



Interim Report January - September 2020

Raisio plc

Raisio plc's Interim Report, 4 November 2020 at 8:30 a.m. Finnish time

Retained profitability in the midst of a pandemic

FINANCIAL DEVELOPMENT IN BRIEF

July–September 2020

- The Group's net sales totalled EUR 65.1 (69.2) million, which signified a decrease of -6.0%.
- EBIT was EUR 9.8 (10.7) million, accounting for 15.0 (15.5)% of net sales. EBIT decreased -8.4% in relation to the comparison period.
- The Healthy Food Segment's net sales totalled EUR 32.5 (33.6) million. EBIT was EUR 5.1 (5.6) million, accounting for 15.6 (16.8)% of net sales.
- The Healthy Ingredients Segment's net sales totalled EUR 39.2 (42.3) million. EBIT was EUR 4.8 (5.4) million, accounting for 12.2 (12.8)% of net sales.
- The Group's cash flow from business operations after financial items and taxes totalled EUR 8.9 (5.9) million.

January–September 2020

- The Group's net sales totalled EUR 179.7 (181.8) million, which signified a decrease of -1.2%.
- EBIT was EUR 23.3 (23.0) million, which accounted for 13.0 (12.6)% of net sales. EBIT increased +1.3% in relation to the comparison period.
- The Healthy Food Segment's net sales totalled EUR 101.4 (102.5) million. EBIT was EUR 14.4 (14.1) million, which accounted for 14.2 (13.8)% of net sales.
- The Healthy Ingredients Segment's net sales totalled EUR 99.2 (98.9) million. EBIT was EUR 10.7 (10.7) million, which accounted for 10.8 (10.8)% of net sales.
- The return on investments (ROIC) was 11.8 (16.3)%.
- The Group's cash flow from business operations after financial items and taxes totalled EUR 18.8 (13.8) million.

OUTLOOK 2020

Raisio withdrew its guidance for 2020 on 29th July 2020 due to the potential second wave of the COVID-19 pandemic and the prolonged state of the pandemic in general. Raisio reinstates its outlook for 2020, but because of the exceptional market circumstances, Raisio's outlook still includes a level of uncertainty.

Raisio's new guidance: In 2020, Raisio expects its net sales for continuing operations to fall ca. -3% (net sales 2019: EUR 236.3 million) and comparable EBIT to be in line with the previous year (EUR 27.3 million).

Raisio's previous guidance: In 2020, Raisio expects its net sales for continuing operations to grow (2019: EUR 236.3 million) and comparable EBIT to be over 10 per cent of net sales.

KEY FIGURES OF THE GROUP

		7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Net sales	M€	65.1	69.2	179.7	181.8	236.3
Change in net sales	%	-6.0	9.7	-1.2	5.3	3.5
EBIT	M€	9.8	10.7	23.3	23.0	27.3
EBIT of net sales	%	15.0	15.5	13.0	12.6	11.5
EBITDA	M€	11.3	12.3	28.0	27.8	33.6
Earnings per share	€	0.05	0.06	0.11	0.14	0.16

PRESIDENT AND CEO PEKKA KUUSNIEMI:

Raisio's third quarter was characterised by adjustments to the second, rising wave of the ongoing pandemic. Demand for our consumer products fluctuated strongly between the different markets, while the performance of the Healthy Ingredients Segment was steadier and corresponded more as anticipated. As a whole, the period was marked by weak predictability. New lockdown measures were being planned and implemented widely within our market areas as we approached the end of the quarter. Societies, consumers and business life are still growing accustomed to today's new normal.

In these conditions, we continued to focus on our core activities, which include the securing of production and operations, the provision of service to our customers and support for the maintenance of our personnel's work ability. We cannot choose our operating environment or affect currency movements, but we can demonstrate our capacity to be flexible, to manage our cost structure and to continue to pursue our strategy with confidence. We succeeded commendably in realising these tasks. It is reflected in our ability to sustain exceptional profitability and to look to the future with determination and assurance.

Development within the Finnish consumer market was extremely strong, as it has been throughout this entire year. We continued to see dynamic growth within our key brands and we were able to launch more new products under these brands. Consumer products returned to a growth path and this included also our Elovena snack products, which suffered early in the year as a result of the self-isolating trend caused by the pandemic.

The heavy restrictions in Western European market, particularly in the UK market important to Raisio, continued to have a negative impact on the demand for Benecol products throughout the quarter. In Poland, development was weak for the same reasons. In Russia, sales in rubles increased strongly, but the development of the exchange rate was not on our side. The change in the purchasing behaviours of consumers outside of Finland has been greater than that within Finland and represents less visits to the shops, an increase in new distribution channels and emphasised price sensitivity.

During the third quarter, Raisioaqua's sales were significantly lower than during the comparison period. The new export markets in Sweden and Poland were met with intense price competition. Customer loyalty remained high, with the exception of one significant Nordic company that shifted its purchasing to a competitor. Throughout the period, we have supported the development taking place in the overall fish farming industry through extensive influencing work.

Raisio has recently undertaken significant investments. One of Raisio's strategic goals is to establish value-added oats as the other strong pillar of the company alongside its Benecol business. The modernisation of the Nokia oat mill, which was completed at the start of this year,

has demonstrated its vital role as a contributor to Raisio's future growth. The sales of value-added oats, both in Finland and abroad, is growing, even beyond our expectations, despite the currently difficult conditions. The construction of a new production facility within Raisio's carbon-neutral industrial area has proceeded according to plan. The recruitment needed for the opening and starting the production at the facility has been completed and shows in the increased number of personnel at Raisio.

Due to the extended period of exceptional circumstances, the net sales for the third quarter decreased clearly in relation to the comparison period to EUR 65.1 (69.2) million. Despite this, EBIT retained nearly the same level as that of the comparison period, being 15.0 (15.5) per cent of net sales. For the current year so far, net sales remained nearly at the same level as those of the comparison period and EBIT improved to be EUR 23.3 (23.0) million and 13.0 (12.6) per cent of net sales. Cash flow before investments was a strong EUR 18.8 (13.8) million. Raisio's investments are growing dynamically as we implement projects designed to support our strategy. The most significant of these is the investment in the development and production facility for our plant-based added-value products, which has proceeded according to plan. The current year's investments have so far totalled EUR 23.0 (10.9) million, or 12.8 (6.0) per cent of net sales. Raisio is a profitable and highly solvent company that invests strongly in future growth. I would once again like to express my gratitude to all our personnel, including those in production, in our offices and working remotely.

FINANCIAL REPORTING

Raisio Group's reportable operating segments are Healthy Food, Healthy Ingredients and Other Operations. The reported figures are comparable. The comparison figures in brackets refer to the corresponding period a year earlier unless otherwise stated.

FINANCIAL DEVELOPMENT

July–September

Raisio Group's net sales totalled EUR 65.1 (69.2) million. During the third quarter, the Group's net sales clearly decreased in relation to the comparison period. During the review quarter, the pandemic strengthened in the form of a second wave all around the world. This was reflected as a weakened demand in several of the key markets for Benecol products. The demand for grain-based products, on the other hand, continued at an extremely good level in terms of both consumers and industrial customers. During the third quarter, Raisioaqua's sales were significantly lower than during the record high comparison period. The new export markets in Sweden and Poland met with extreme price competition, which was partly worsened by less favourable currency movements than those experienced during the comparison period. The farming conditions did not either correspond to those prevalent during the comparison period. The volumes of external grain trade continued to be decreased as planned.

Raisio Group's EBIT was EUR 9.8 (10.7) million, which accounted for 15.0 (15.5) per cent of net sales. The market-specific differences were emphasised within the Healthy Food Segment. The development in Finland was exceptional. Profitability in Belgium and Ireland also improved considerably. The decreased sales in the UK and Polish markets were reflected in the weakened profitability. The volume development within the Eastern European markets was moderate, but the exchange rate impacts were highly unfavourable. In response to the uncertain market situation, special focus was placed on cost control and operational flexibility, which safeguarded steadfast development in terms of profitability throughout the entire business area. Within the Healthy Ingredients Segment, the significantly lower sales volumes of Raisioaqua had a positive impact on

the relative profitability and the price competition reduced the share of low-margin business. The improved utilisation rates of the mills continued to have a positive impact on overall profitability. The decreased volume of external grain trade also had a positive effect on profitability.

The conversion impact of the British pound on the Group's net sales was EUR -0.2 (-0.2) million and EUR 0.0 (0.0) million on EBIT. The conversion impact refers to the impact arising when the subsidiaries' net sales and EBIT in pounds are converted into euro as part of the consolidated financial statements.

