EFORE
TRUSTED POWER PARTNER

Efore Group
Financial Statements Release
2016

EFORE PLC'S FINANCIAL STATEMENT JANUARY 1, – DECEMBER 31, 2016

July – December 2016 in brief:

- Net sales totalled EUR 35.9 million (EUR 42.6 million), down 15.8 % compared with the corresponding period last year
- Adjusted operating result was EUR -2.2 million (EUR -2.3 million)
- Operating result was EUR -6.7 million (EUR -2.8 million)
- Earnings per share were EUR -0.16 (EUR -0.06)
- Outsourcing of manufacturing in China started in October 2016

Financial year 2016 in brief:

- Net sales totalled EUR 75.4 million (EUR 89.9 million), down 16.1 % compared with the corresponding period last year
- Adjusted operating result was EUR -4.8 million (EUR -1.6 million)
- Operating result was EUR -9.7 million (EUR -2.0 million)
- Earnings per share were EUR -0.22 (EUR -0.07)
- The Board of Directors proposes that no dividend will be distributed

Key indicators, EUR million	7-12/16 6 mo	7-12/15 6 mo	Change %	1-12/16 12 mo	1-12/15 12 mo	Change %
Net Sales	35,9	42,6	-15,8	75,4	89,9	-16,1
Telecommunication sector	16,2	19,6	-17,3	34,2	44,8	-23,8
Industrial sector	19,7	23,1	-14,7	41,2	45,1	-8,6
Adjusted operating result	-2,2	-2,3		-4,8	-1,6	
Operating result	-6,7	-2,8		-9,7	-2,0	
Result before taxes	-7,3	-3,1		-10,4	-3,3	
Net result	-8,1	-3,0		-11,4	-3,4	
Earnings per share, EUR	-0,16	-0,06		-0,22	-0,07	
Solvency ratio, %	15,7	34,2	-54,1	15,7	34,2	-54,1
Gearing, %	99,5	24,5		99,5	24,5	
Cash flow from business operations	-2,3	-2,4		-1,1	1,8	

Key indicators Half year, EUR million	H2/2016	H1/2016	H2/2015	H1/2016
Net Sales	35,9	39,5	42,6	47,2
Telecommunication sector	16,2	18,0	19,6	25,2
Industrial sector	19,7	21,5	23,1	22,0
Adjusted operating result	-2,2	-2,6	-2,3	0,7
Operating result	-6,7	-3,0	-2,8	0,7

*Adjustments include items such as costs due to changes in organizational structure, impairments and impact from the sale of businesses or assets.

Financial estimate for 2017

Due to the financial situation of the Group and the structural changes currently taking place, giving earnings guidance is exceptionally challenging but the operating result and the cash flow for 2017 are estimated to be positive.
Efore is not for the time being making forecasts about its long term development.

Jorma Wiitakorpi, Efore's President and CEO:

"Efore's net sales in 2016 fell short of previous year's level and net result was weak. The whole year and especially the first half of the year was characterized by a weaker than forecasted demand in the telecommunications sector. At the beginning of the year the industrial sector sales were almost on the same level as in the corresponding period of last year. During the latter part of the year the industrial sales went down compared with the corresponding period of the last year.

The further development of the global operating model and the outsourcing of manufacturing in China associated with it were apparent in the form of weaker profitability during the financial year 2016.

Additional cost reduction actions have been implemented since autumn 2016. These actions reduce the fixed costs of the Group gradually starting in the end of 2016. Efore is targeting up to EUR 7 million annual savings in fixed costs.

There have been changes in the business environment which require adjustments to the strategy and business plan as well as the operating model of the organization. Actions related to these adjustments will be implemented in spring 2017.

The before mentioned actions, substantial growth of LED market and a slightly improved market situation in the telecommunications sector, together with the future new products, are expected to improve the profitability of the company. Despite the fact that two EMS-customers started to use services of other companies in the industrial sector Efore's net sales for 2017 are forecast to be on the same level as in the previous year."

July – December Net sales and result

July – December net sales totalled EUR 35.9 million (EUR 42.6 million).

During the second half of year 2016 net sales of telecommunications sector totalled EUR 16.2 million (EUR 19.6 million), with a year-on-year decrease of 17.3 %. The second half of the year was especially characterized by a demand weaker than previous year in the telecommunications sector. The demand improved during the fourth quarter of the year but Efore was not able to increase enough its delivery volume due to the simultaneous outsourcing of manufacturing in China.

The net sales of the industrial sector totalled EUR 19.7 million (EUR 23.1 million). Due to the outsourcing of manufacturing in China two EMS-customers started to use services of other companies and as a consequence of that the net sales in industrial sector fell especially during the fourth quarter of the year. Furthermore, the sales of the DC power systems continued to be weighed down by the economic situation in Russia and the weak ruble.

