



Half-Year Financial Report January - June 2020

Raisio plc

Raisio plc's Half-Year Financial Report, 5 August 2020, at 8:30 a.m. Finnish time

An ambivalent half-year

FINANCIAL DEVELOPMENT IN BRIEF

April–June 2020

- The Group's net sales totalled EUR 59.9 (62.7) million, which signified a decrease of -4.5%.
- EBIT was EUR 7.0 (7.3) million, accounting for 11.6 (11.6)% of net sales. EBIT decreased -4.1% in relation to the comparison period.
- The Healthy Food Segment's net sales totalled EUR 31.6 (34.2) million. EBIT was EUR 4.0 (4.5) million, accounting for 12.7 (13.2)% of net sales.
- The Healthy Ingredients Segment's net sales totalled EUR 34.3 (34.7) million. EBIT was EUR 3.7 (3.9) million, accounting for 10.9 (11.3)% of net sales.
- The Group's cash flow from business operations after financial items and taxes totalled EUR 6.0 (3.4) million.

January-June 2020

- The Group's net sales totalled EUR 114.6 (112.6) million, which signified a growth of +1.8%.
- EBIT was EUR 13.6 (12.2) million, accounting for 11.8 (10.9)% of net sales. EBIT increased +11.5% in relation to the comparison period.
- The Healthy Food Segment's net sales totalled EUR 68.9 (68.9) million. EBIT was EUR 9.3 (8.5) million, accounting for 13.5 (12.3)% of net sales.
- The Healthy Ingredients Segment's net sales totalled EUR 59.9 (56.6) million. EBIT was EUR 5.9 (5.3) million, accounting for 9.9 (9.3)% of net sales.
- The return on investments (ROIC) was 9.8 (14.8)%.
- The Group's cash flow from business operations after financial items and taxes totalled EUR 9.9 (7.9) million.
- 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 withdraws its outlook for 2020. Unexpected changes in consumer behaviour caused by the pandemic continue to inflict significant insecurity in our different markets during the second half of the year.

KEY FIGURES OF THE GROUP

		4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Net sales	M€	59.9	62.7	114.6	112.6	236.3
Change in net sales	%	-4.5	4.9	1.8	2.8	3.5
EBIT	M€	7.0	7.3	13.6	12.2	27.3
EBIT of net sales	%	11.6	11.6	11.8	10.9	11.5
EBITDA	M€	8.5	8.9	16.7	15.4	33.6
Earnings per share	€	0.05	0.05	0.06	0.08	0.16

PRESIDENT AND CEO PEKKA KUUSNIEMI:

The first half of the year was filled with rapid and partially unexpected changes for Raisio. The extreme panic buying in response to the pandemic that took hold in March caused a sudden peak in demand, which continued for a number of weeks. The demand focused particularly on foods that store well, of which Raisio's portfolio includes quite a few. During the second quarter, the demand evened out quickly and there was a notable fluctuation between months, both in terms of volume and the different markets.

The key changes in demand within the Finnish market included the near-complete shutdown of the foodservice channel and significant decline in demand for so-called 'on the go' products, such as Elovena snack biscuits and drinks, for understandable reasons. In practice, there were no limitations to the opening hours or operations of grocery shops nor to the movement of consumers and, for this reason, the overall changes were relatively minimal during the spring.

The heavy restrictions in the UK, on the other hand, had a negative impact on the demand for Benecol products during the spring. Nearly half of all Benecol consumers fall into the age group of those over 65, and their self-isolation affected the sales of our products in two ways. Shopping frequency and consumption, in general, declined considerably. Furthermore, during the lockdown period, the demand shifted from the large markets to smaller local shops, where the distribution range of our products is not as extensive. Also, Polish shopping centres, where the large markets are located, were partially closed throughout the spring, thereby presenting a challenge for accessibility to Benecol products.

Raisioaqua's advance sales in early spring were notably higher in relation to the comparison period and this took an expected toll on the net sales during the second quarter. This, in addition to the fact that the conditions for the farming season changed immediately from a cold spring to a sweltering hot June and the consumption of the fish feed delivered prior to the start of the season could not be commenced as anticipated.

As a result of the highly exceptional circumstances, Raisio's net sales for the second quarter decreased in relation to the comparison period, for a total of EUR 59.9 (62.7) million. Despite this, EBIT of net sales retained the same level as that of the comparison period, thereby accounting for 11.6 (11.6)% of the net sales. The net sales for the first half of the year increased by 2 per cent and EBIT by nearly 12 per cent for a final total of EUR 13.6 (12.2.) million, which accounts for 11.8 (10.9)% of net sales. Cash flow before investments was a strong EUR 9.9 (7.9) 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 completely according to plan. For the time being, the exceptional situation has not delayed the project in any way. The investments of the first half-year totalled EUR 12.9 (6.7) million, thereby accounting for 11.3 (6.0)% of the net sales.

As the exceptional conditions have drawn on, we have managed to operate efficiently, through co-operation with the prominent trade groups and the active use of demand data. We have also worked with them to prepare for a possible second wave and its rapid impact on consumer demand. Any clear outlook concerning the demand for the autumn season remains, however, very limited and uncertain. Because of these circumstances, we withdrew our guidance for 2020.