The Group's net financial items were EUR 0.8 (0.6) million. For the review period, the net financial items include a positive change of EUR 0.9 million for financial assets recognised at fair value through profit or loss. The increase in the fair value of financial assets was the result of an increase in the value of the Group's invested cash reserves from the decreased levels at the end of the previous quarter. The Group's pre-tax result was EUR 10.6 (11.3) million. The Group's post-tax result was EUR 8.4 (9.0) million. The Group's earnings per share were EUR 0.05 (0.06).

January–September

Raisio Group's net sales totalled EUR 179.7 (181.8) million. The Group's net sales were nearly at the same level as those of the comparison period. Sales in the Healthy Food Segment were nearly at the same level as during the comparison period, as were sales in the Healthy Ingredients Segment. International operations accounted for 62.5 (63.2) per cent of the Group's net sales. Throughout the year, the restrictions and lockdowns caused by the pandemic varied in terms of their duration and stringency in different ways within the different markets. This was also seen at the end of the review period, when the second wave of the pandemic was appearing more prominently in headlines and having a greater impact on the daily lives of consumers.

Raisio Group's EBIT was EUR 23.3 (23.0) million, which accounted for 13.0 (12.6) per cent of net sales.

The conversion impact of the British pound on the Group's net sales was EUR -0.1 (0.0) million and EUR 0.0 (0.0) million on EBIT. The conversion impact refers to the impact arising when the subsidiaries' net sales and EBIT in pounds are converted into euro as part of the consolidated financial statements.

The Group's net financial items were EUR -0.6 (1.5) million. During the review period, the net financial items include a change of EUR -0.5 million for financial assets recognised at fair value through profit or loss. The decreasing fair value of financial assets was the result of the realised decline in the securities market in response to the corona crisis. The Group's pre-tax result was EUR 22.7 (24.4) million. The Group's post-tax result was EUR 17.8 (21.6) million. The Group's earnings per share were EUR 0.11 (0.14).

OPERATING ENVIRONMENT AND COVID-19

Raisio's operating environment changed considerably as the coronavirus and measures to prevent its spread closed down the economy to a large extent at the beginning of 2020. Over the short term, this was reflected in Raisio's operations as a strongly growing demand within nearly all key markets and product areas. Raisio's position and readiness to act as a responsible part of the security of supply chain within the food industry was tested in a very concrete way as a result of the pandemic. The Group's production and personnel were able to meet the strong and rapid increase in demand in exemplary fashion. Already prior to the rise of the coronavirus pandemic, the Group management had established a working group and drew up guidelines to help assure the health and work ability of Group personnel.

During the second quarter, demand normalised following the rapid, temporary peak in demand in March. Consumers in different markets were forced to change their purchase behaviours and the role of traditional trade was forced to adapt as the volumes of new sales channels grew. The pandemic gained new strength in the form of a second wave during the third quarter, thereby introducing further restrictions and insecurities to the operating conditions of society and business life. This was especially true for Raisio's vital UK markets, in which lockdown measures and mobility restrictions affected the possibilities for elderly consumers, in particular, to manage their shopping in the way to which they were accustomed. This change in consumer behaviour strengthened further during the third quarter and was reflected clearly through declined sales in relation to the comparison period.

Global megatrends continue to support Raisio's growth strategy and its focus on responsibly produced healthy food. As the pandemic withdraws, more permanent changes in consumer behaviour may be seen. According to our estimates, value choices and consumption habits related to health will become even more prevalent. The ultimate duration and impacts of the pandemic situation continue, however, to be an uncertainty. The eventual impacts on different fields are likely to fluctuate strongly.

BALANCE SHEET, CASH FLOW AND FINANCING

At the end of September, Raisio Group's balance sheet totalled EUR 307.2 (31 December 2019: 308.5) million. Shareholders' equity was EUR 263.2 (31 December 2019: EUR 271.3) million. Equity per share totalled EUR 1.67 (31 December 2019: 1.72) million. Changes in equity are described in detail in the Table section below.

The Group's cash flow from business operations after financial items and taxes totalled EUR 18.8 (13.8) million. Cash flow developed positively through the management of the working capital.

At the end of September, working capital amounted to EUR 43.3 (31 December 2019: 37.0) million.

The Group's interest-bearing debt at the end of September was EUR 10.1 (31 December 2019: 1.1) million. For the review period, interest-bearing debts include an increase in lease liabilities of EUR 9.3 million in connection with the process equipment required for the new production facility being built in Raisio's industrial area. Net interest-bearing debt was EUR -71.5 (31 December 2019: -98.6) million.

At the end of September, Raisio's financial assets recognised at fair value through profit or loss, as well as cash and cash equivalents totalled EUR 81.6 (31 December 2019: 99.8) million. Cash reserves are primarily invested in low-risk, liquid investment objects.

At the end of September, the Group's equity ratio was EUR 85.7 (31 December 2019: 87.9) per cent and net gearing was -27.2 (31 December 2019: -36.4) per cent. The return on investments (ROIC) was 11.8 (31 December 2019: 13.9) per cent.

Key figures for the balance sheet and financing

		30.9.2020	30.9.2019	31.12.2019
Cash flow from operations	M€	18.8	13.8	23.3
Equity ratio	%	85.7	83.6	87.9
Net gearing	%	-27.2	-36.8	-36.4
Net interest-bearing debt	M€	-71.5	-97.1	-98.6
Equity per share	€	1.67	1.68	1.72
Investments	M€	23.0	10.9	19.5
Return on investment (ROIC)	%	11.8	16.3	13.9

INVESTMENTS

Raisio's investments for July–September totalled EUR 10.1 (4.1) million, or 15.5 (6.0) per cent of net sales.

The January–September investments totalled EUR 23.0 (10.9) million, or 12.8 (6.0) per cent of net sales. The most significant investments of the reporting period were allocated to the new, modern production facility being built in Raisio's industrial area. This investment will be realised in accordance with the set timetable and budget.

PERSONNEL

At the end of September, Raisio Group employed 359 (326) people. The Healthy Food Segment had 130 (128), Healthy Ingredients Segment 182 (150) and Other Operations 47 (48) employees. 18 (21) per cent of the personnel were working in Raisio's foreign operations.

RESEARCH AND DEVELOPMENT

Raisio's research and development expenses in July–September totalled EUR 0.7 (0.9) million, or 1.1 (1.3) per cent of net sales.

In January–September, research and development expenses were EUR 3.0 (3.0) million, which accounted for 1.7 (1.6) per cent of net sales.

In keeping with Raisio's strategical goals, our research and product development investments are focused on achieving even better capabilities in select consumer brands, particularly as concerns gluten-free oats as raw material and the ongoing product and application developments of Benecol. The isolation measures and restrictions on movement brought about by the corona pandemic cause partial delays in research and development projects and the rescheduling of certain projects. We decided to amend the goal of the 'Environmentally friendly packages' project included in Raisio's Good Food Plan 2019–2023 and to further prioritise the recyclability of our packaging as one of our top goals. The amended goal for environmentally friendly packages is as follows: 'All of our consumer packaging shall be recyclable by the end of 2023. We will continuously reduce the amount of packaging plastic with the long-term goal of completely ceasing the use of plastic packages.' Our original primary goal remains to ensure that all our consumer packaging is recyclable by the end of 2023. The goal is to continuously reduce the use of plastic in our packaging with the long-term goal of completely eliminating plastic packaging.

Due to the prevailing circumstances, product launches were also spread out evenly throughout the year. Gluten-free Elovena oat flakes were launched during the first quarter, but, during the second and third quarter, consumers were introduced to several new or improved consumer products, for example, under the Benecol, Elovena, Torino and Sunnuntai brand names. According to the Brand Value (Brändien arvostus) survey for 2020, published in August, Elovena had risen to be 15th on the list of the most valued brands in Finland. Our traditional Sunnuntai brand also rose dramatically to assume a higher position on the list of valued brands.

HEALTHY FOOD SEGMENT

The Healthy Food Segment includes Raisio's consumer product businesses in the Western, Eastern, Central and Northern European markets.

Financial development, July–September

The Healthy Food Segment's net sales totalled EUR 32.5 (33.6) million. Strong sales growth for Benecol, Sunnuntai and Elovena products continued in Finland. The value of sales decreased significantly in Eastern and Central Europe, as did the overall sales of Benecol products in Western Europe.

More than 42 per cent of the Healthy Food Segment's net sales were generated in Northern Europe, where Raisio's well-known brands are Elovena, Benecol, Nordic, Sunnuntai, Nalle and Torino. Over 43 per cent of net sales were generated from the sale of Benecol products in the Western European markets. Approximately 15 per cent of the net sales were generated in Eastern and Central Europe, where Benecol and Nordic are Raisio's best known brands.

