauma and sport medicine surgeries.

THE ACCOUNTING PRINCIPLES USED

The financial statements have been prepared in accordance with the assumption principles and methods of valuation and amortization set out in the Small Business Act of Chapter 4 of the PMA, with the exception of the accounting principles for non-current assets set out below.

Intra-group ownership has been eliminated using the acquisition cost calculation. Group assets are depreciated on a straight-line basis over 5 years. Intra-group transactions and receivables and liabilities between group companies have been eliminated.

VALUATION PRINCIPLES AND METHODS

NON-CURRENT ASSETS

Intangible assets

The acquisition value of utilities shown in assets will be depreciated according to plans determined.

The depreciations have been calculated according to the following plans:

Intangible rights: 10 years straight-lined depreciation

Machinery and equipment: 3 - 10 years straight-lined depreciation

Group assets: 5 years straight-lined depreciation

The depreciation period of patents in Austria is based on the period of validity of the patents (20 years). In other respects, the Group comply with a 10-year depreciation period in patents.

Notes on the Group Companies

Parent company		Domicile
Bioretec Oy		Tampere
Subsidiaries	Ownership %	
Bioretec Technology Oy	100 %	Tampere
BRI.Tech GmbH	100 %	Graz, Austria

Going Concern

Because the Company's internal financing has been inadequate to cover the operating costs, the continuation of the business operations has required additional funding from the shareholders or new investors. The continuation of the Company's business operations will require further funding also during the coming accounting period. The financial statements have been prepared using Going Concern principles, because the company believes to be able to get further funding.

Exceptional Items

During the accounting period 2017, the Parent Company has sold the cleanroom it has built. After the sale, the Parent Company has stayed as a tenant in the sold premises and it has been agreed, that part of the sale price will be compensated against partial rental payments in 60 months. Considering the financial situation of the Parent Company, as well as in line with the prudence concept, only the receivable equivalent to compensation of the 12 next months, appear on balance sheet, and the remainder has been recorded as financial expenses in the 2017 financial year.

The Parent Company intends to lease the leased premises until August 2021, and in the financial year 2020, the receivable corresponding to the 5-month credit, which has been recognized in financial income, has been returned.

GROUP AND PARENT COMPANY

Commitments and Contingent Liabilities and Pension Liabilities	31.12.2020	31.12.2019	31.12.2018
Financial leasing lease			
Lease agreement liabilities	16 261,98	12 878,76	12 937,94
Due in the next financial year	9 802,20	7 094,62	7 535,72
Due later	6 459,78	5 784,14	4 921,26
Rental commitments	1 013 538,97	187 992,97	187 906,06

In November 2020, Bioretec Oy signed a lease agreement for new premises. The move to the new premises will take place in the summer of 2021. The lease is for a fixed period from 1.8.2021 to 31.12.2027. Lease liabilities for the premises now include lease liabilities for both existing and new business premises.

Other commitments	31.12.2020	31.12.2019	31.12.2018
Commitments total	30 365,82	23 783,17	22 804,27
Available amount	10 414,51	4 308,39	3 008,45

Loans on which a business mortgage has been given	31.12.2020	31.12.2019	31.12.2018
Loans from credit institutions	99 662,17	176 330,37	199 664,17
Company mortgages	440 000,00	440 000,00	440 000,00
Company mortgages total	440 000,00	440 000,00	440 000,00

Shareholder's Agreement

Company is a party to shareholders' agreements in which decisions related to matters significant to the Company require the prior consent of certain shareholder parties. Shareholder agreements also include drag and tag along obligations and rights.

PARENT COMPANY

Group receivables	31.12.2020	31.12.2019	31.12.2018
Group loan receivables	48 270,45	13 000,00	0,00
Other group receivables	1 598,09	896,53	0,00
Group loan receivables total	49 868,54	13 896,53	0,00

GROUP

Personnel	31.12.2020	31.12.2019	31.12.2018
The number of employees on average during the financial year	23	23	21

PARENT COMPANY

Personnel	31.12.2020	31.12.2019	31.12.2018
The number of employees on average during the financial year	23	22	21

PARENT COMPANY

Changes in Equity

Share Issues

2019-2 Share Issue

The extraordinary general meeting on 12.12.2019 has decided on a directed share issue against payment 2019-2, in which a maximum of 33,327,000 new shares of the company shall be offered to individuals and communities in Finland. The subscription price per share was 0,12 euros. There was a weighty financial reason to direct the share issue (meant in Chapter 9, section 4 of the Finnish Limited Liability Companies Act), as it was directed in order to strengthen company's financial and operational conditions. 33,318,000 shares have been subscribed. The shares have been registered in the Trade Register on 24.3.2020.