Our personnel has worked throughout the entire first half-year under highly exceptional conditions. In spite of this, we have maintained our supply capability at a good level and distance working has been realised successfully. In terms of our internal activities, our operational work and planning for the

future have not suffered in the least. I offer my sincerest gratitude to our entire personnel for a job well done during this ongoing exceptional period.

FINANCIAL DEVELOPMENT

April–June

Raisio Group's net sales totalled EUR 59.9 (62.7) million. The Group's net sales decreased slightly during the second quarter. The decrease can be partly explained by lower sales volumes of consumer brands in relation to the comparison period, as trade focused on normalising reserves by unloading inventory ordered during the first quarter. Raisioaqua's sales were also lower during the second quarter, partially as a result of rather large advance sales during the first quarter and partially due to the exceptionally early and extended period of hot weather during the early summer, which affected the fish farming conditions at the start of the season.

Raisio Group's EBIT was EUR 7.0 (7.3) million, which accounted for 11.6 (11.6) per cent of net sales. During the second quarter, the drop in sales in the UK and Poland generated pressure, also in terms of profitability, for the Healthy Food Segment, as the development in the other markets was neutral or positive in relation to the comparison period. Marketing measures continued to be critically assessed in response to the global pandemic, which impacted our operational environment in a great many ways. As a result, the costs for such measures were significantly lower than those of the comparison period. Within the Healthy Ingredients Segment, Raisioaqua's lower sales volumes had a negative effect on profitability. On the other hand, the improved utilisation rates of the mills had a positive impact on overall profitability.

The conversion impact of the British pound on the Group's net sales was EUR 0.0 (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 2.5 (0.6) million. For the review period, the net financial items include a positive fair value change of EUR 2.2 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 9.5 (7.8) million. The Group's post-tax result was EUR 7.4 (8.4) million. The Group's earnings per share were EUR 0.05 (0.05).

January–June

Raisio Group's net sales totalled EUR 114.6 (112.6) million. The Group's net sales for the first half-year were nearly at the same level as those of the comparison period. Sales in the Healthy Food Segment were at the same level as the comparison period during the previous year, while the Healthy Ingredients Segment experienced clear growth. International operations accounted for 62.1 (62.5) per cent of the Group's net sales. 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 reflected in the differences between the recovery and normalisation of different markets at the end of the reporting period.

Raisio Group's EBIT was EUR 13.6 (12.2) million, which accounted for 11.8 (10.9) per cent of net sales.

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 -1.4 (0.8) million. During the review period, the net financial items include a fair value change of EUR -1.4 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 12.1 (13.1) million. The Group's post-tax result was EUR 9.5 (12.6) million. The Group's earnings per share were EUR 0.06 (0.08).

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 crisis. 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 crisis, 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. This was especially true for the UK market, 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. During the second quarter, this was reflected in this market as significantly lower 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 crisis withdraws, more permanent changes in consumer behaviour may be seen. We believe that value choices and consumption habits related to health will become even more prevalent. The ultimate duration and impacts of the crisis continue, however, to be an uncertainty. The eventual impacts on different fields are likely to fluctuate strongly. Raisio is also facing more uncertain near future and business environment and because of this, the guidance for fiscal year 2020 was withdrawn.

BALANCE SHEET, CASH FLOW AND FINANCING

At the end of June, Raisio Group's balance sheet totalled EUR 298.6 (31 December 2019: 308.5) million. Shareholders' equity was EUR 255.3 (31 December 2019: 271.3) million. Equity per share totalled EUR 1.62 (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 9.9 (7.9) million. The cash flow was positively impacted by the increase in EBIT and better management of working capital.

At the end of June, working capital amounted to EUR 42.9 (31 December 2019: 37.0) million.

At the same time, the Group's interest-bearing debt was EUR 4.8 (31 December 2019: 1.1) million. For the review period, interest-bearing debts include an increase in lease liabilities of EUR 3.9 million in connection with the process equipment required for the new production facility being built in Raisio's industrial area. The net interest-bearing debt was EUR -72.4 (31 December 2019: -98.6) million.

At the end of June, Raisio's financial assets recognised at fair value through profit or loss, as well as cash and cash equivalents totalled EUR 77.2 (31 December 2019: 99.8) million. Cash reserves are primarily invested in low-risk, liquid investment objects.

At the end of June, the Group's equity ratio was EUR 85.6 (31 December 2019: 87.9) per cent and net gearing was -28.4 (31 December 2019: -36.4) per cent. The return on investments (ROIC) was 9.8 (31 December 2019: 13.9) per cent.

Key figures for the Healthy Food Segment

		30.6.2020	30.6.2019	31.12.2019
Cash flow from operations	M€	9.9	7.9	23.3
Equity ratio	%	85.6	82.8	87.9
Net gearing	%	-28.4	-37.0	-36.4
Net interest-bearing debt	M€	-72.4	-93.8	-98.6
Equity per share	€	1.62	1.61	1.72
Investments	M€	12.9	6.7	19.5
Return on investment (ROIC)	%	9.8	14.8	13.9

INVESTMENTS

In April–June, Raisio's investments totalled EUR 7.2 (4.3) million, or 12.1 (6.9) per cent of net sales.