The Healthy Food Segment's EBIT amounted to EUR 5.1 (5.6) million, which accounted for 15.6 (16.8) per cent of net sales. The sales and marketing costs were at the same level as those of the comparison period. The exceptional circumstances that continued to prevail during the third quarter were not favourable for the realisation of dynamic marketing investments.

The conversion impact of the British pound on the Healthy Food Segment's net sales was EUR -0.2 (-0.2) million and EUR 0.0 (0.0) million on EBIT.

Financial development, January–September

The Healthy Food Segment's net sales totalled EUR 101.4 (102.5) million. As the pandemic took hold at the beginning of the year, the strong peak in demand led to a natural plateauing period during the second quarter, as customers normalised their stock levels. Differences in marketing dynamics during the third quarter were seen in the fact that Northern Europe continued to increase its sales in relation to the comparison period, while Eastern and Central Europe's sales decreased even more dramatically than during the second quarter. Benecol sales in Western Europe declined during the third quarter in relation to its comparison period, but not to the same degree as during the second quarter.

The Healthy Food Segment's EBIT amounted to EUR 14.4 (14.1) million, which accounted for 14.2 (13.8) per cent of net sales. Significant cost savings accrued in terms of both marketing and sales, as well as general costs due to, for example, decreased travel as a result of travel restrictions.

The conversion impact of the British pound on the Healthy Food Segment's net sales was EUR -0.1 (0.0) million and EUR 0.0 (0.0) million on EBIT.

Key figures for the Healthy Food Segment

		7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Net sales	M€	32.5	33.6	101.4	102.5	137.5
Western Europe	M€	14.0	15.1	44.2	47.8	63.8
Northern Europe	M€	13.8	12.9	41.4	37.8	50.4
Eastern and Central Europe	M€	4.8	5.7	15.8	16.9	23.4
EBIT	M€	5.1	5.6	14.4	14.1	18.2
EBIT	%	15.6	16.8	14.2	13.8	13.2
Net assets	M€	81.9	84.8	81.9	84.8	87.6

Business reviews, July–September

Western Europe

Net sales for the Western European operations amounted to EUR 14.0 (15.1) million and EBIT weakened significantly.

Net sales for the Benecol business in the UK fell clearly short of the comparison period. This also had direct negative impacts on EBIT during the third quarter. The sales and marketing costs corresponded to the level of the comparison period. The primary message concerning the cholesterol-lowering benefit of Benecol is highly emphasised in marketing. According to consumer surveys, the purchase frequency within these markets has reduced and price sensitivity has increased.

Consumers in the UK shifted the majority of their shopping to the large markets at the start of the pandemic, but as the situation continued, online trade has grown significantly, reducing the share of traditional trade. Smaller food shops have also increased their popularity among consumers. Raisio's distribution coverage is not at the same level among these markets as it is among the larger chains. Lockdown measures and restrictions in the UK have been extensive in comparison to Raisio's other key markets, with the result that the primary target consumers for Benecol products found it challenging to make their purchases in the manner to which they have come accustomed. As the pandemic has persevered, consumers have shifted their consumption, in part, to product categories that enhance immunity and general well-being, while the cholesterol-lowering product category has been decreasing throughout the duration of the pandemic. The latest studies reflecting consumer interest indicate that cholesterol-lowering themes are nearly as intriguing as they were prior to the pandemic, which predicts a higher demand for this category in the future.

In Ireland, net sales increased slightly in relation to the comparison period, and EBIT improved significantly. In Belgium, net sales decreased, but EBIT improved significantly in relation to the comparison period. The current pandemic and its second wave have impeded the realisation of new listings and related campaigns. This was reflected in decreased sales but, on the other hand, also in improved profitability due to minimal investments in sales promotion.

Northern Europe

Net sales for the Northern European operations amounted to EUR 13.8 (12.9) million. EBIT further improved significantly. It was boosted by sales growth, particularly in Benecol, Sunnuntai and Elovena brands, and lower fixed costs in relation to the comparison period. In terms of percentage, the highest increase in demand was seen in the Sunnuntai and Benecol brands, as at the start of the year. During the third quarter, the traditional Sunnuntai brand continued its success, and

Elovena's sales growth within many key product categories increased further from the second quarter. New products, which were well received, were launched under these brands during the third quarter as well. The great success of Sunnuntai throughout the year is an indication of the continued popularity of food preparation at home.

Sales of Benecol products increased in Finland by more than 9 per cent during the third quarter. Sales of Benecol yogurt drinks saw the greatest development, but nearly all other categories increased as well. Sales in Elovena products increased by over 5 per cent. In terms of demand, there was a calmer period, particularly during the early part of the third quarter, between the two waves of the pandemic. This was reflected in the positive sales results for Elovena biscuits, drinks and instant porridge, as consumers increased their movement and interest in snack products following the quieter period prevailing at the start of the year. The market for products intended to replace traditional protein sources appears to be continuing to grow as a whole. The company's oat mince, originally marketed under the name Muru, was renamed Elovena Oat Mince. During the review period, the delivery chain for the product continued to be met with problems, which had an adverse impact on sales.

Eastern and Central Europe

Net sales for the Eastern and Central European operations declined significantly to EUR 4.8 (5.7) million. On the other hand, profitability was at the same level as during the comparison period. The currency rates developed unfavourably in all the Eastern and Central European markets, and particularly in Russia, during the third quarter. Raisio's key export countries within Eastern and Central Europe have also experienced a strong second wave of the pandemic during the third quarter, which has had an inevitable impact on the local markets.

Net sales and EBIT in Russia decreased considerably from the figures of the comparison period. Volumes, on the other hand, saw an increase. Most of sales in Russia come from premium-priced Nordic products. In Russia, the decline in consumers' purchasing power has weakened further and the immediate impact of traditional promotions on sales has also weakened in large cities. As the coronavirus pandemic drags on, the continued need to work and dine at home has further increased the demand also for premium-priced products. As a result of the purchasing behaviours of consumers, Raisio's online sales have also grown within customer channels in large cities.

In Ukraine, both net sales and profitability decreased significantly in relation to the comparison period. Ukraine has suffered from occasional and temporary delivery and distribution difficulties, which has naturally had an impact on sales and distribution coverage. Development in terms of volume was already quite positive at the end of the third quarter, but the overall quarter still fell below the comparison period.

In Poland, both net sales and EBIT decreased significantly in relation to the comparison period. A large portion of Poland's Benecol distribution has focused on larger shops, whose operations have been seriously disrupted during the pandemic. During the worst moments of the pandemic, many of these shopping centres were shut down completely. Raisio's goal is to achieve even broader distribution coverage within the Polish market, which is very fragmented between different retailers. In Poland, as well as in many of Raisio's other markets, sales through the so-called discounter channel has increased, particularly during the pandemic. Raisio's current distribution to actors in these areas is still being built.

In its strategy, Raisio has planned to take over Benecol product markets in Europe in case the situation with a licensing partner changes and the market is important for Raisio. As a result of the previously discussed co-operation with Dr. Schär, Benecol snack products made it onto shelves in

Spain. Progress within this re-emerging market continues, however, to be quite moderate and graduated. The ongoing exceptional situation has decelerated the expansion of the Group's partnership with Dr. Schär and the opening of any new markets.

HEALTHY INGREDIENTS SEGMENT

The Healthy Ingredients Segment includes the sale of fish feeds and the Benecol product ingredient, and the sale of grain-based products to industrial and catering companies.

Financial development, July–September

The Healthy Ingredients Segment's net sales totalled EUR 39.2 (42.3) million. Net sales declined due to the significantly lower sales of fish feeds in relation to the record-high comparison period and the reduced volume of external grain trade in accordance with the company's strategy. The openings achieved during 2019 in the Swedish and Polish fish feed markets were met with challenges as a result of unfavourable currency movements and extreme price competition. The domestic and foreign sales of grain products to bakeries and industrial and catering customers, on the other hand, grew dramatically in relation to the comparison period.

The Healthy Ingredients Segment's EBIT was EUR 4.8 (5.4) million, which accounted for 12.2 (12.8) per cent of net sales. The decrease in fish feed sales in relation to the comparison period was also clearly reflected in the company's EBIT. Profitability was improved in relation to the comparison period, also during the third quarter, due to the sequencing of licensing sales of the Benecol product ingredient. The problems that arose within the operating environment of the industrial kitchen sector, as a result of the pandemic, only had a minor impact on Raisio's profitability within this business area, also during the third quarter.

Financial development, January–September

The level of the Healthy Ingredients Segment's net sales corresponded to those of the comparison period, at EUR 99.2 (98.9) million. Volumes were increased by the growth in BtoB sales of grain-based products and overall sales of Benecol product ingredients in relation to the comparison period. The decline in Raisioaqua's sales from those achieved during the record-high year 2019 is partially explained by the weaker farming conditions and setbacks caused by currencies in relation to the comparison period. The volumes of external grain trade were decreased as planned and, as explained earlier, it no longer plays an important role in Raisio's strategy.