2019-3 Share Issue

The extraordinary general meeting on 12.12.2019 has decided on a directed share issue against payment 2019-3, in which a maximum of 33,327,000 new shares of the company shall be offered to institutional and/or industrial investors. The subscription price per share is 0,12 euros. There was a weighty financial reason to direct the share issue (meant in Chapter 9, section 4 of the Finnish Limited Liability Companies Act), as it was directed in order to strengthen company's financial and operational conditions. The subscription price has been recorded to Invested unrestricted equity reserve. By 31.12.2020, total 2,083,333 shares had been subscribed and the shares have been registered in the Trade Register on 24.3.2020.

Option Programs

2017-1 Option Program

The Extraordinary General Meeting on 21.9.2017 has decided on an option program in which a maximum of 24,999,000 option rights shall be offered to those investors who subscribed shares in the share issue 2017-1. Against each share subscribed and paid, one option right is given entitling to one share subscription at the subscription price of 0,10 euros per share. The subscription prices will be recorded to the Invested unrestricted equity reserve. The issuance period was 1.10.2018 - 31.12.2020. The Company's Board of Directors was authorized to decide and take care of all other matters related to the Stock Option Plan or the related share issue and the practical measures arising therefrom, as not decided by the Annual General Meeting. By 31.12.2020, totally 6,586,477 shares had been subscribed. The shares have been registered in the Trade Register on 5.2.2021.

2018-1 Option Program

The Annual General Meeting on 25.4.2018, decided to grant an authorization to the Board of Director to organize an option program directed to Company's Key Employees. The Board meeting held on 20.11.2018, has decided on the maximum of 20,000,000 option rights, which will entitle to subscribe in maximum 20,000,000 new shares or shares in the possession of the Company. The Board of Directors of the Company shall decide, whether to grant new Shares or Shares possessed by the Company for each subscriber. The Option rights are divided:

- 8,500,000 pcs shall be marked with 2018-1A, with the subscription price of 0,10 euros per share, the subscription period is 1.1.2019 - 31.12.2023
- 8,500,000 pcs shall be marked with 2018-1B, with the subscription price of 0,10 euros per share, the subscription period is 1.1.2020-31.12.2023
- 1,500,000 pcs shall be marked with 2018-1C, with the subscription price of 0,15 euros per share, the subscription period is 1.1.2021-31.12.2023
- 1.500.000 pcs shall be marked with 2018-1D, with the subscription price of 0,15 euros per share, the subscription period is 1.1.2022-31.12.2023

The authorization has been registered in the Trade Register 9.7.2018 and the decision 2.5.2019.

2018-2 Option Program

The extraordinary general meeting on 20.11.2018 has decided on a directed option program against payment (2018-2), in which a maximum of 4,795,200 new shares of the company shall be offered to individuals and communities in Finland. The subscription price per share is 0,001 euros. The subscription price will be recorded to Invested unrestricted equity reserve. The issuance period is 20.11.2018 - 31.12.2030. By 31.12.2020, 3,098,880 of the shares has been subscribed and registered in the Trade Register.

2019-1 Option Program

The General Meeting on 19.3.2019 has authorized the Board of Directors to decide on an option program 2019-1, which will entitle to subscribe in maximum 36,444,250 new shares. The Board of Directors may decide to grant stock options in deviation from the shareholders' pre-emptive subscription right. The Option Rights shall be issued free of charge to the Option Right Holder. There are weighty financial reasons for the Company to issue the Option Rights, since the primary purpose of the issuance of Option Rights is to strengthen the Company's financial position and competitiveness. The Board of Directors shall decide on all other terms and conditions related to the Option Rights and the Options Program. The authorization has been registered in the Trade Register on 20.5.2019. In its meeting on 9.4.2019, the board of directors resolved to carry out an Option program 2019-1. The subscription period for the Shares related to Option Rights is from 20.3.2019 to 31.12.2029. The subscription price is 0,01 euro per share. The option program has been registered in Trade Register on 20.5.2019. By 31.12.2020, no shares have been subscribed based on the option program.

2019-2 Option Program

The Extraordinary General Meeting on 12.12.2019 has authorized the Board of Directors to decide on an option program 2019-2, which entitles to subscribe for in maximum of 7,996, 420 new shares at 0,001 euros per share. The Board of Directors meeting on 21.2.2020 decided on option program 2019-2. The subscription price will be recorded to Invested unrestricted equity reserve. The subscription period is 21.2.2020 - 31.12.2030. The option program has been registered in Trade Register on 24.3.2020. By 31.12.2020, 5,465,086 of the shares has been subscribed. The shares have been registered in Trade Register on 24.3.2020 and 7.10.2020.