The January–June investments totalled EUR 12.9 (6.7) million, or 11.3 (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 June, Raisio Group employed 364 (338) people. The Healthy Food Segment had 132 (127), Healthy Ingredients Segment 182 (160) and Other Operations 50 (51) employees. A total of 18 (21) per cent of the personnel were working in Raisio's foreign operations.

RESEARCH AND DEVELOPMENT

Raisio's research and development expenses in January–June totalled EUR 2.2 (2.1) million, or 1.9 (1.8) per cent of net sales.

In keeping with Raisio's strategic 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 of our consumer packaging is recyclable by the end of 2023. The goal is to continuously reduce the amount of packaging plastic with the long-term goal of completely ceasing the use of plastic packages.

Due to the prevailing circumstances, some product launches have also been pushed forward. Gluten-free Elovena oat flakes were launched during the first quarter, but, during the second quarter, consumers were introduced to several new or improved consumer products, for example, under the Elovena, Torino and Sunnuntai brand names.

SEGMENT INFORMATION

HEALTHY FOOD SEGMENT

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

Financial development, April-June

The Healthy Food Segment's net sales totalled EUR 31.6 (34.2) million. Good sales growth for Benecol, Sunnuntai and Torino products continued in Finland. Sales decreased clearly in Eastern and Central Europe and the overall sales of Benecol products in Western Europe decreased significantly.

Nearly 40 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 44 per cent of net sales were generated from the sale of Benecol products in the Western European markets. Approximately 16 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 4.0 (4.5) million, which accounted for 12.7 (13.2) per cent of net sales. In terms of costs, careful attention was paid to sales and marketing costs, whose level declined significantly in relation to the comparison period. The exceptional circumstances that continued to prevail during the second quarter were not favourable for the implementation of dynamic marketing investments.

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

Financial development, January-June

The Healthy Food Segment's net sales totalled EUR 68.9 (68.9) 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. In terms of marketing dynamics, there were clear differences during the first half of the year. Northern Europe increased its sales over both quarters in relation to the comparison period and Eastern and Central Europe maintained their good sales levels, but Benecol sales in Western Europe declined significantly during the second quarter in relation to its comparison period.

The Healthy Food Segment's EBIT amounted to EUR 9.3 (8.5) million, which accounted for 13.5 (12.3) per cent of net sales. Significant cost savings were seen 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 0.2 (0.2) million and EUR 0.0 (0.0) million on EBIT.

Key figures for the Healthy Food Segment

		4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Net sales	M€	31.6	34.2	68.9	68.9	137.5
Western Europe	M€	13.9	16.3	30.2	32.8	63.8
Northern Europe	M€	12.5	12.4	27.7	24.9	50.4
Eastern and Central Europe	M€	5.2	5.5	11.1	11.2	23.4
EBIT	M€	4.0	4.5	9.3	8.5	18.2
EBIT	%	12.7	13.2	13.5	12.3	13.2
Net assets	M€	81.8	82.3	81.8	82.3	87.6

Business reviews, April–June
Western Europe

Net sales for the Western European operations amounted to EUR 13.9 (16.3) million and EBIT weakened significantly.

Net sales for the Benecol business in the UK fell significantly short of the comparison period, which also had direct impacts on EBIT during the quarter. The timing and targeting of the marketing campaigns will be reviewed as the corona situation develops. The primary message concerning the cholesterol-lowering benefit of Benecol is emphasised in marketing.

During March, a notable and positive change in trend was seen in all categories of Benecol products as the crisis escalated and consumers stocked up on goods. At the start of the crisis in the UK, consumers shifted the majority of their shopping to the large markets, but as the crisis extended, online trade has grown significantly, reducing the share of traditional trade. 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.

In Ireland, net sales remained at the level of the comparison period and EBIT weakened. In Belgium, net sales increased in relation to the comparison period, even though some campaigns and launches were cancelled during the second quarter. EBIT also improved significantly in relation to the comparison period. Within the overall Western European market, the distribution and listing outlook is promising, provided that the current crisis does not roll into another wave that will extend the exceptional situation.

Northern Europe

Net sales for the Northern European operations amounted to EUR 12.5 (12.4) million. EBIT further improved significantly. It was boosted by sales growth, particularly in Benecol, Sunnuntai and Torino products, 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 Torino brands, as during the first quarter as well. During the second quarter, retail traders reduced their stock to more normal levels following the large reserve stock acquisitions during the first quarter.

The sale of Benecol products increased in Finland by more than 4 per cent during the second quarter. Sales of Benecol yogurt drinks saw the greatest development, but all other categories increased as well. During the first quarter, the demand for Elovena products was reflected in the large purchase amounts for shop and consumer stocks. As consumers were moving less and being less active than usual, the resulting demand for snack products was less pronounced than during the comparison

period. This was reflected in the negative sales results for Elovena biscuits, drinks and instant porridge. 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. The delivery chain for the product was met with problems during the quarter, which caused some temporary problems in terms of deliveries.