The Healthy Ingredients Segment's EBIT was EUR 10.7 (10.7) million, which accounted for 10.8 (10.8) per cent of net sales. Success within the strategically vital B2B markets for value-added oats supported profitability. Raisio's own improved production utilisation rates have had a positive impact on overall profitability, and the planned reduction of our external grain trade, which has low profitability, is also contributing to an improvement in the relative profitability.

Key figures for the Healthy Ingredients Segment

		7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Net sales	M€	39.2	42.3	99.2	98.9	124.6
EBIT	M€	4.8	5.4	10.7	10.7	12.5
EBIT	%	12.2	12.8	10.8	10.8	10.0
Net assets	M€	94.5	66.2	94.5	66.2	71.0

Business reviews, July–September

Fish feeds

The overall sales for the first half of 2020 exceeded the level reached during the first half of the company's record year in 2019. The openings achieved during 2019 in the Swedish and Polish markets have presented challenges during the third quarter and in relation to the comparison period, for example, in the form of unfavourable currency movements and extreme price competition. As a result, Raisioaqua had a loss in volumes from one significant Nordic customer. Overall profitability decreased during the third quarter, but the relative profitability improved. Raisioaqua has systematically developed its production and flexibility, thereby drawing an impact both in terms of operational agility and improved profitability control.

During the third quarter, Raisioaqua continued and advanced the 'Aalloilta Ateriaksi' project. The project is intended to promote well-being and fishing in the Baltic Sea and to emphasise the benefits of fish farming and human health. Raisioaqua also continued its investments in the external quality, production agility and quality control related to its fish feeds. We use the sustainably produced Baltic Blend feed, certified in accordance with the ASC standard, for the feeding of rainbow trout that are cultivated in Finland, thereby recycling the nutrients present in the sea. Every kilo of fish that is cultivated using Baltic Blend feed reduces the phosphorous and nitrogen load that ends up in the Baltic Sea. ASC certification may open up new prospects, also in terms of the foreign market, for Raisioaqua's Baltic Blend feed innovation and fish farmers.

BtoB sales of grain-based products

Raisio's sales to Finnish bakeries and to industrial and catering customers increased dramatically. Sales in oat products and gluten-free oat products developed particularly well. The coronavirus pandemic that escalated during the first quarter also changed the needs of our foodservice customers and, thus, the sales mix that Raisio delivers to these customers. The same trend continued during the third quarter as well.

Raisio continued its determined efforts to raise awareness of the company's oat products and oat expertise, particularly among international food industry operators. Growth in demand for oat and its ingredients continued in Europe and Asia. Raisio's export customers are both industrial end-users and distributors. Solid demand from distribution partners supported the positive growth in overall exports during the third quarter. Raisio's goal is to continue to increase the export of its oat-based added-value products also to foodservice customers.

Benecol product ingredient sales to license partners

Raisio's plant stanol ester deliveries to license partners increased significantly from the comparison period, primarily as a result of sales sequencing. This had positive impacts on profitability in relation to the comparison period. Partners in Latin America, for example, had difficulties in their own business operations, while partners operating in Asia experienced more positive business development. The traditional licensing model will continue to be a way of offering Benecol products in the markets where Raisio does not operate itself.

Grain procurement

Raisio's grain procurement primarily focuses on the acquisition of grain for the manufacturing of its own products. In accordance with our strategy, we are investing in the production and sales of value-added products. Actual external grain trade is part of Raisio's grain trade activities, but because of its low profitability, it is not included as one of the company's strategic areas of focus.

The use of oat groats and milling wheat at Raisio's mills continued to be strong. The growth season in Finland was exceptional and expectations for a top yield decreased as summer progressed. Now that the harvest is behind us, we are able to state that the crop of food oats was a positive surprise in terms of both quality and quantity. The crops of wheat and barley suffered the most. The competence of Raisio's contract farmers was evident, particularly in terms of the quality of the wheat, as approximately 80% of the harvest meets the quality requirements for milling wheat.

During the review period, Raisio began to receive food oats in Raisio as well. The reception station is convenient for our contract farmers in the area of southwestern Finland and, for our company, assures the availability of raw materials for future growth.

SHARES AND SHAREHOLDERS

The number of Raisio plc's free shares traded on NASDAQ OMX Helsinki Ltd in January–September totalled 30.4 (21.6) million. The value of trading was EUR 98.3 (59.2) million and the average price EUR 3.23 (2.74). The closing price on 30 September 2020 was EUR 3.08.

A total of 1.3 (0.7) million restricted shares were traded in January–September. The value of trading was EUR 4.3 (2.0) million and the average price EUR 3.30 (2.81). The closing price on 30 September 2020 was EUR 3.08.

On 30 September 2020, the company had a total of 37,543 (31 December 2019: 35,919) registered shareholders. Foreign ownership of the entire share capital was 18.5 (31 December 2019: 22.7) per cent.

At the end of September, the share capital had a market value of EUR 508.7 (31 December 2019: 560.2) million and EUR 484.9 (31 December 2019: 533.8) million excluding the shares held by the company.

During the review period, a total of 8,660 restricted shares were converted into free shares.

At the end of the review period, the number of issued free shares was 133,702,722 while the number of restricted shares was 31,446,308. The share capital entitled 762,628,882 votes.

In the review period, a total of 5,936 free shares were assigned to the Chairman and members of the Board as part of the compensation for managing their duties, in line with the decision taken by the Annual General Meeting in 2020.

At the end of the review period, Raisio plc held 7,497,138 free shares and 212,696 restricted shares. The number of free shares held by Raisio plc accounts for 5.6 per cent of all free shares and the votes they represent, while the corresponding figure for restricted shares is 0.7 per cent. In all, these shares represent 4.7 per cent of the entire share capital and 1.5 per cent of overall votes. Other Group companies hold no Raisio plc shares.

Raisio plc and its subsidiaries do not have any shares as collateral and did not have any in the review period.

Raisio plc's Research Foundation holds 150,510 restricted shares, which is 0.48 per cent of the restricted shares and the votes they represent and, correspondingly, 0.09 per cent of the entire share capital and 0.39 per cent of the votes it represents.

The Board of Directors has an authority to decide on the repurchase and/or on the acceptance as collateral of a maximum of 5,000,000 free shares and 1,250,000 restricted shares. The authorisation will be valid until 30 April 2021. Furthermore, the Board of Directors has the authority to decide on share issues by disposing of a maximum of 12,500,000 free shares and a maximum of 1,460,000 restricted shares held by the company as well as by issuing a maximum of 20,000,000 new free shares. The share issue authorisation will be valid until 30 April 2021. The authorisations have not so far been exercised and related details on both are available in the Stock Exchange Release published on 31 March 2020.

DECISIONS MADE AT THE ANNUAL GENERAL MEETING

On 27 April 2020, Raisio plc's Annual General Meeting (AGM) approved the financial statements for the financial year 1 January–31 December 2019 and granted the members of the Board of Directors and the Supervisory Board as well as the CEO discharge from liability.

As proposed by the Board of Directors, the AGM decided to pay a dividend of EUR 0.13. The dividend was paid on 7 May 2020 to all shareholders who were entered in the shareholders' register on the record date 29 April 2020. No dividend, however, was paid on the shares that were held by the company at that time.

The number of members of the Board of Directors was confirmed to be six, and Erkki Haavisto, Ilkka Mäkelä, Leena Niemistö, Ann-Christine Sundell, Pekka Tennilä and Arto Tiitinen were reappointed; all for the term commencing at the closing of the AGM. At its meeting held after the AGM, the Board of Directors elected Ilkka Mäkelä as its Chairman and Ann-Christine Sundell as its Vice Chairman.

A Stock Exchange Release concerning the decisions made by the Meeting was published on 27 April 2020, in addition to which the decisions were described in the Interim Report for January–March.

DIRECTED SHARE ISSUE

In March 2017, Raisio plc's Board of Directors decided on the Group's key employees' share-based incentive scheme for the earnings period that started on 1 January 2017 and ended on 31 December 2019. On 19 March 2020, the Board of Directors approved the bonuses paid under the share reward scheme and, in order to convey the part paid in shares to key employees, decided to implement a directed share issue without payment based on the authorisation granted to the Board by the Annual General Meeting of 19 March 2019.

In the share issue, a total of 79,313 Raisio plc's free shares held by the company were conveyed without consideration to the key employees within the share reward scheme, with deviation from the shareholders' pre-emptive subscription right. The conveyed 79,313 free shares correspond to 0,05 per cent of all Raisio plc's shares and 0,01 per cent of all votes.