In the industrial sector, the sales of Digital Light and Digital Power products increased slightly compared with previous year. National Instruments awarded Efore again and named Efore as the Best in Class Tier 1 partner for outstanding quality performance and reliability in 2016.

The lower than forecasted utilization rate of the production capacity continued in Efore's factory in Suzhou during the second part of the year and led to a significantly weaker productivity than expected. The outsourcing of manufacturing and manufacturing facilities temporarily in two locations reduced further the operating result. Furthermore, these both generated more extra costs than estimated. Adjusted operating result for the second half of the year was EUR -2.2 million (EUR -2.3 million). One-time items of EUR -4.5 million (EUR -0.4 million) related mainly to China outsourcing are included in the operating result.

Net sales and result of the full year

The full year net sales totalled EUR 75.4 million (EUR 89.9 million).

The full year 2016 net sales of the telecommunications sector totalled EUR 34.2 million (EUR 44.8 million) and the net sales of the industrial sector totalled EUR 41.2 million (EUR 45.1 million).

The whole year was characterized by a clearly weaker than forecasted demand in the telecommunications sector. The demand improved during the fourth quarter of the year but Efore was not able to sufficiently increase the volume of production due to the simultaneous outsourcing of the manufacturing in China. Furthermore, the net sales of an important R&D project finalized at the end of 2015 remained lower than estimated in 2016. All these had a negative effect on the net sales and the profitability during the financial year.

The full year industrial sector sales decreased 8.6 % from the previous year. The main reason for the decrease was that two EMS-customers started cooperation with other suppliers due to the outsourcing of manufacturing in China during the fourth quarter of the year.

The weaker than expected productivity and manufacturing facilities temporarily in two locations reduced the operating result during the second part of the year.

Adjusted operating result for the fiscal year was EUR -4.8 million (EUR -1.6 million). The results from operating activities were lowered by the one-time items of EUR -3.8 (EUR 0 million) related mainly to China outsourcing and one-time items of EUR -1.0 million (EUR -0.4 million) related to the structural changes of the company.

Business development

During the financial year Efore had several new R&D projects for the power supply systems of small cell and macro base stations. A part of the ongoing R&D projects have also been developed for future 5G market. Efore's technology portfolio has been expanded to include power supplies with power back-up and inverter technologies.

In 2016 Efore launched new Digital Light power products for industrial applications and introduced new dimming CIELO LED drivers. Efore's technology portfolio has been expanded to include especially energy efficient power products and intelligent LED lighting systems.

Efore Plc and Wuxi Hodgen Technology Co Ltd signed the master supply and asset agreements related to the outsourcing of manufacturing as well as manufacturing support functions at the Suzhou plant in China in the end of August 2016. The negotiations concerning the outsourcing of manufacturing in China were finalized in October 2016.Efore will remain responsible for the quality of the delivered products as well as for the NPI (New Product Introduction) process. This arrangement is a key part of Efore's strategy and will allow Efore to become focused on the demanding power products and their product development. At the same time the outsourcing will significantly reduce operational costs and net working capital.

New actions have been implemented in autumn 2016. These actions will reduce the fixed costs of the Group from the beginning of the year 2017. The target level of the fixed costs will be reached gradually by the end of the second quarter of the year.

There have been changes in the business environment which require adjustments to the strategy and business plan as well as the operating model of the organization. Actions related to these adjustments will be implemented in spring 2017.

Future outlook

The outlook for telecommunications market is expected to improve slightly in 2017. Efore continues R&D investments by widening the technology portfolio into power supply technology for new small cell products. The products based on the 5G technology are in a key role in future network expansions.

Power supplies for LED lighting, instrumentation, medical equipment and infrastructure offer still several growth opportunities for Efore in the industrial sector. In the future the Group will focus on a few sectors where high reliability and long product life cycles are the key factors in competition.

Factors of uncertainty have been presented in the section "Short-term risks and factors of uncertainty".

Due to the financial situation of the Group and the structural changes currently taking place, giving earnings guidance is exceptionally challenging but the operating result and the cash flow for 2017 are estimated to be positive.
Efore is not for the time being making forecasts about its long term development.

Investments and product development

Group investments in fixed assets during the financial year amounted to EUR 3.3 million (EUR 4.5 million) which include EUR 2.5 million (EUR 3.3 million) capitalization of product development costs. At the end of the financial year, the capitalized product development investments amounted to EUR 7.6 million (EUR 7.3 million)

The full fiscal year product development expenditure amounted to EUR 7.1 million (EUR 5.8 million), 9.4 % (6.4 %) of net sales.