The increased preparation of foods at home continued during the second quarter, which notably benefited the sales of Sunnuntai and Torino brands. Well-received new products were also launched under these brand names, as well as under the Elovena brand, during the second quarter.

Eastern and Central Europe

Net sales for the Eastern and Central European operations totalled EUR 5.2 (5.5) million. The key goals for the review period were to continue the profitable growth in Russia and Ukraine and to reverse the loss-making business in Poland.

Net sales in Russia grew significantly in relation to the comparison period and EBIT improved even more when calculated proportionally. Most of sales in Russia come from premium-priced Nordic products. The purchasing power of Russian consumers declined further, which was reflected as a moderate transition to lower-priced product variants, but as the corona crisis took hold, the demand, also for premium-priced products, grew significantly. A period of plateauing was also seen in the Russian market following the increased sales volumes during the first quarter. During the second quarter, Raisio gained a foothold in several hundred new shops outside of Moscow and St Petersburg, and the promotions that were cancelled during the peak of the crisis were reinitiated at the end of the quarter.

In Ukraine, both net sales and profitability decreased significantly in relation to the comparison period. At the worst phase of the crisis, Ukraine suffered occasional delivery delays, which naturally impacted sales. The distribution logic has been changed in Ukraine, which is expected to have a positive impact in the future.

The target for Poland was not achieved, as net sales decreased in relation to the comparison period. A large portion of Poland's Benecol distribution was focused on larger shops, many of which are located in shopping centres. During the crisis, however, 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 crisis period. The company is also considering the expansion of the existing Benecol product range within the Polish market.

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. The previously discussed co-operation with Dr. Schär got underway with the first concrete phase, which placed Benecol snack products on shelves in Spain at the end of 2019. 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.

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, April–June

The Healthy Ingredients Segment's net sales totalled EUR 34.3 (34.7) million. Net sales declined due to the decreased sales of fish feeds in relation to the comparison period, which was the result of customers placing orders and receiving deliveries earlier than usual during the first quarter. The Polish and Swedish markets, which opened during 2019, also encountered difficulties. The plateauing of orders is considered to have positive impacts, as the production capacity is spread more evenly throughout the year. The sale of grain products to bakeries and industrial and catering customers, on the other hand, grew dramatically in relation to the comparison period. When the corona pandemic began, the orders from our industrial kitchen sector customers decreased, but its share of Raisio's overall foodservice activities is minor. The production of gluten-free oat products, made possible by the modernisation of the Nokia oat mill, is, in its entirety, still a small but intensely growing product area for Raisio, both in Finland and abroad. As of the beginning of 2020, the sales of gluten-free products have been boosted by more than ten new industrial export customers in nine different countries within the European region.

The Healthy Ingredients Segment's EBIT was EUR 3.7 (3.9) million, which accounted for 10.9 (11.3) 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 second quarter, due to the sequencing of licensing sales of the Benecol product ingredient. The problems that arose in the operating environment for the industrial kitchen sector only had a minor impact on Raisio's profitability within this business area, also during the second quarter.

Financial development, January-June

The Healthy Ingredients Segment's net sales totalled EUR 59.9 (56.6) million. The greatest driving forces behind the growth lay in the increased overall volumes of BtoB sales of grain-based products, Raisioaqua's sales and Benecol product ingredient sales 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 5.9 (5.3) million, which accounted for 9.9 (9.3) per cent of net sales. Raisio's own improved production utilisation rates have had a positive impact on overall profitability.

Key figures for the Healthy Ingredients Segment

		4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Net sales	M€	34.3	34.7	59.9	56.6	124.6
EBIT	M€	3.7	3.9	5.9	5.3	12.5
EBIT	%	10.9	11.3	9.9	9.3	10.0
Net assets	M€	85.0	61.5	85.0	61.5	71.0

Business reviews, April–June

Fish feeds

During the first quarter of the year, Raisioaqua's especially positive development in deliveries and net sales continued the excellent trend seen during its record year in 2019. This positive sales trend extended into the second quarter, albeit falling short of the level achieved during the comparison period. The overall sales for the first half of the year, however, managed to exceed the level reached

during the first half of the company's previous record year in 2019. The end of the year 2020 faces uncertainty in terms of ongoing success as it relies on the state of the weather, which has a direct impact on the farming conditions and production for fish farming customers. The openings achieved during 2019 in the Swedish and Polish markets have presented challenges, for example, in the form of unfavourable currency movements and extreme price competition in response to the crisis.

During the second quarter, Raisioaqua was involved in initiating 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. At the end of December 2019, Raisio's fish feeds were audited and given ASC rainbow trout farming certification in accordance with the required standard. ASC farming certification is a sign of responsible and sustainable aquaculture. The feed certification is valid for one year at a time and shows that our feed is produced responsibly in accordance with ethical and ecological principles and transparency.