2020-1 Option Program

The General Meeting on 26.6.2020 has authorized the Board of Directors to decide on an option program 2020-1 (A-C), which will entitle to subscribe in maximum 26,000,000 new shares to Company's Key Employees and to the Scientific Advisory Board. The Option Rights shall be issued free of charge to the Option Right Holder. There is a weighty financial reason to grant the option right, as the option rights are intended to be part of an incentive and commitment scheme for key personnel, members of the Scientific Advisory Board and members of the Board of Directors.

The Board of Directors on 13.1.2021 has decided to grant options rights entitling to a maximum of 9,000,000 new shares to the company's key personnel and members of the Scientific Advisory Board. In addition, the Extraordinary General Meeting decided on 22.1.2021 to grant option rights entitling to a maximum of 3,000,000 new shares to the members of the Board of Directors in accordance with the terms of the stock option plan 2020-1. The subscription price for shares subscribed on option rights 2020-1A is 0.15 euros per share, on option rights 2020-01B the subscription price is 0.20 euros per share and on option rights 2020-1C the subscription price is 0.25 euros per share. The option program has been registered in the Trade Register on 1.3.2021.

Description of Structural and Financial Arrangements

Reduction the Company's Share Capital

The Extraordinary General Meeting on 19.11.2020 decided to reduce the company's restricted share capital by twenty-two million and five hundred thousand euros (EUR 22,500,000.00) by covering the company's cumulated losses as follows:

- Invested unrestricted equity fund in total: EUR 17,027,303.11
- The share capital in total: EUR 5,472,696.89

The reduction of the Share Capital has been registered to Trade Register on 1.12.2020.

Book-entry System

The Extraordinary General Meeting 22.1.2021 decided to incorporate the shares of the Company into the book-entry system and to authorize the board of directors to decide on the time during which the shares of the Company will be incorporated into the book-entry and to accept the changes into the articles of association of the Company in order to incorporate the company's share into the book-entry system. Related permits and registrations are estimated to be ready by the end of April 2021.

GROUP

	31.12.2020	31.12.2019	31.12.2018
Break Down of Equity			
Share capital 1.1.	9 221 289,08	9 221 289,08	9 221 289,08
Reduction of the Share Capital	-5 472 696,89	0,00	0,00
Share Capital 31.12.	3 748 592,19	9 221 289,08	9 221 289,08
Restricted equity total	3 748 592,19	9 221 289,08	9 221 289,08
Share Issues	609 647,70	0,00	0,00
Invested unrestricted equity reserve 1.1.	12 754 931,68	12 316 939,08	9 105 307,40
Reduction of the Share Capital	-17 027 303,11	0,00	0,00
Additions/reductions during the financial year	4 272 371,43	437 992,60	3 211 631,68
Invested unrestricted equity reserve 31.12.	0,00	12 754 931,68	12 316 939,08
Retained earnings / loss 1.1.	-23 239 347,47	-21 504 436,21	-19 450 426,82
Reduction of the Share Capital	22 500 000,00	0,00	0,00
Retained earnings / loss 31.12.	-739 347,45	-21 504 436,21	-19 450 426,82
Profit (loss) for the financial year	-2 258 758,57	-1 734 911,26	-2 054 009,39
Total retained earnings for the previous and current financial year	-2 998 106,02	-23 239 347,47	-21 504 436,21
Equity Total	1 360 133,87	-1 263 126,71	33 791,95

PARENT COMPANY

	31.12.2020	31.12.2019	31.12.2018
The number of the company's shares by share class and the main provisions of the Articles of Association concerning the shares for each share class			
The number of the company's shares by share class and the main provisions of the Articles of Association concerning the shares for each share class	150 402 068,00	109 498 156,00	105 118 230,00
The company has a redemption clause in accordance with the Articles of Association.			

	31.12.2020	31.12.2019	31.12.2019
Breakdown of Equity			
Share capital 1.1.	9 221 289,08	9 221 289,08	9 221 289,08
Reduction of the Share Capital	-5 472 696,89	0,00	0,00
Share Capital 31.12.	3 748 592,19	9 221 289,08	9 221 289,08
Restricted equity total	3 748 592,19	9 221 289,08	9 221 289,08
Share Issues	609 647,70	0,00	0,00
Invested unrestricted equity reserve 1.1.	12 754 931,68	12 316 939,08	9 105 307,40
Reduction of the Share Capital	-17 027 303,11	0,00	0,00
Additions/reductions during the financial year	4 272 371,43	437 992,60	3 211 631,68
Retained earnings / loss 31.12.	0,00	12 754 931,68	12 316 939,08
Profit (loss) for the financial year	-23 131 316,83	-21 501 296,08	-19 448 593,72
Reduction of the Share Capital	22 500 000,00	0,00	0,00
Retained earnings / loss 31.12.	-631 316,83	-21 501 296,08	-19 448 593,72
Profit (loss) for the financial year	-2 138 875,43	-1 630 020,75	-2 052 702,36
Total retained earnings for the previous and current financial year	-2 770 192,26	-23 131 316,83	-21 501 296,08
Equity Total	1 588 047,63	-1 155 096,07	36 932,08