Financial position

The interest-bearing liabilities exceeded the consolidated cash reserves by EUR 7.5 million (EUR 4.7 million) at the end of the financial year. The consolidated net financial expenses were EUR 0.7 million (EUR 1.3 million).

The cash flow from business operations was EUR -1.1 million (EUR 1.8 million). The cash flow after investments was EUR -2.9 million (EUR -2.6 million).

The Group's solvency ratio was 15.7 % (34.2 %) and the gearing was 99.5 % (24.5%).

The liquid assets excluding undrawn credit facilities totalled EUR 6.4 million (EUR 6.3 million) at the end of the financial year. At the end of the financial year the Group had the undrawn credit facilities excluding factoring limits EUR 3.9 million (EUR 6.1 million). The balance sheet total was EUR 48.3 million (EUR 55.6 million).

On December 31, 2016 the parent company had loans of EUR 8.2 million from one financier that have the following covenants: equity ratio, net debt/ 12 month Ebitda excluding one-time items and absolute Ebitda-level. The covenants concerning equity ratio and absolute Ebitda-level were breached at the end of December 2016. Due to the breaches, the related EUR 6.0 million non-current loan was classified as current liabilities in the Financial Statements. The total loan amount consists of loans, factoring limits and bank limits as follows: loans EUR 6.0 million, factoring limits in use EUR 2.0 million and limit from financial institution EUR 0.2 million.

Efore has negotiated with the financier and the company received a waiver on February 13, 2017 concerning the measurement point at the end of December 2016. Efore expects that both cash flow and profit will be improving in 2017. Next measurement point for covenants will be June 30, 2017.

According to the stock exchange release published on December 21, 2016 Efore Oyj has drawn a loan of EUR 2.0 million from Jussi Capital Oy on January 2, 2017. The loan is due on June 30, 2017 and the interest rate is 14%. This credit arrangement has been conducted on market equivalent terms and in line with the interests of the business perspectives of the company.

Group structure

At the end the financial year Efore Group consisted of the parent company Efore Plc and its directly or indirectly wholly owned subsidiaries Efore (USA) Inc. in the United States, Efore(Suzhou) Electronics Co. Ltd in China, Efore (Suzhou) Automotive Technology Co., Ltd in China, Efore OU in Estonia, Efore AB in Sweden, Efore (HongKong) Co. Ltd in China and FI-Systems Oy in Finland as well as Efore S.p.A. in Italy , Efore Sarl in Tunisia and Efore Inc. in the U.S.A.

Personnel

The number of the Group's own personnel including temporary personnel averaged 679 (887) during the financial year and at the end the financial year it was 442 (737). The decrease in personnel amount was mainly due to decrease in personnel in manufacturing as a result of the outsourcing of manufacturing in China.

The Board of Directors of Efore Plc resolved on March 30, 2016, to issue stock options to the key employees of Efore Plc, based on the authorization received from the Annual General Meeting on March 30, 2016. But no options were subscribed during 2016 and therefore stock option plan 1/2016 has expired. In the same connection, the Board of Directors of Efore Plc has on March 30, 2016, resolved to cancel stock options "A", "B" and "C" from stock option plan 1/2014 which have not been allocated and/or have been returned to the company.

As a part of the cost savings program Efore initiated cooperation procedure with its entire personnel in all locations on October 19, 2016. Negotiations have mainly been concluded.

Board of Directors and Executive Management Team

At the Annual General Meeting on March 30, 2016 Mr Olli Heikkilä, Ms Päivi Marttila, Ms Marjo Miettinen, Mr Jarmo Simola and Mr Jarkko Takanen were re-elected as board members and Antti Sivula as a new member. The Board re-elected Ms Päivi Marttila as the Chairman. Ms Marjo Miettinen was selected as the Vice Chairman.

The Extraordinary General Meeting on January 31, 2017 set the number of the members of the Board of Directors at four. Marjo Miettinen, Jarmo Simola and Antti Sivula were re-elected as members of the Board of Directors and Tuomo Lähdesmäki was elected as a new member of the Board of Directors.

Jorma Wiitakorpi started as the President and CEO of Efore Plc on April 29, 2016. Efore's previous CEO Heikki Viika acted as the President and CEO until April 28, 2016.

Efore Plc implemented a new organisation to support more efficiently the Group's strategic and financial targets.