We use the sustainably produced Baltic Blend feed 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 corona crisis 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.

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. More than ten new industrial export customers were acquired for, in particular, gluten-free oats. 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. 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. The actual external grain trade has decreased and, due to its low profitability, 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 is clearly increasing. Raisio's grain procurement continued strongly throughout the entire beginning of the year and was exceptionally active up until high summer. Significantly higher volumes of grain were procured in relation to the comparison period, and the volume acquired during June was exceptionally large.

More farming contracts were signed with farmers than during the comparison period. The number of farming contracts for oat groats and milling wheat increased, in particular. Raisio is particularly pleased with the fact that interest in contract farming and our different farming contracts has been clearly rising over the past two years.

SHARES AND SHAREHOLDERS

The number of Raisio plc's free shares traded on NASDAQ OMX Helsinki Ltd in January-June totalled 23.5 (17.1) million. The value of trading was EUR 76.8 (45.0) million and the average price EUR 3.27 (2.64). The closing price on 30 June 2020 was EUR 3.04.

A total of 1.0 (0.5) million restricted shares were traded in January-June. The value of trading was EUR 3.5 (1.4) million and the average price EUR 3.35 (2.71). The closing price on 30 June 2020 was EUR 3.08.

On 30 June 2020, the company had a total of 37,349 (31 December 2019: 35,919) registered shareholders. Foreign ownership of the entire share capital was 19.1 (31 December 2019: 22.7) per cent.

Raisio plc's market capitalisation at the end of June totalled EUR 503.3 (31 December 2019: 560.2) million and, excluding the company shares held by the company, EUR 479.9 (31 December 2019: 533.8) million.

During the review period, a total of 5,500 restricted shares were converted into free shares.

At the end of the review period, the number of issued free shares was 133,699,562 while the number of restricted shares was 31,449,468. The share capital entitled to 762,688,922 votes.

In the review period, a total of 5,963 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 2020 AGM.

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

Raisio plc's Annual General Meeting (AGM) approved on 27 April 2020 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 for each restricted and free share. The dividend was paid on 7 May 2020 to a shareholder who was 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 2020.

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 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 rights. 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 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.

EVENTS FOLLOWING THE REVIEW PERIOD

On 29th July, Raisio withdrew its guidance for 2020.

OUTLOOK 2020

On 29th July, Raisio withdrew its guidance for 2020, gives a new guidance as visibility improves. Due to the potential second wave of the COVID-19 pandemic and the prolonged state of the pandemic in general, Raisio withdraws its outlook for 2020. Unexpected changes in consumer behaviour caused by the pandemic continue to inflict significant insecurity in our different markets during the second half of the year.

Raisio's previous guidance 12th February 2020:

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.

Raisio will issue a new outlook in case the situation stabilizes.

Raisio will continue its investments in the brands, R&D and the company's own production in its most important product categories.

In Raisio, 05 August 2020

Raisio Plc

Board of Directors

Further information:

Pekka Kuusniemi, President and CEO, tel. +358 50 537 3883

Toni Rannikko, CFO, tel. +358 40 078 8812

Mika Saarinen, Director of Investor Relations, tel. +358 40 072 6808

The information in this Half-Year Financial Report is unaudited.

Raisio's Interim Report for January-September 2020 will be published on 4 November 2020.

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

	1-6/2020	1-6/2019	1-12/2019	4-6/2020	4-6/2019
Net sales	114.6	112.6	236.3	59.9	62.7
Cost of sales	-81.4	-80.1	-169.3	-44.0	-45.0
Gross profit	33.2	32.5	67.0	15.9	17.7
Other operating income and expenses, net	-19.7	-20.3	-39.8	-8.9	-10.5
EBIT	13.6	12.2	27.3	7.0	7.3
Financial income	0.7	1.7	2.9	0.5	1.0
Financial expenses	-2.1	-0.9	-1.7	2.0	-0.4
Result before taxes	12.1	13.1	28.5	9.5	7.8
Income taxes	-2.7	-0.5	-2.9	-2.1	0.6
Result for the period	9.5	12.6	25.5	7.4	8.4
Attributable to					
Equity holders of the parent company	9.5	12.6	25.5	7.4	8.4
Non-controlling interests	-	-	-	-	-
Earnings per share from the profit attributable to equity holders of the parent company (€)					
Undiluted earnings per share	0.06	0.08	0.16	0.05	0.05
Diluted earnings per share	0.06	0.08	0.16	0.05	0.05

THE GROUP'S COMPREHENSIVE INCOME STATEMENT (M€)

	1-6/2020	1-6/2019	1-12/2019	4-6/2020	4-6/2019
Result for the period	9.5	12.6	25.5	7.4	8.4
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	0.2	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	0.5	-0.4	-0.3	0.7
Change in translation differences related to foreign companies	-6.4	0.4	5.1	-2.0	-4.3
Tax impact	-0.2	-0.1	0.1	0.1	-0.1
Items that may be subsequently transferred to profit or loss, total	-5.6	0.8	4.8		
Comprehensive income for the period	4.1	13.7	30.9	5.2	4.8
Components of comprehensive income					
Equity holders of the parent company	4.1	13.7	30.9	5.2	4.8
Non-controlling interests	-	-	-	-	-