The shares were conveyed to key employees on 7 April 2020.

The Board of Raisio plc recommends that the key employees within the share reward scheme hold a substantial part of all shares they have received based on the scheme as long as the value of their holdings corresponds to their six months' gross salary.

SHORT-TERM RISKS AND SOURCES OF UNCERTAINTY

During 2020, significant changes have occurred with regard to the risks and sources of uncertainty presented in the Raisio's 2019 Financial Statements and Financial Statements Bulletin. The limitations resulting from the pandemic and possible extensive sick leaves across the production and delivery chains may have an impact on the company's operational ability. Raisio has implemented widescale measures to reduce any possible risks and their impacts. The impacts of the COVID-19 pandemic have also been described in the section of this report entitled 'Operating environment and COVID-19'.

Under normal conditions, Raisio's most significant short-term business risks are related to general economic development and consumer demand. Extreme weather phenomena and changes in the availability, quality and price of the key raw materials, such as grains and sterols, are a major challenge for Raisio's operations. Raisio has assessed the major risks related to Brexit and defined the company's adjustment measures. Changes in key currencies relevant for Raisio and currency conversions affect Raisio's net sales and EBIT both directly and indirectly.

In Raisio, 4 November 2020
Raisio Plc
Board of Directors

Further information:

Pekka Kuusniemi, President and CEO, tel. +358 (0)50 537 3883
Toni Rannikko, CFO, tel. +358 (0)40 078 8812
Mika Saarinen, Director of Investor Relations, tel. +358 (0)40 072 6808

The information in this Interim Report is unaudited.

Raisio's Financial Statement release for 2020 will be published on 10 February 2021.

TABLE SECTION
THE GROUP'S INCOME STATEMENT (M€)

	1-9/2020	1-9/2019	1-12/2019	7-9/2020	7-9/2019
Net sales	179.7	181.8	236.3	65.1	69.2
Cost of sales	-129.1	-130.4	-169.3	-47.7	-50.3
Gross profit	50.6	51.4	67.0	17.3	18.9
Other operating income and expenses, net	-27.2	-28.4	-39.8	-7.5	-8.1
EBIT	23.3	23.0	27.3	9.8	10.7
Financial income	1.1	2.7	2.9	0.4	1.0
Financial expenses	-1.8	-1.2	-1.7	0.4	-0.4
Result before taxes	22.7	24.4	28.5	10.6	11.3
Income taxes	-4.9	-2.9	-2.9	-2.2	-2.3
Result for the period	17.8	21.6	25.5	8.4	9.0
Attributable to					
Equity holders of the parent company	17.8	21.6	25.5	8.4	9.0
Non-controlling interests	-	-	-	-	-
Earnings per share from the profit attributable to equity holders of the parent company (€)					
Undiluted earnings per share	0.11	0.14	0.16	0.05	0.06
Diluted earnings per share	0.11	0.14	0.16	0.05	0.06

THE GROUP'S COMPREHENSIVE INCOME STATEMENT (M€)

	1-9/2020	1-9/2019	1-12/2019	7-9/2020	7-9/2019
Result for the period	17.8	21.6	25.5	8.4	9.0
Other comprehensive income items					
Items that will not be reclassified to profit or loss					
Change in fair value of equity investments	0.3	0.5	0.8	0.0	0.0
Tax impact	-0.1	-0.1	-0.2	0.0	0.0
Items that will not be reclassified to profit or loss, total	0.3	0.4	0.6	0.0	0.0
Items that may be subsequently transferred to profit or loss					
Change in value of cash flow hedging	1.0	0.0	-0.4	-0.1	-0.5
Change in translation differences related to foreign companies	-7.0	1.6	5.1	-0.5	1.2
Tax impact	-0.2	0.0	0.1	0.0	0.1
Items that may be subsequently transferred to profit or loss, total	-6.2	1.6	4.8		
Comprehensive income for the period	11.9	23.6	30.9	7.8	9.8
Components of comprehensive income					
Equity holders of the parent company	11.9	23.6	30.9	7.8	9.8
Non-controlling interests	-	-	-	-	-

THE GROUP'S BALANCE SHEET (M€)

ASSETS	30.9.2020	30.9.2019	31.12.2019
Non-current assets			
Intangible assets	31.6	32.7	33.5
Goodwill	45.2	46.6	48.5
Tangible assets	69.3	43.8	51.1
Equity investments	2.8	2.7	3.0
Deferred tax assets	4.7	4.6	4.9
Total non-current assets	153.6	130.3	140.9
Current assets			
Inventories	38.4	37.9	37.6
Accounts receivables and other receivables	32.9	36.9	30.3
Financial assets at fair value through profit or loss	66.3	84.9	81.4
Cash and bank receivables	16.0	25.6	18.3
Total current assets	153.6	185.3	167.6
Total assets	307.2	315.6	308.5
SHAREHOLDER'S EQUITY AND LIABILITIES	30.9.2020	30.9.2019	31.12.2019
Equity attributable to equity holders of the parent company			
Share capital	27.8	27.8	27.8
Own shares	-19.6	-19.8	-19.8
Other equity attributable to equity holders of the parent company	255.0	255.6	263.2
Equity attributable to equity holders of the parent company	263.2	263.6	271.3
Non-controlling interests	-	-	-
Total shareholder's equity	263.2	263.6	271.3
Non-current liabilities			
Deferred tax liabilities	5.2	4.4	5.3
Provisions	-	1.1	1.2
Non-current financial liabilities	9.5	0.5	0.3
Total non-current liabilities	14.7	6.1	6.9
Current liabilities			
Provisions	1.2	-	-
Accounts payable and other liabilities	27.4	33.5	29.3
Derivative contracts	0.1	0.1	0.3
Current financial liabilities	0.6	12.3	0.8
Total current liabilities	29.3	45.9	30.4
Total liabilities	44.0	52.0	37.3
Total shareholder's equity and liabilities	307.2	315.6	308.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (M€)

	Share capital	Share premium reserve	Reserve fund	Invested unrestricted equity fund	Other reserves	Company shares	Translation differences	Retained earnings	Equity attributable to equity holders of the parent company
Shareholders' equity on 1 Jan 2020	27.8	2.9	88.6	8.0	-1.3	-19.8	-14.8	179.7	271.3
Comprehensive income for the period									
Result for the period	-	-	-	-	-	-	-	17.8	17.8
Other comprehensive income items									
Change in fair value of equity investments	-	-	-	-	0.3	-	-	-	0.3
Change in value of cash flow hedging	-	-	-	-	1.0	-	-	-	1.0
Change in translation differences related to foreign companies	-	-	-	-	-	-	-7.0	-	-7.0
Tax impact	-	-	-	-	-0.3	-	-	-	-0.3
Total comprehensive income for the period	0.0	0.0	0.0	0.0	1.0	0.0	-7.0	17.8	11.9
Business activities involving shareholders									
Dividends	-	-	-	-	-	-	-	-20.5	-20.5
Share-based payments	-	-	-	-	-	0.1	-	0.2	0.3
Total business activities involving shareholders	0.0	0.0	0.0	0.0	0.0	0.1	0.0	-20.3	-20.1
Shareholders' equity on 30 September 2020	27.8	2.9	88.6	8.0	-0.2	-19.6	-21.7	177.3	263.0

	Share capital	Share premium reserve	Reserve fund	Invested unrestricted equity fund	Other reserves	Company shares	Translation differences	Retained earnings	Equity attributable to equity holders of the parent company
Shareholders' equity on 1 Jan 2019	27.8	2.9	88.6	8.9	-1.6	-19.8	-19.8	177.7	264.8
Comprehensive income for the period									
Result for the period	-	-	-	-	-	-	-	21.6	21.6
Other comprehensive income items									
Change in fair value of equity investments	-	-	-	-	0.5	-	-	-	0.5
Change in value of cash flow hedging	-	-	-	-	0.0	-	-	-	0.0
Change in translation differences related to foreign companies	-	-	-	-	-	-	1.6	-	1.6
Tax impact	-	-	-	-	-0.1	-	-	-	-0.1
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.4	0.0	1.6	21.6	23.6
Business activities involving shareholders									
Dividends	-	-	-	-	-	-	-	-25.2	-25.2
Share-based payments	-	-	-	-	-	0.0	-	0.4	0.5
Total business activities involving shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-24.7	-24.7
Shareholders' equity on 30 September 2019	27.8	2.9	88.6	8.9	-1.2	-19.8	-18.2	174.6	263.6