The members of the Executive Management Team and their global responsibilities at the end of the financial year were as follows:
- Jorma Wiitakorpi, President and CEO
- John Cahill, Manufacturing (until Dec. 31, 2016)
- Alessandro Leopardi, Sales and Marketing
- Martin Raznovich, Finance and ICT
- Samuli Räisänen, Quality and R&D
- Ruben Tomassoni, Sourcing and Procurement

Auditors

The Annual General Meeting on March 30, 2016 appointed KPMG Oy Ab as Efore's auditors, with Authorized Public Accountant Henrik Holmbom as principal auditor.

Share, share capital and shareholders

At the end of the financial year the number of the Group's own shares was 3 501 995 pcs.

The highest share price during the financial year was EUR 0.83 and the lowest price was EUR 0.45. The average price during the financial year was EUR 0.61 and the closing price was EUR 0.55. The market capitalization calculated at the final trading price at the end of the financial year was EUR 28.5 million.

The total number of Efore shares traded on the Nasdaq Helsinki during the financial year was 2.8 million pcs and their turnover value was EUR 1.7 million. This accounted for 5.1 % of the total number of shares 55 772 891 pcs. The number of shareholders totalled 4013 (2704) at the end of the financial year.

Flagging notifications

The share of Jussi Capital Oy of the total number of shares and voting rights in Efore Plc exceeded 15 per cent on December 20, 2016. Share of total number of shares and voting rights of Jussi Capital Oy following the flagging notification is 18,20%. Reason for the notification was Sievi Capital Oyj's dividend distribution.

The share of Sievi Capital Plc of the total number of shares and voting rights in Efore Plc went below 5 per cent on December 20, 2016. Share of total number of shares and voting rights of Sievi Capital Oyj following the flagging notification is 1,04%. Reason for the notification was Sievi Capital's dividend distribution

Authorization of the Board of Directors to resolve on the acquisition of the company's own shares

The Board of Directors was authorized, in accordance with its proposal, to resolve on the acquisition of the company's own shares or their acceptance as pledge, in one or several instalments, on the following terms and conditions:

Based on the authorization an aggregate maximum of 4,000,000 own shares corresponding to approximately 7.2 % of all the shares in the company may be acquired. Shares in the company may be acquired only by using the company's unrestricted equity. The shares may be acquired in public trading arranged by the NASDAQ Helsinki Oy at the prevailing market price on the date of acquisition, or at a price otherwise formed on the market. The Board of Directors resolves the manner in which own shares are acquired or accepted as a pledge. The acquisition may be made using, inter alia, derivatives. Shares may be acquired otherwise than in proportion to the holdings of the shareholders (directed acquisition).

The authorization cancels the authorization given by the Annual General Meeting on 31 March 2015 to resolve on the acquisition of the company's own shares.

The authorization is valid until 30 June 2017.

Authorization of the Board of Directors to decide on the issue of shares as well as the issue of options and other special rights entitling to shares

The Board of Directors was authorized, in accordance with its proposal, to, in one or more transactions, decide on the issuance of shares and the issuance of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Companies Act as follows:

The number of shares to be issued based on the authorization may in total amount to a maximum of 5,000,000 shares, corresponding to approximately 9.0 % of all the shares in the company.

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

The authorization cancels the authorization given by the Annual General Meeting on 31 March 2015 to decide on the issuance of shares and special rights entitling to shares.

The authorization is valid until 30 June 2017.

The Board of Directors of Efore Plc resolved on March 30, 2016 to issue stock options to the key employees of Efore Plc, based on the authorization received from the Annual General Meeting on March 30, 2016. The Board of Directors shall determine later the key employees. In accordance with the attached terms of the Stock Option Plan 1/2016, the stock options will be marked with symbol "1/2016" and the maximum number of stock options to be issued in 2016 shall be 1,500,000. The stock options shall be given free of charge.

The Company will grant a maximum of 1,500,000 stock options, entitling to the subscription for a maximum of 1,500,000 new shares in the Company. One (1) stock option entitles its holder to subscribe one (1) new share in the Company.

The share subscription period for the stock options shall be April 1, 2017 - March 31, 2018.

The share subscription price for the stock options is 0.79 euros per share. The share subscription price is determined by valuating the effect of company's strategic profit targets to the share value. The share subscription price may change according to the terms of the Stock Option program 1/2016.

There are weighty financial reasons referred to in Chapter 10, paragraph 1 of the Limited Liability Companies Act for granting stock options, as the stock options are intended to form part of the commitment and incentive scheme of the key employees of Efore Plc Group. The shares subscribed for with the stock options constitute in total to a maximum of 2.7 per cent of the total number of shares in the company. No options were granted in 2016.

Based on the authorization received the Board of Directors of Efore Plc resolved to pledge 3,501,995 own shares of the company as a counter guarantee for the absolute guarantee granted by Jussi Capital Oy on September 30, 2016.