THE GROUP'S BALANCE SHEET (M€)

ASSETS	30.6.2020	30.6.2019	31.12.2019
Non-current assets			
Intangible assets	31.4	32.6	33.5
Goodwill	45.2	46.0	48.5
Tangible assets	60.9	40.9	51.1
Equity investments	2.8	2.7	3.0
Deferred tax assets	4.8	4.5	4.9
Total non-current assets	145.1	126.8	140.9
Current assets			
Inventories	44.4	39.6	37.6
Accounts receivables and other receivables	31.1	33.0	30.3
Financial assets at fair value through profit or loss	62.6	85.5	81.4
Cash and bank receivables	15.4	22.1	18.3
Total current assets	153.5	180.2	167.6
Total assets	298.6	307.1	308.5
SHAREHOLDER'S EQUITY AND LIABILITIES	30.6.2020	30.6.2019	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	247.1	245.6	263.2
Equity attributable to equity holders of the parent company	255.3	253.6	271.3
Non-controlling interests	-	-	-
Total shareholder's equity	255.3	253.6	271.3
Non-current liabilities			
Deferred tax liabilities	5.1	4.3	5.3
Provisions	-	1.1	1.2
Non-current financial liabilities	4.2	0.8	0.3
Total non-current liabilities	9.3	6.2	6.9
Current liabilities			
Provisions	1.2	-	-
Accounts payable and other liabilities	32.1	34.9	29.3
Derivative contracts	0.1	0.1	0.3
Current financial liabilities	0.7	12.3	0.8
Total current liabilities	34.1	47.2	30.4
Total liabilities	43.3	53.4	37.3
Total shareholder's equity and liabilities	298.6	307.1	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	-	-	-	-	-	-	-	9.5	9.5
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	-	-	-	-	-	-	-6.4	-	-6.4
Tax impact	-	-	-	-	-0.3	-	-	-	-0.3
Total comprehensive income for the period	0.0	0.0	0.0	0.0	1.1	0.0	-6.4	9.5	4.1
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 June 2020	27.8	2.9	88.6	8.0	-0.2	-19.6	-21.2	168.9	255.3

	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	-	-	-	-	-	-	-	12.6	12.6
Other comprehensive income items									
Change in fair value of equity investments	-	-	-	-	0.5	-	-	-	0.5
Change in value of cash flow hedging	-	-	-	-	0.5	-	-	-	0.5
Change in translation differences related to foreign companies	-	-	-	-	-	-	0.4	-	0.4
Tax impact	-	-	-	-	-0.2	-	-	-	-0.2
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.8	0.0	0.4	12.6	13.7
Business activities involving shareholders									
Dividends	-	-	-	-	-	-	-	-25.2	-25.2
Share-based payments	-	-	-	-	-	0.0	-	0.3	0.3
Total business activities involving shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-24.9	-24.9
Shareholders' equity on 30 June 2019	27.8	2.9	88.6	8.9	-0.8	-19.8	-19.4	165.4	253.6

	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€)

	1-6/ 2020	1-6/ 2019	1-12/ 2019	4-6/ 2020	4-6/ 2019
CASH FLOW FROM BUSINESS OPERATIONS					
Result before taxes	12.1	13.1	28.5	9.5	7.8
Adjustments:					
Planned depreciations	3.1	3.2	6.4	1.6	1.6
Financial income and expenses	1.4	-0.8	-1.2	-2.5	-0.6
Other adjustments	0.3	0.2	0.8	0.1	0.1
Total adjustments	4.8	2.6	5.9	-0.9	1.1
Cash flow before change in working capital	17.0	15.7	34.4	8.6	8.9
Change in working capital					
Increase (-) / decrease (+) in current receivables	-1.2	-4.5	-1.9	2.1	-5.9
Increase (-) / decrease (+) in inventories	-7.0	-4.6	-2.4	-1.9	-0.3
Increase (+) / decrease (-) in current interest-free liabilities	5.3	3.7	-2.7	-0.4	1.9
Total change in working capital	-2.9	-5.4	-7.1	-0.3	-4.2
Cash flow from business operations before financial items and taxes	14.1	10.3	27.3	8.3	4.7
Interest paid and payments for other financial expenses from business operations	-0.6	-0.6	-1.9	-0.2	-0.4
Dividends received from business operations	0.2	0.2	0.2	0.2	0.0
Interest received and other financial income from business operations	0.3	0.3	1.8	0.1	0.1
Other financial items, net	0.1	0.1	0.1	0.2	-0.2
Income taxes paid	-4.2	-2.4	-4.2	-2.6	-0.9
Cash flow from business operations after financial items and taxes	9.9	7.9	23.3	6.0	3.4
CASH FLOW FROM INVESTMENTS					
Investment in tangible assets	-9.6	-5.6	-17.3	-4.2	-3.5
Investment in intangible assets	-0.4	-0.2	-0.4	-0.2	-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	-9.5	-5.8	-17.6	-4.3	-3.6
Cash flow after investments	0.4	2.1	5.6	1.7	-0.2
CASH FLOW FROM FINANCIAL OPERATIONS					
Other financial items, net	-	-0.1	-0.1	-	-0.1
Payments associated with the reduction in lease liability	-0.4	-0.4	-0.9	-0.2	-0.2
Repayment of non-current loans	-	-11.4	-22.9	-	-11.4
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	-20.4	-25.1
Net cash flow from financial operations	-20.8	-37.0	-48.8	-20.6	-36.8
CHANGE IN LIQUID FUNDS	-20.5	-34.9	-43.2	-18.9	-37.0
Liquid funds at the beginning of the period	99.8	142.1	142.1		
Impact of changes in exchange rates	-0.6	0.3	0.9		
Impact of changes in market value of the liquid funds	-1.4	0.7	1.4		
Impact of the discontinued cattle feed business	-	-1.4	-1.4		
Liquid funds at the end of the period	77.2	106.8	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 Raisonkaari 55, FI-21200 Raisio. The company's shares are listed on NASDAQ OMX Helsinki Ltd.