	Share capital	Share premium reserve	Reserve fund	Invested unrestricted equity fund	Other reserves	Company shares	Translation differences	Retained earnings	Equity attributable to equity holders of the parent company
Shareholders' equity on 1 Jan 2019	27.8	2.9	88.6	8.9	-1.6	-19.8	-19.8	177.7	264.8
Comprehensive income for the period									
Result for the period	-	-	-	-	-	-	-	25.5	25.5
Other comprehensive income items									
Change in fair value of equity investments	-	-	-	-	0.8	-	-	-	0.8
Change in value of cash flow hedging	-	-	-	-	-0.4	-	-	-	-0.4
Change in translation differences related to foreign companies	-	-	-	-	-	-	5.1	-	5.1
Tax impact	-	-	-	-	-0.1	-	-	-	-0.1
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.3	0.0	5.1	25.5	30.9
Business activities involving shareholders									
Dividends	-	-	-	-	-	-	-	-25.2	-25.2
Unclaimed dividends	-	-	-	-	-	-	-	0.1	0.1
Transfer from other funds to retained earnings	-	-	-	-0.9	-	-	-	0.9	0.0
Share-based payments	-	-	-	-	-	0.0	-	0.6	0.6
Total business activities involving shareholders	0.0	0.0	0.0	-0.9	0.0	0.0	0.0	-23.6	-24.5
Shareholders' equity on 31 December 2019	27.8	2.9	88.6	8.0	-1.3	-19.8	-14.8	179.7	271.3

CONSOLIDATED CASH FLOW STATEMENT (M€)

	1-9/ 2020	1-9/ 2019	1-12/ 2019	7-9/ 2020	7-9/ 2019
CASH FLOW FROM BUSINESS OPERATIONS					
Result before taxes	22.7	24.4	28.5	10.6	11.3
Adjustments:					
Planned depreciations	4.7	4.8	6.4	1.5	1.6
Financial income and expenses	0.6	-1.5	-1.2	-0.8	-0.6
Other adjustments	0.5	0.5	0.8	0.2	0.2
Total adjustments	5.8	3.8	5.9	0.9	1.2
Cash flow before change in working capital	28.5	28.2	34.4	11.5	12.5
Change in working capital					
Increase (-) / decrease (+) in current receivables	-3.8	-8.4	-1.9	-2.6	-3.9
Increase (-) / decrease (+) in inventories	-1.1	-2.8	-2.4	5.8	1.8
Increase (+) / decrease (-) in current interest-free liabilities	0.2	0.9	-2.7	-5.1	-2.9
Total change in working capital	-4.7	-10.3	-7.1	-1.8	-4.9
Cash flow from business operations before financial items and taxes	23.7	17.9	27.3	9.7	7.6
Interest paid and payments for other financial expenses from business operations	-0.4	-0.8	-1.9	0.3	-0.2
Dividends received from business operations	0.2	0.2	0.2	0.0	0.0
Interest received and other financial income from business operations	0.4	0.4	1.8	0.1	0.2
Other financial items, net	0.1	-0.2	0.1	0.0	-0.3
Income taxes paid	-5.3	-3.7	-4.2	-1.1	-1.3
Cash flow from business operations after financial items and taxes	18.8	13.8	23.3	8.9	5.9
	0.0				
CASH FLOW FROM INVESTMENTS					
Investment in tangible assets	-13.8	-9.0	-17.3	-4.1	-3.4
Investment in intangible assets	-0.8	-0.2	-0.4	-0.4	-0.1
Income from intangible and tangible commodities	0.5	0.0	0.0	0.0	0.0
Investments in securities	-	0.0	0.0	-	0.0
Net cash flow from investments	-14.1	-9.3	-17.6	-4.5	-3.5
Cash flow after investments	4.7	4.5	5.6	4.3	2.5
CASH FLOW FROM FINANCIAL OPERATIONS					
Other financial items, net	-0.4	-0.1	-0.1	-0.4	0.0
Payments associated with the reduction in lease liability	-0.6	-0.6	-0.9	-0.2	-0.2
Repayment of non-current loans	-	-11.4	-22.9	-	0.0
Redemption of non-controlling interests	-	-	0.0	-	-
Dividends and other profit distribution paid to shareholders of the parent company	-20.4	-25.1	-25.0	0.0	0.0
Net cash flow from financial operations	-21.5	-37.2	-48.8	-0.7	-0.2
CHANGE IN LIQUID FUNDS	-16.8	-32.7	-43.2	3.7	2.3
Liquid funds at the beginning of the period	99.8	142.1	142.1		
Impact of changes in exchange rates	-0.9	0.5	0.9		
Impact of changes in market value of the liquid funds	-0.5	1.3	1.4		
Impact of the discontinued cattle feed business	-	-1.4	-1.4		
Liquid funds at the end of the period	81.6	109.9	99.8		

NOTES TO THE INTERIM REPORT

Raisio Group

Raisio plc is a Finnish public limited company. Raisio plc and its subsidiaries form the Raisio Group. The Group is domiciled in Raisio, Finland, and its registered address is Raisionkaari 55, FI-21200 Raisio. The company's shares are listed on NASDAQ OMX Helsinki Ltd.

Accounting principles and presentation of figures

Raisio plc's Interim Financial Report for January–September 2020 has been prepared in accordance with IAS 34, Interim Financial Reporting regulations. In the preparation of the Interim Financial Report, Raisio plc has followed the same accounting principles as in the 2019 Financial Statements with the exception of the standard amendments and interpretations concerning Raisio plc that came into effect in 2020.

The standard amendments and interpretations that entered into effect on 1 January 2020 have had no material impact on EBIT of the Interim Financial Report, financial position or the presentation of the Interim Financial Report. Raisio Group adopted the IFRS 16 standard as of 1 January 2019, applying a simplified approach of adoption, and the comparison figures of the previous year were not adjusted.

The Interim Financial Report is shown in EUR millions.

Management's judgement

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on the management's best knowledge of current events, actual results may differ from the estimates.

Compared to the 2019 Financial Statements, there have been no significant changes in the accounting principles or uncertainties included in the estimates requiring management's judgement. We have reported separately on the impacts of the COVID-19 pandemic. For Raisio Group, the most significant estimates in which management has used discretion relate to the possible impairment of assets of goodwill and intangible assets with indefinite financially useful lives as well as unfinished intangible assets, and to the fair value determination of the assets acquired in the business combination, to the amount of deferred tax asset and to what extent the tax asset can be recognised in the balance sheet, to the determination of depreciation periods, to the assessment of accounts receivable and inventories, and to the classification of lease periods and assets as held for sale or to be discontinued.

Impacts of COVID-19 on Raisio's financial reporting

Raisio's operating environment changed considerably as the coronavirus epidemic (COVID-19) and measures to prevent its spread closed down the economy to a significant extent at the beginning of 2020. Raisio Group has assessed the impacts of the epidemic, which broke out at the start of 2020 and spread rapidly, on the company's market environment, employees and business operations. The limitations resulting from the coronavirus epidemic and possible extensive sick leaves across the production and delivery chains may have an impact on the company's operational ability. Within this current operational environment, Raisio Group endeavours to prepare for the identified and likely impacts of the crisis as thoroughly as possible. The company's

Board and management will closely monitor the development of the coronavirus situation and update their assessment of the impacts as the situation proceeds.

Alternative key figures and items affecting comparability

The Group presents alternative key figures to describe the financial performance and position of its businesses as well as cash flows to improve the comparability between different periods and to increase understanding of the formation of the company's earnings and its financial position.

The alternative figure is derived from the IFRS financial statements. It is possible to present items affecting comparability and to calculate alternative key figures without items affecting comparability in the Board of Directors' report, Financial Statements Bulletin, Half-Year Reports and Interim Reports.

Items affecting comparability are income or expenses arising as a result of one or rare events. Significant expenses of outside experts related to business acquisitions and business expansion, expenses related to business reorganisation and expenses related to the impairment of assets and their possible repayment are presented as items affecting comparability.

Items affecting comparability are recorded in the income statement according to the matching principle under the income or expense category. The management uses these key figures to monitor and analyse business development, profitability and financial position.

SEGMENT INFORMATION

Raisio Group's reportable operating segments are Healthy Food, Healthy Ingredients and Other Operations.

The financial figures are comparable.