The Board of Directors of Efore Plc has on March 30, 2016, resolved to cancel stock options “A”, “B” and “C” from stock option plan 1/2014 which have not been allocated and/or have been returned to the company. There are 233.333 stock options “A”, 500.000 stock options “B” and 500.000 stock options “C” which have not been allocated and/or have been returned to the company. The cancellation registered in the Finnish Trade Register on April 25, 2016.

After the cancellation there are 266 667 allocated stock options “A” and they entitle its holders to subscribe for maximum of 266 667 new shares in the company for EUR 0.7 subscription price.

The theoretical market value of stock option “A” based on Black & Scholes pricing model with 30 % volatility and 1.5 % risk free interest rate is EUR 0.156.

Accounting policies

The financial statement has been drawn up in accordance with IAS 34 Standard on Interim Financial Reporting and the Group's accounting principles presented in the 2015 annual report. In addition, Efore Plc has adopted new and/or amended IFRS-standards. These changes have no major effect on the report. The information in this release is unaudited.

In accordance with the new guidelines on alternative performance measures issued by the European Securities and Markets Authority (ESMA) Efore Plc has revised the terminology used in its financial reporting. Alternative Performance Measures (APM) are used to better reflect the operational business performance and to facilitate comparisons between financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. As of H1/2016, the term "non-recurring items" (NRI) has been changed to the term "adjustments to operating result", however the definition remains the same. As before, adjustments are transactions that are not related to recurring business operations, such as restructuring costs, impairments and impact from the sale of businesses. Starting from H1/ 2016 the term "Operating result" is used instead of "Results from operating activities".

All the figures in the report have been rounded up/down, for which reason the total of the individual figures when added together may be different from the total shown.

Short-term risks and factors of uncertainty

The market typical fluctuation in demand can cause rapid changes in Efore's business. Business risks are related to the success of key customers in their markets and to Efore's delivery capability for the key customers.

Progress of Efore's product development projects depends on the customers' own project schedules and the establishment of the whole market.

In a short term, Efore can lose some customers because of outsourcing project in China but in longer term we trust Efore's competiveness to be better and Efore can increase its net sales.

Expanding the Group's product range to standard products in industrial sector means growth of product liability risk. It has been recognized that global economic development may have an effect on Efore's business environment.

Due to our weakened financing situation there are some risks related to the current undrawn credit facilities and adequate financing. We are minimizing the risks by actively planning and implementing different options.

On December 31, 2016 the Group had loans from one financier, that have the following covenants; equity ratio, net debt/ 12 month Ebitda excluding one-time items and absolute Ebitda-level. The covenants concerning equity ratio and absolute Ebitda-level were breached at the end of December 2016.

After the end of financial year 2016 Efore received a waiver for the breach on December 31, 2016 and the company remains to be in breach of the covenants. If the covenants are breached at the end of June 2017 there is a risk that the waiver will not be granted. Efore expects that both cash flow and profit will be improving in 2017.

The Group actively monitors possible impacts of risks on both financing and liquidity.

A more comprehensive report on risk management is presented on the Group's web-sites and in the Annual Report for 2015.

Board of Directors' proposal for the Annual General Meeting

The Board of Directors will propose to the Annual General Meeting on April 5, 2017 that no dividend will be distributed.

Events after the end of the Financial year

The Extraordinary General Meeting of Efore Plc was held on 31 January 2017.

The Extraordinary General Meeting set the number of the members of the Board of Directors at four. Marjo Miettinen, Jarmo Simola, Antti Sivula and Tuomo Lähdesmäki were elected as members of the Board of Directors.
In its first meeting held after the Extraordinary General Meeting, the Board of Directors elected Tuomo Lähdesmäki as Chairman of the Board of Directors.

It was resolved that the Board of Directors will not establish any separate committees of the Board of Directors and that the duties of the audit committee are discharged by the company's entire board of directors.

On January 2, 2017 Efore Plc has drawn a loan of EUR 2 million from Jussi Capital Oy. The loan is due on June 30, 2017 and the interest rate is 14%. This credit arrangement has been conducted on market equivalent terms and in line with the interests of the business perspectives of the Group.

Efore Plc has received a waiver on February 13, 2017 concerning the breach of its loan covenants at the end of December 2016.