Accounting principles and presentation of figures

Raisio plc's Half-Year Financial Report for January–June 2020 has been prepared in accordance with IAS 34, Interim Financial Reporting regulations. In the preparation of the Half-Year 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 Half-Year Financial Report, financial position or the presentation of the Half-Year 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 Half-Year 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€)

	1-6/2020	1-6/2019	1-12/2019
Healthy Food			
Western Europe	30.2	32.8	63.8
Northern Europe	27.7	24.9	50.4
Eastern and Central and Europe	11.1	11.2	23.4
Total Healthy Food	68.9	68.9	137.5
Healthy Ingredients	59.9	56.6	124.6
Other operations	0.7	0.7	1.5
Interdivisional net sales	-14.9	-13.5	-27.3
Total net sales	114.6	112.6	236.3

EBIT by segment (M€)

	1-6/2020	1-6/2019	1-12/2019
Healthy Food	9.3	8.5	18.2
Healthy Ingredients	5.9	5.3	12.5
Other operations	-1.7	-1.5	-3.4
Interdivisional	0.0	0.0	0.0
Total EBIT	13.6	12.2	27.3

Net assets by segment (M€)

	1-6/2020	1-6/2019	1-12/2019
Healthy Food	81.8	82.3	87.6
Healthy Ingredients	85.0	61.5	71.0
Other operations and unallocated items	88.5	109.8	112.7
Total net assets	255.3	253.6	271.3

Investment by segment (M€)

	1-6/2020	1-6/2019	1-12/2019
Healthy Food	0.4	0.2	0.4
Healthy Ingredients	11.9	6.1	18.6
Other operations	0.5	0.4	0.6
Total investments	12.9	6.7	19.5

SALES REVENUE
Revenue by country (M€)

	1-6/2020	1-6/2019	1-12/2019
Finland	43.4	42.2	87.3
Great Britain	26.0	28.4	55.2
Other	45.1	42.0	93.8
Total net sales	114.6	112.6	236.3

Net sales by group (M€)

	1-6/2020	1-6/2019	1-12/2019
Sales of goods	113.8	111.7	234.4
Sales of services	0.5	0.6	1.2
Royalties	0.3	0.3	0.7
Total net sales	114.6	112.6	236.3

ACQUIRED BUSINESSES, DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE
Acquired businesses

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

Discontinued operations and assets held for sale

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

TANGIBLE RIGHT-OF-USE ASSETS (M€)

	30.6.2020	30.6.2019	31.12.2019
Acquisition cost at the beginning of the period	293.8	272.6	272.6
Translation differences	-0.3	0.2	0.2
Additions, includes additions made in accordance with the IFRS 16 standard	12.5	8.3	20.9
Decrease	-0.1	0.0	0.0
Acquisition cost at the end of the period	305.9	281.1	293.8
Accumulated depreciation and impairment at the beginning of the period	242.7	237.5	237.5
Translation differences	-0.2	0.2	0.2
Decrease and transfers	-0.1	0.0	0.0
Depreciations and impairment for the period	2.6	2.4	4.9
Accumulated depreciation and impairment at the end of the period	245.0	240.1	242.7
Book value at the end of the period	60.9	40.9	51.1

LEASED RIGHT-OF-USE ASSETS (M€)

	30.6.2020	30.6.2019	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	4.1	0.1	0.1
Divestment and other decreases	-0.1	0.0	0.0
Transfers between items	-	-	0.0
Acquisition cost at the end of the period	6.1	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	0.1	0.0	0.0
Depreciation for the financial period	-0.4	-0.4	-0.9
Accumulated depreciation and impairment at the end of the period	-1.3	-0.5	-1.0
Book value at the beginning of the period	1.1	0.1	0.1
Book value at the end of the period	4.8	1.6	1.1

The increases to the right-of-use assets during the review period include EUR 3.9 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€)

	30.6.2020	30.6.2019	31.12.2019
Rental income	0.3	0.4	0.7
Depreciations for right-of-use assets	-0.4	-0.4	-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	0.4	0.4	0.9

LEASE LIABILITIES (M€)

	30.6.2020	30.6.2019	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	4.1	0.0	0.1
Payments related to decrease of lease liabilities	-0.4	-0.2	-0.9
Total	4.8	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	4.1	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	0.7	0.9	0.8

The increases to lease liabilities during the review period include EUR 3.9 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 18 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 2 million in connection with the new production facility.