Calculation of Distributable Funds in accordance with Chapter 13:5 of the Companies Act	31.12.2020	31.12.2019
Total distributable equity	-2 770 192,26	-10 376 385,15
Total non-restricted equity at the end of the financial year	-2 770 192,26	-10 376 385,15
Invested unrestricted equity reserve	0,00	12 754 931,68
Profit (loss) for the financial year	-631 316,83	-21 501 296,08
Profit (loss) for the financial year	-2 138 875,43	-1 630 020,75

The proposal of the Board concerning the profit and other distributable equity

The Board proposes that the loss for the financial year 2 138 875,43 euros will be transferred to retained earnings account and no dividends will be paid.

Capital Loans	31.12.2020	31.12.2019
Capital loans total	1 912 013,86	1 930 760,20
Capital loans presented as liabilities	1 912 013,86	1 930 760,20

The main terms of Capital Loan and the accrued unrecorded interest related into

Clauses of subordinated loans, old Companies Act:

The Parent Company has a subordinated loan from the State Treasury of 1,381,554.00 euros. Terms of the subordinated loan:

The capital is payable only, if after payment there is full coverage left for restricted equity and for other none distributable items according to the approved balance sheet for the most recent financial years of the company. Interest is payable only if the amount to be paid can be used to the distribution of profits according to the approved balance sheet for the most recent financial year of the company. The loan period is eight (8) years and the interest rate is one (1) per cent lower than the prime rate approved by the Department of Treasury at the time, but at least three (3) percent. Unregistered interest accrued from the loan euros by 31.12.2020 is 596.565,78 euros.

Convertible Capital Loan 2011 (VVK1 and VVK2)

The parent company has a subordinated convertible loan. Based on the capital loan and interest of the loan, a maximum of 10,045,642 new shares of the Company may have been subscribed. The decision has been registered on 17.6.2016 and totally 4,321,684 shares have been converted by 31.12.2020.

The Main Clauses of the Convertible Capital Loan 2011 VVK1 ja VVK2:

The loan is subordinated in accordance with Chapter 12 of the Companies Act and is therefore a capital loan. In the event of liquidation and bankruptcy of the Parent Company the principal of the Loan, and any interest accrued thereon, may only be repaid after all the claims of other creditors have been satisfied. Such creditors shall, however, not include creditors under other capital loans.

In cases other than those mentioned above, the principal of the Loan may be otherwise repaid, and interest paid only in so far as the sum total of the unrestricted equity and all of the capital loans of the company (including the Loan) at the time of payment exceed the loss on the balance sheet to be adopted for the latest financial period of the balance sheet as a separate item. The loan is recorded in the Parent Company's balance sheet as a separate item.

In connection with the subscription of the Loan the Company agrees, by signing this Agreement in consideration of the payment of the subscription, to issue to the Creditor option rights or other special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act (624/2006 as amended) ("Companies Act"), which entitle and obligate the Creditor to subscribe for new shares of the Company on the basis of the Special Rights under terms and conditions specified in more detail. The Loan, or in case a part of the Loan has been the remaining amount of it, shall bear a fixed annual interest of twelve per cent (12%).

By 31.12.2020, the balance sheet includes a convertible loan of 530,459.86 euros, including interest of 204,628.70 euros recognized as an expense for the financial year 2017 and accrued by 31.3.2016, which has been capitalized in connection with the 2017 financial statements. The interest accrued after 1.4.2016 by 31.12.2020 is 669,761.47 euros, which has not been recorded.

Calculation of the Adequacy of the Company's Assets	31.12.2020	31.12.2019
Equity total	3 500 061,49	775 664,13
Equity	1 588 047,63	-1 155 096,07
+Capital Loan	1 912 013,86	1 930 760,20

Signatures of the financial statements

Place: Tampere

Time: _____

Timo Lehtonen
CEO

Tomi Numminen
Chairman of the Board

Heinz Moitzi
Member of the Board

Pertti Törmälä
Member of the Board

Michael Piccirillo
Member of the Board

Hans Rosén
Member of the Board

Pekka Simula
Member of the Board

AUDITOR'S NOTE

Our auditor report has been issued today.

Place: _____

Time: _____

Erika Grönlund
Authorized Public Accountant (APA)

List of Bookkeeping and Materials

List of Bookkeeping and Materials Including Means of Retaining

Financial Statements

Financial statements and balance sheet specifications

Account List and Balance Lists

Account level income statement

Account level balance sheet

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Bookkeeping is maintained in Netvisor and materials are stored electronically.