TABLES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	**7/-12/16 6 mo**	**7-12/15 6 mo**	**1-12/16 12 mo**	**1-12/15 12 mo**
Net sales	35,9	42,6	75,4	89,9
Change in inventories of finished goods and work in progress	-1,4	-0,4	-1,3	-0,6
Work performed for own purposes and capitalised	0,0	0,1	0,1	0,1
Other operating income	1,1	0,5	1,3	0,9
Materials and services	-22,8	-29,1	-49,6	-59,5
Employee benefits expenses	-10,3	-8,8	-19,7	-18,4
Depreciation	-1,9	-1,8	-3,7	-3,6
Impairment	-0,3	-0,5	-0,3	-0,5
Other operating expenses	-7,0	-5,3	-11,9	-10,3
Results from operating activities	-6,7	-2,8	-9,7	-2,0
% net sales	-18,7	-6,5	-12,8	-2,3

Financing income	1,4	1,9	3,2	4,4
Financing expenses	-1,9	-2,3	-3,9	-5,7
Result before tax	-7,3	-3,1	-10,4	-3,3
% net sales	-20,3	-7,3	-13,8	-3,7
Tax on income from operations	-0,8	0,1	-1,0	-0,1
Result for the period	-8,1	-3,0	-11,4	-3,4
Other comprehensive income				
Items that will not be reclassified to statement of income				
Remeasurements of the net defined benefit liabilty	0,0	-0,2	0,0	-0,2
Items that may be reclassified subsequently to profit or loss				
Translation differences	0,0	-0,2	-0,2	0,9
Total comprehensive income	-8,1	-3,3	-11,5	-2,6
Net profit/loss attributable				
To equity holders of the parent	-8,1	-3,0	-11,4	-3,4
To non-controlling interest	0,0	0,0	0,0	0,0
Total comprehensive income attributable to:				
Equity holders of the parent	-8,1	-3,3	-11,5	-2,6
Non-controlling interest	0,0	0,0	0,0	0,0
EARNINGS PER SHARE CALCULATED ON PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT:				
Earnings per share, basic,eur	-0,16	-0,06	-0,22	-0,07
Earnings per share, diluted, eur	-0,16	-0,06	-0,22	-0,07

NET SALES BY AREAS	7-12/16	7-12/15	1-12/16	1-12/15
EUR million	6 mo	6 mo	12 mo	12 mo
Americas	5,4	6,4	11,1	12,7
EMEA	20,7	25,6	41,2	44,0
FINLAND	4,0	0,6	9,7	9,7
APAC	5,9	10,1	13,4	23,4
Total	35,9	42,6	75,4	89,9

NET SALES BY CUSTOMER GROUPS	7-12/16	7-12/15	1-12/16	1-12/15
EUR million	6 mo	6 mo	12 mo	12 mo
Telecom	16,2	19,6	34,2	44,8
Industrial	19,7	23,1	41,2	45,1
Total	35,9	42,6	75,4	89,9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Dec. 31, 2016	Dec. 31, 2015	change %
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9,2	9,2	
Goodwill	1,1	1,1	
Tangible assets	2,8	5,0	
Other receivables, non-current	0,1	0,1	
Other long-term investments	0,1	0,1	
Deferred tax asset	2,5	3,4	
Total non-current assets	15,8	19,0	-16,7
CURRENT ASSETS			
Inventories	11,3	14,9	
Trade receivables and other receivables	14,6	15,2	
Tax receivable, income tax	0,2	0,3	
Cash and cash equivalents	6,4	6,3	
Total current assets	32,5	36,7	-11,3
TOTAL ASSETS	48,3	55,6	-13,1

EQUITY AND LIABILITIES			
EQUITY			
Share capital	15,0	15,0	
Treasury shares	-2,4	-2,4	
Other reserves	28,7	28,7	
Translation differences	3,4	3,5	
Retained earnings	-37,0	-25,7	
Equity attributable to equity holders of the parent	7,6	19,0	
Equity attributable to non-controlling interests	0,0	0,0	
Total equity	7,6	19,0	-60,3
NON-CURRENT LIABILITIES			
Deferred tax liabilities	0,3	0,5	
Interest-bearing liabilities	0,0	1,2	
Other liabilities	0,0	0,1	
Pension provisions	1,4	1,7	
Other provisions	0,3	0,3	
Total non-current liabilities	2,0	3,8	-47,1
CURRENT LIABILITIES			
Interest-bearing liabilities	13,9	9,8	
Trade payables and other liabilities	20,5	22,6	
Tax liabilities	0,3	0,3	
Other provisions	4,0	0,1	
Total current liabilities	38,7	32,8	
Liabilities	40,8	36,6	
TOTAL EQUITY AND LIABILITIES	48,3	55,6	-13,1