Revenue by segment (M€)

	1-9/2020	1-9/2019	1-12/2019
Healthy Food			
Western Europe	44.2	47.8	63.8
Northern Europe	41.4	37.8	50.4
Eastern and Central and Europe	15.8	16.9	23.4
Total Healthy Food	101.4	102.5	137.5
Healthy Ingredients	99.2	98.9	124.6
Other operations	1.0	1.0	1.5
Interdivisional net sales	-21.9	-20.6	-27.3
Total net sales	179.7	181.8	236.3

EBIT by segment (M€)

	1-9/2020	1-9/2019	1-12/2019
Healthy Food	14.4	14.1	18.2
Healthy Ingredients	10.7	10.7	12.5
Other operations	-1.7	-1.8	-3.4
Interdivisional	0.0	0.0	0.0
Total EBIT	23.3	23.0	27.3

Net assets by segment (M€)

	1-9/2020	1-9/2019	1-12/2019
Healthy Food	81.9	84.8	87.6
Healthy Ingredients	94.5	66.2	71.0
Other operations and unallocated items	86.8	112.6	112.7
Total net assets	263.2	263.6	271.3

Investment by segment (M€)

	1-9/2020	1-9/2019	1-12/2019
Healthy Food	0.5	0.3	0.4
Healthy Ingredients	21.2	10.1	18.6
Other operations	1.3	0.5	0.6
Total investments	23.0	10.9	19.5

SALES REVENUE
Revenue by country (M€)

	1-9/2020	1-9/2019	1-12/2019
Finland	67.3	67.0	87.3
Great Britain	38.0	41.4	55.2
Other	74.4	73.5	93.8
Total net sales	179.7	181.8	236.3

Net sales by group (M€)

	1-9/2020	1-9/2019	1-12/2019
Sales of goods	178.5	180.5	234.4
Sales of services	0.8	0.9	1.2
Royalties	0.4	0.4	0.7
Total net sales	179.7	181.8	236.3

ACQUIRED BUSINESSES, DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Acquired businesses

In the period of 1 January – 30 September 2020 and in 2019, there were no acquired businesses.

Discontinued operations and assets held for sale

In the period of 1 January – 30 September 2020 and in 2019, there were no discontinued operations and assets for sale.

TANGIBLE RIGHT-OF-USE ASSETS (M€)

	30.9.2020	30.9.2019	31.12.2019
Acquisition cost at the beginning of the period	293.8	272.6	272.6
Translation differences	-0.5	0.2	0.2
Additions, includes additions made in accordance with the IFRS 16 standard	22.1	12.3	20.9
Decrease	-0.2	0.0	0.0
Acquisition cost at the end of the period	315.2	285.2	293.8
Accumulated depreciation and impairment at the beginning of the period	242.7	237.5	237.5
Translation differences	-0.4	0.2	0.2
Decrease and transfers	-0.2	0.0	0.0
Depreciations and impairment for the period	3.9	3.7	4.9
Accumulated depreciation and impairment at the end of the period	246.0	241.3	242.7
Book value at the end of the period	69.3	43.8	51.1

LEASED RIGHT-OF-USE ASSETS (M€)

	30.9.2020	30.9.2019	31.12.2019
Acquisition cost at the beginning of the period	2.1	0.2	0.2
Adoption of IFRS 16 standard	-	1.8	1.8
Translation differences	0.0	0.0	0.0
Increase	9.6	0.1	0.1
Divestment and other decreases	-0.2	0.0	0.0
Transfers between items	-	-	0.0
Acquisition cost at the end of the period	11.5	2.1	2.1
Accumulated depreciation and impairment at the beginning of the period	-1.0	-0.1	-0.1
Translation differences	0.0	0.0	0.0
Accumulated depreciation of decrease and transfers	0.2	0.0	0.0
Depreciation for the financial period	-0.6	-0.6	-0.9
Accumulated depreciation and impairment at the end of the period	-1.4	-0.8	-1.0
Book value at the beginning of the period	1.1	0.1	0.1
Book value at the end of the period	10.1	1.3	1.1

The increases to the right-of-use assets during the review period include EUR 9.3 million in acquisitions for process equipment related to the new production facility being built in Raisio's industrial area.

ITEMS FROM LEASES RECOGNIZED IN THE INCOME STATEMENT (M€)

	30.9.2020	30.9.2019	31.12.2019
Rental income	0.4	0.5	0.7
Depreciations for right-of-use assets	-0.6	-0.6	-0.8
Costs of short-term and low-value leases	0.0	0.0	0.0
Interest expenses related to leases	0.0	0.0	0.0
Total	-0.1	-0.1	-0.2
Outgoing cash flow resulting from leases	0.6	0.6	0.9

LEASE LIABILITIES (M€)

	30.9.2020	30.9.2019	31.12.2019
Non-current lease liabilities	1.1	0.1	0.1
Translation difference	0.0	0.0	0.0
Adoption of IFRS 16 standard	-	1.8	1.8
Increase in lease liabilities	9.6	0.0	0.1
Payments related to decrease of lease liabilities	-0.6	-0.2	-0.9
Total	10.1	1.7	1.1
Non-current lease liabilities at the beginning of period	0.3	0.0	0.0
Non-current lease liabilities at the end of period	9.5	0.8	0.3
Current lease liabilities at the beginning of period	0.8	0.0	0.0
Current lease liabilities at the end of period	0.6	0.9	0.8

The increases to lease liabilities during the review period include EUR 9.3 million in right-of-use asset acquisitions for process equipment related to the new production facility being built in Raisio's industrial area. Raisio Group has committed itself to approximately EUR 22 million in lease liabilities in connection with its new production facility. Around EUR 12 million of these lease liabilities have not yet commenced. In the future, the Group will be exposed to an annual outgoing cash flow of approximately EUR 1.8 million in connection with the new production facility.

PROVISIONS (M€)

	30.9.2020	30.9.2019	31.12.2019
At the beginning of the period	1.2	1.1	1.1
Translation differences	-0.1	0.0	0.1
Increase in provisions	0.1	-	-
At the end of the period	1.2	1.1	1.2

RELATED PARTY TRANSACTIONS (M€)

	30.9.2020	30.9.2019	31.12.2019
Sales to key employees in management	0.7	0.0	0.0
Purchases from key employees in management	0.8	0.7	1.1
Receivables from the key persons in the management	0.0	-	0.0
Payables to key management personnel	0.1	-	0.1

CONTINGENT LIABILITIES (M€)

	30.9.2020	30.9.2019	31.12.2019
Contingent off-balance sheet liabilities			
Other liabilities	0.7	3.5	3.3
Guarantee liabilities on the Group companies' commitments	1.4	26.5	26.2
Commitment to investment payments	25.6	28.9	20.8

DERIVATIVE CONTRACTS (M€)

	30.9.2020	30.9.2019	31.12.2019
Nominal values of derivative contracts			
Currency forward contracts	39.1	74.0	34.7

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (M€)

The table shows carrying amounts and fair values for each item. The carrying amounts correspond to the consolidated balance sheet values. The principles used by the Group for measuring the fair value of all financial instruments are presented below.

	Carrying amount 30.9.2020	Fair value 30.9.2020	Carrying amount 31.12.2019	Fair value 31.12.2019
Financial assets				
Equity investments*)	2.8	2.8	3.0	3.0
Accounts receivables and other receivables	31.5	31.5	29.3	29.3
Investments recorded at fair value through profit or loss*)	65.6	65.6	81.4	81.4
Liquid funds	16.0	16.0	18.3	18.3
Derivatives*)	0.7	0.7	-	-
Financial liabilities				
Other loans	0.0	0.0	0.0	0.0
Lease liabilities	10.1	10.1	1.1	1.1
Accounts payable and other liabilities	18.2	18.2	22.3	22.3
Derivatives*)	0.1	0.1	0.3	0.3

Fair value hierarchy of financial assets and liabilities measured at fair value

Of the financial assets and liabilities measured at fair value *), all except the equity investments are on the level 2. The fair value of the level 2 items is defined by valuation techniques using market pricing valuations provided by the service provider. Equity investments are on the level 3 as their fair value is not based on observable market data.

RECONCILIATIONS RELATED TO CASH FLOW STATEMENT
Other adjustments to cash flows from operations, continuing operations (M€)

	1-9/2020	1-9/2019	1-12/2019
Capital gains and losses of fixed assets	0.0	0.0	0.0
Costs of share rewards	0.5	0.5	0.6
Other	0.0	0.0	0.2
Total adjustments in cash flow statement	0.5	0.5	0.8

Income statement items containing no payment transaction and items presented elsewhere in the cash flow statement are adjusted.