PROVISIONS (M€)

	30.6.2020	30.6.2019	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€)

	30.6.2020	30.6.2019	31.12.2019
Sales to key employees in management	0.5	0.0	0.0
Purchases from key employees in management	0.7	0.3	1.1
Receivables from the key persons in the management	0.1	-	0.0
Payables to key management personnel	0.2	-	0.1

CONTINGENT LIABILITIES (M€)

	30.6.2020	30.6.2019	31.12.2019
Contingent off-balance sheet liabilities			
Other liabilities	2.6	1.7	3.3
Guarantee liabilities on the Group companies' commitments	1.4	26.9	26.2
Commitment to investment payments	37.2	1.7	20.8

DERIVATIVE CONTRACTS (M€)

	30.6.2020	30.6.2019	31.12.2019
Nominal values of derivative contracts			
Currency forward contracts	47.4	68.8	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 30.6.2020	Fair value 30.6.2020	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	29.7	29.7	29.3	29.3
Investments recorded at fair value through profit or loss*)	61.8	61.8	81.4	81.4
Liquid funds	15.4	15.4	18.3	18.3
Derivatives*)	0.8	0.8	-	-
Financial liabilities				
Other loans	0.0	0.0	0.0	0.0
Lease liabilities	4.8	4.8	1.1	1.1
Accounts payable and other liabilities	24.3	24.3	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€)

	1-6/2020	1-6/2019	1-12/2019
Capital gains and losses of fixed assets	0.0	0.0	0.0
Costs of share rewards	0.4	0.3	0.6
Other	0.0	0.0	0.2
Total adjustments in cash flow statement	0.3	0.2	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€)

	1-6/2020	1-6/2019	1-12/2019
Acquisitions of fixed assets in total	-12.9	-6.7	-19.5
Payments for investments of earlier financial periods (change in accounts payable)	-1.0	0.9	1.9
Contract on financing for investments from earlier years	3.9	-	-
Investments funded by lease commitments or other interest-bearing debt	-0.4	-0.4	-0.9
Fixed asset acquisitions funded by cash payments	-10.5	-6.2	-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			30.6.2020
			IFRS 16	Changes in exchange rates	Changes in fair value	
Non-current liabilities	0.0	-	-	-	-	0.0
Lease liability	1.1	-0.4	4.1	0.0	-	4.8
Total liabilities for financing activities	1.1	-0.4	-	0.0	-	4.8

QUARTERLY EARNINGS (M€)

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

	30.6.2020	30.6.2019	31.12.2019
Net sales, M€	114.6	112.6	236.3
Change of net sales, %	1.8	2.8	3.5
Operating margin, M€	16.7	15.4	33.6
Depreciation and impairment, M€	3.1	3.2	6.4
EBIT, M€	13.6	12.2	27.3
% of net sales	11.8	10.9	11.5
Result before taxes, M€	12.1	13.1	28.5
% of net sales	10.6	11.6	12.1
Return on equity, %	7.2	9.7	9.5
Return on investment, %	9.8	14.8	13.9
Interest-bearing financial liabilities at end of period, M€	4.8	13.0	1.1
Net interest-bearing financial liabilities at end of period, M€	-72.4	-93.8	-98.6
Equity ratio, %	85.6	82.8	87.9
Net gearing, %	-28.4	-37.0	-36.4
Gross investments, M€	12.9	6.7	19.5
% of net sales	11.3	6.0	8.3
R & D expenses, M€	2.2	2.1	4.2
% of net sales	1.9	1.8	1.8
Average personnel	345	329	328
Earnings/share, €	0.06	0.08	0.16
Cash flow from operations, M€	9.9	7.9	23.3
Cash flow from operations/share, €	0.06	0.05	0.15
Equity/share, €	1.62	1.61	1.72
Average number of shares during the period, in 1,000s			
Free shares	126 153	125 780	125 865
Restricted shares	31 238	31 561	31 480
Total *	157 391	157 342	157 345
Average number of shares at end of period, in 1,000s			
Free shares	126 202	125 824	126 112
Restricted shares	31 237	31 523	31 242
Total *	157 439	157 348	157 354
Market capitalisation of shares at end of period, M€			
Free shares	383.7	365.5	428.8
Restricted shares	96.2	91.4	105.0
Total *	479.9	456.9	533.8
Share price at end of period			
Free shares	3.04	2.91	3.40
Restricted shares	3.08	2.90	3.36

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

FORMULAS FOR KEY FIGURES

Earnings per share	Result for the year of parent company shareholders
	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.	