GROUP KEY FIGURES, EUR million	7-12/16 6 mo	7-12/15 6 mo	1-12/16 12 mo	1-12/15 12 mo
Earnings per share, basic,eur	-0,16	-0,06	-0,22	-0,07
Earnings per share, diluted, eur	-0,16	-0,06	-0,22	-0,07
Equity per share, eur	0,14	0,36	0,14	0,36
Return on equity-%(ROE)	-69,9	-14,4	-85,5	-16,8
Return on investment-%(ROI)	-19,6	-16,0	-38,0	-9,2
Net interest-bearing liabilities	7,5	4,7	7,5	4,7
Investments (intangible and tangible assets)	1,7	2,3	3,3	4,5
as percentage of net sales	4,7	5,4	4,4	5,0
Average personnel	590	822	679	887

ADJUSTED OPERATING RESULT EUR million	7-12/16 6 mo	7-12/15 6 mo	1-12/16 12 mo	1-12/15 12 mo
Operating result	**-6,7**	**-2,8**	**-9,7**	**-2,0**
Adjustments to operating result				
Change in organizational structure	4,5	0,4	4,8	0,4
Total adjustments to operating result	**4,5**	**0,4**	**4,8**	**0,4**
Adjusted operating result	**-2,2**	**-2,3**	**-4,8**	**-1,6**

CONSOLIDATED STATEMENT OF CASH FLOWS EUR million	1-12/16 12 mo	1-12/15 12 mo	Change %
Cash flows from operating activities			
Cash receipts from customers	79,9	91,1	
Cash paid to suppliers and employees	-80,3	-87,4	
Cash generated from operations	-0,4	3,6	
Interest paid	-0,4	-0,4	
Interest received	0,0	0,0	
Other financial items	-0,3	-1,2	
Income taxes paid	0,0	-0,2	
Net cash from operating activities (A)	-1,1	1,8	
Cash flows from investing activities			
Purchase of tangible and intangible assets	-3,2	-4,4	
Proceeds from sale of tangible and intangible assets	1,4	0,0	
Income taxes paid	0,0	0,0	
Net cash used in investing activities (B)	-1,8	-4,4	-59,4
Cash flows from financing activities			
Proceedings from short-term borrowings	9,5	6,2	
Repayment of short-term borrowings	-8,1	-4,0	
Proceeds from long-term borrowings	4,0	0,0	
Repayment of long-term borrowings	-2,1	-1,1	
Financial leasing repayment	-0,2	-0,2	
Net cash used in financing activities (C)	3,1	0,9	

Net increase/decrease in cash and cash equivalents (A+B+C)	0,2	-1,6
Cash and cash equivalents at beginning of period	6,3	7,8
Net increase/decrease in cash and cash equivalents	0,2	-1,6
Effects of exchange rate fluctuations on cash held	-0,1	0,2
Cash and cash equivalents at end of period	6,4	6,3

GROUP CONTINGENT LIABILITIES

EUR million	**31.12.2016**	**31.12.2015**
Security and contingent liabilities		
On own behalf		
Business mortgage	5,0	0,0
Other contingent liabilities	0,2	0,1
Pledge of parent company's own shares, pcs	3 501 955	0,0
Liabilities covered by business mortgage		
Loans from financial institutions	6,2	0,0
Factoring limit in use	2,0	0,0
Total	8,2	0,0
Own liability for credit risk insurance in factoring, not realised	0,1	0,0

Operating lease commitments		
Group as lessee		
Non-cancellable minimum operating lease payments:		
Less than 1 year	0,9	0,8
1-5 years	2,1	0,5
Fair values of derivate financial instruments		
Currency derivatives, for hedging (not IAS 39 hedge accounting)		
Derivatives		
Nominal amount	4,1	1,7
Negative fair value	0,0	0,1

Other related party transactions

In 2016 Jussi Capital Oy has issued an EUR 4 million absolute guarantee of to the financier of Efore Oyj. Jussi Capital Oy belongs to the related parties of the Company.

Efore Oyj has pledged 3 501 995 own shares as a counter guarantee for the absolute guarantee granted by Jussi Capital Oy. The pledge of own shares had an significant financial reason in the interest of the company and all the shareholders, as the pledge was a prerequisite for the financing arrangements.