Acquisitions and disposals of fixed assets of cash flow from investing (M€)

	1-9/2020	1-9/2019	1-12/2019
Acquisitions of fixed assets in total	-23.0	-10.9	-19.5
Payments for investments of earlier financial periods (change in liabilities)	4.5	1.6	1.9
Contract on financing for investments from earlier years	3.9	-	-
Investments funded by lease commitments or other interest-bearing debt	-0.6	-0.6	-0.9
Fixed asset acquisitions funded by cash payments	-15.3	-9.9	-18.5
Capital gain and loss on fixed assets in the income statement	0.5	0.0	0.0
Balance sheet value of disposed asset	0.0	0.0	0.0
Consideration received from fixed asset divestments in the cash flow statement	0.5	0.0	0.0

Reconciliation of liabilities related to financing activities (M€)

	31.12.2019	Cash flows	Non cash flow influenced changes			30.9.2020
			IFRS 16	Changes in exchange rates	Changes in fair value	
Non-current liabilities	0.0	-	-	-	-	0.0
Lease liability	1.1	-0.6	9.6	0.0	-	10.1
Total liabilities for financing activities	1.1	-0.6	-	0.0	-	10.1

QUARTERLY EARNINGS (M€)

	7-9/ 2020	4-6/ 2020	1-3/ 2020	10-12/ 2019	7-9/ 2019	4-6/ 2019	1-3/ 2019
Net sales by segment							
Healthy Food	32.5	31.6	37.3	35.0	33.6	34.2	34.7
Healthy Ingredients	39.2	34.3	25.6	25.7	42.3	34.7	21.8
Other operations	0.3	0.3	0.4	0.5	0.3	0.3	0.4
Interdivisional net sales	-7.0	-6.4	-8.6	-6.7	-7.0	-6.5	-7.0
Total net sales	65.1	59.9	54.7	54.5	69.2	62.7	49.9
EBIT by segment							
Healthy Food	5.1	4.0	5.3	4.1	5.6	4.5	4.0
Healthy Ingredients	4.8	3.7	2.2	1.8	5.4	3.9	1.3
Other operations	-0.1	-0.8	-0.9	-1.6	-0.3	-1.2	-0.3
Total EBIT	9.8	7.0	6.6	4.3	10.7	7.3	5.0
Financial income and expenses, net	0.8	2.5	-3.9	-0.2	0.6	0.6	0.3
Result before taxes	10.6	9.5	2.7	4.0	11.3	7.8	5.3
Income taxes	-2.2	-2.1	-0.6	-0.1	-2.3	0.6	-1.1
Result for the period	8.4	7.4	2.1	4.0	9.0	8.4	4.1

	10-12/ 2018	7-9/ 2018	4-6/ 2018	1-3/ 2018
Net sales by segment				
Healthy Food	35.4	33.6	33.7	35.1
Healthy Ingredients	27.0	35.9	32.3	21.3
Other operations	0.4	0.4	0.4	0.4
Interdivisional net sales	-7.1	-6.7	-6.6	-7.1
Total net sales	55.6	63.1	59.7	49.7
EBIT by segment				
Healthy Food	4.7	3.9	3.8	4.8
Healthy Ingredients	2.8	4.4	3.3	2.4
Other operations	-9.6	-0.5	-0.6	-2.8
Total EBIT	-2.1	7.8	6.5	4.4
Financial income and expenses, net	-0.7	-0.1	-0.1	0.1
Result before taxes	-2.8	7.6	6.4	4.5
Income taxes	0.5	-1.7	-1.4	-1.1
Result for the period	-2.3	5.9	5.0	3.4

KEY FIGURES

	30.9.2020	30.9.2019	31.12.2019
Net sales, M€	179.7	181.8	236.3
Change of net sales, %	-1.2	5.3	3.5
Operating margin, M€	28.0	27.8	33.6
Depreciation and impairment, M€	4.7	4.8	6.4
EBIT, M€	23.3	23.0	27.3
% of net sales	13.0	12.6	11.5
Result before taxes, M€	22.7	24.4	28.5
% of net sales	12.6	13.4	12.1
Return on equity, %	8.9	10.9	9.5
Return on investment, %	11.8	16.3	13.9
Interest-bearing financial liabilities at end of period, M€	10.1	12.8	1.1
Net interest-bearing financial liabilities at end of period, M€	-71.5	-97.1	-98.6
Working capital	43.3	40.6	37.0
Equity ratio, %	85.7	83.6	87.9
Net gearing, %	-27.2	-36.8	-36.4
Gross investments, M€	23.0	10.9	19.5
% of net sales	12.8	6.0	8.3
R & D expenses, M€	3.0	3.0	4.2
% of net sales	1.7	1.6	1.8
Average personnel	349	329	328
Earnings/share, €	0.11	0.14	0.16
Cash flow from operations, M€	18.8	13.8	23.3
Cash flow from operations/share, €	0.12	0.09	0.15
Equity/share, €	1.67	1.68	1.72
Average number of shares during the period, in 1,000s			
Free shares	126 170	125 819	125 865
Restricted shares	31 237	31 524	31 480
Total *	157 407	157 344	157 345
Average number of shares at end of period, in 1,000s			
Free shares	126 206	125 962	126 112
Restricted shares	31 234	31 385	31 242
Total *	157 439	157 348	157 354
Market capitalisation of shares at end of period, M€			
Free shares	388.7	410.6	428.8
Restricted shares	96.2	101.1	105.0
Total *	484.9	511.7	533.8
Share price at end of period			
Free shares	3.08	3.26	3.40
Restricted shares	3.08	3.22	3.36

* Number of shares, excluding the company shares held by the Group

FORMULAS FOR KEY FIGURES

Earnings per share	$\frac{\text{Result for the year of parent company shareholders}}{\text{Average number of shares for the year, adjusted for share issue}}$
Earnings per share shows the company's earnings per one share	

Formulas for alternative key figure calculation

EBIT	Earnings before income taxes, financial income and expenses presented in the IFRS consolidated income statement.
EBIT illustrates the economic profitability of operations and its development.	

Comparable EBIT	EBIT +/- items affecting comparability
Comparable EBIT shows economic profitability of the business operations and its development without items affecting comparability.	

EBIT, %	$\frac{\text{EBIT}}{\text{Net sales}} \times 100$
The figure shows the relation between EBIT and net sales.	

Comparable EBIT, %	$\frac{\text{Comparable EBIT}}{\text{Comparable net sales}} \times 100$
The figure shows the relationship between EBIT and net sales without items affecting comparability.	

EBITDA	EBIT + depreciations and impairment
EBITDA describes the earnings from business operations before depreciation, financial items and income taxes. It is an important indicator as it shows how much the margin is from net sales after deduction of operating expenses.	

Comparable EBITDA	EBIT +/- items affecting comparability + depreciations and impairment
Comparable EBITDA represents the earnings from business operations before depreciations, financial items, and income taxes without items affecting comparability.	

Earnings before taxes	Earnings before income taxes presented in the IFRS consolidated statements.
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Return on equity (ROE), %	$\frac{\text{Result before taxes} - \text{income taxes}}{\text{Shareholders' equity (average over the period)}} \times 100$
Return on equity measures the earnings for the financial period in proportion to equity. The figure shows the Group's ability to generate profits from the shareholders investments.	

Return on investment (ROIC), %	$\frac{\text{Result after taxes}}{\text{Operating cash* + net working capital + non-current assets}} \times 100$ (*Operating cash 4% of net sales)
Return on investment (ROIC) is a profitability or performance ratio that measures how much investors earn on the capital invested.	

Equity ratio, %	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total} - \text{advances received}} \times 100$
The equity ratio is a key figure in the financial structure, which shows the share of equity of the capital tied up in the operations. The figure represents the Group's financial structure.	
Net working capital	Sales receivables and other receivables + inventories - accounts payable - other liabilities
Net working capital measures the amount of the financing tied up in the company's current activities and thus, also the efficiency of the use of capital.	
Net interest-bearing financial liabilities	Interest-bearing financial liabilities - liquid funds and liquid financial assets at fair value through profit or loss
Net interest-bearing financial liabilities measures the Group's net financial debt.	
Net gearing, %	$\frac{\text{Net interest-bearing financial liabilities}}{\text{Shareholders' equity}} \times 100$
Net gearing % shows what is the ratio of equity invested by owners to the interest-bearing liabilities of the financiers. High net gearing % is a risk factor that may restrict the company's growth opportunities and lower its financial leverage.	
Comparable earnings per share	$\frac{\text{Profit for the period attributable to the parent company shareholders +/- items affecting comparability}}{\text{Average number of shares during the period adjusted for issues}}$
Earnings per share represents the company's earnings per one share without items affecting comparability.	
Cash flow from business operations per share	$\frac{\text{Cash flow from business operations}}{\text{Average number of shares for the year, adjusted for share issue}}$
The figure represents the cash flow from business operations per one share.	
Shareholders' equity per share	$\frac{\text{Equity of parent company shareholders}}{\text{Number of shares at end of period adjusted for share issue}}$
Equity per share represents the company's equity per one share.	
Investments	Acquisition of non-current tangible and intangible assets on a gross basis.
Investments represents the total amount of investments.	
Market capitalisation	Closing price, adjusted for issue x number of shares without company shares at the end of the period
The figure represents the value of the Group's share capital on the stock market.	