Efore Oyj has drawn a loan of EUR 2 million from Jussi Capital Oy. The loan is due on June 30, 2017 and the interest rate is 14%. This credit arrangement has been conducted on market equivalent terms and in line with the interests of the business perspectives of the company.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A Share capital
B Treasury shares
C Unrestricted equity reserve
D Other reserves
E Translation differences
F Retained earnings
G Equity holders of the parent
H Non-controlling interests
I Total

EUR million	A	B	C	D	E	F	G	H	I
EQUITY January 1 2015	**15,0**	**-2,4**	**28,0**	**0,7**	**2,6**	**-22,3**	**21,5**	**0,0**	**21,5**
Comprehensive income	0,0	0,0	0,0	0,0	0,0	-3,4	-3,4	0,0	-3,4
Other comprehensive income									
Remeasurements of the net definet benefit liabilty	0,0	0,0	0,0	0,0	0,0	-0,2	-0,2	0,0	-0,2
Translation difference	0,0	0,0	0,0	0,0	0,9	0,0	0,9	0,0	0,9
Total comprehensive income	**0,0**	**0,0**	**0,0**	**0,0**	**0,9**	**-3,6**	**-2,6**	**0,0**	**-2,6**
Transactions between the shareholders									
Share-based payments	0,0	0,0	0,0	0,0	0,0	0,2	0,2	0,0	0,2
Other changes	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total transactions between the shareholders	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,2**	**0,2**	**0,0**	**0,2**
Equity December 31, 2015	**15,0**	**-2,4**	**28,0**	**0,7**	**3,5**	**-25,7**	**19,0**	**0,0**	**19,0**

EUR million	A	B	C	D	E	F	G	H	I
EQUITY January 1, 2016	**15,0**	**-2,4**	**28,0**	**0,7**	**3,5**	**-25,7**	**19,0**	**0,0**	**19,0**
Comprehensive income	0,0	0,0	0,0	0,0	0,0	-11,4	-11,4	0,0	-11,4
Other comprehensive income									
Remeasurements of the net defined benefit liabilty	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Translation difference	0,0	0,0	0,0	0,0	-0,2	0,0	-0,2	0,0	-0,2
Total comprehensive income	**0,0**	**0,0**	**0,0**	**0,0**	**-0,2**	**-11,4**	**-11,5**	**0,0**	**-11,5**
Transactions between the shareholders									
Share-based payments	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total transactions between the shareholders	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**
EQUITY December 31, 2016	**15,0**	**-2,4**	**28,0**	**0,7**	**3,4**	**-37,0**	**7,6**	**0,0**	**7,6**

Calculation of key figures

Return on investment (ROI), %

$$= \frac{\text{Profit before taxes + interest and other financing expenses}}{\text{Equity + interest bearing liabilities (average)}} \times 100$$

Return on Equity (ROE), %

$$= \frac{\text{Profit/loss for the period}}{\text{Equity (average)}} \times 100$$

Current ratio

$$= \frac{\text{Current assets}}{\text{Current liabilities}}$$

Solvency ratio, %

$$= \frac{\text{Equity}}{\text{Total assets – advance payments received – own shares*}} \times 100$$

Net interest-bearing liabilities	=	Interest bearing liabilities – financial assets at fair value through profit or loss – cash and cash equivalents
Gearing, %	=	$\frac{\text{Net interest-bearing liabilities}}{\text{Equity}} \times 100$
Earnings per share	=	$\frac{\text{Profit or loss attributable to ordinary equity holders of the parent entity}}{\text{The weighted average number of shares outstanding}}$
Earnings per share (diluted)	=	$\frac{\text{Profit or loss attributable to ordinary equity holders of the parent entity}}{\text{The weighted average number of shares outstanding including dilutive effect}}$
Dividend per share	=	$\frac{\text{Dividend for the financial year}}{\text{Number of shares – own shares*}}$
Dividend payout ratio, %	=	$\frac{\text{Dividend per shares}}{\text{Earnings per share}} \times 100$
Effective dividend yield, %	=	$\frac{\text{Dividend per share}}{\text{Adjusted share price at balance sheet date}} \times 100$
Equity per share	=	$\frac{\text{Equity – own shares*}}{\text{Number of shares at balance sheet date}}$
P/E ratio	=	$\frac{\text{Adjusted share price at balance sheet date}}{\text{Earnings per share}}$
Market capitalization	=	Adjusted share price at balance sheet date x outstanding number of shares at balance sheet date
Average personnel	=	The average number of employees at the end of each calendar month during the accounting period

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

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

* There were own shares held by company at the end of the period under review.

EFORE PLC
Board of Directors

Further information

For further information please contact Mr. Jorma Wiitakorpi, President and CEO, on February 15, 2017 at 10-11 a.m., tel. +358 40 175 8510

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Efore Group
Efore is an international Group which develops and produces demanding power products. Efore's head office is based in Finland and its R&D functions are located in Finland, Sweden, Italy and China. Sales and marketing operations are located in Europe, United States and China. In the financial year ending in December 2016, consolidated net sales totalled EUR 75.4 million and the Group's personnel averaged 679. The parent company's share is quoted on the Nasdaq OMX Helsinki Ltd. www.efore.com