



# Financial Statements Bulletin 2019

Raisio plc

Financial Statements Bulletin of Raisio plc 12 February 2020, 8:30 a.m.

## Raisio stabilised its core business operations and achieved profitable growth

### FINANCIAL DEVELOPMENT IN BRIEF

#### January–December 2019

- The Group's net sales totalled EUR 236.3 (228.2) million, which signified a growth of +3.5%. EBIT was EUR 27.3 (16.6) million, accounting for 11.5 (7.3)% of net sales. Comparable EBIT was EUR 27.3 (25.6) million, accounting for 11.5 (11.2)% of net sales.
- The Healthy Food Segment's net sales totalled EUR 137.5 (137.7) million. EBIT was EUR 18.2 (17.1) million, accounting for 13.2 (12.4)% of net sales. Comparable EBIT was EUR 18.2 (16.1) million, accounting for 13.2 (11.7)% of net sales.
- The Healthy Ingredients Segment's net sales totalled EUR 124.6 (116.6) million. EBIT was EUR 12.5 (12.9) million, accounting for 10.0 (11.0)% of net sales.
- The Group's cash flow from business operations after financial items and taxes totalled EUR 23.3 (11.5) million.
- Return on Invested Capital (ROIC) was 13.9 (8.1)%.
- The Board of Director's dividend proposal for the Annual General Meeting is EUR 0.13 per share.

#### October–December 2019

- The Group's net sales totalled EUR 54.5 (55.6) million, which signified a decrease of -2.0%. EBIT was EUR 4.3 (-2.1) million, accounting for 7.9 (-3.8)% of net sales. Comparable EBIT was EUR 4.3 (5.0) million, accounting for 7.9 (9.0)% of net sales.
- The Healthy Food Segment's net sales totalled EUR 35.0 (35.4) million. EBIT was EUR 4.1 (4.7) million, accounting for 11.6 (13.2)% of net sales. Comparable EBIT was EUR 4.1 (3.5) million, accounting for 11.6 (9.9)% of net sales.
- The Healthy Ingredients Segment's net sales totalled EUR 25.7 (27.0) million. EBIT was EUR 1.8 (2.8) million, accounting for 7.1 (10.2)% of net sales.

### KEY FIGURES OF THE GROUP

		10-12/2019	10-12/2018	1-12/2019	1-12/2018
Net sales	M€	54.5	55.6	236.3	228.2
Change in net sales	%	-2.0	3.7	3.5	-2.7
Comparable EBIT	M€	4.3	5.0	27.3	25.6
Comparable EBIT of net sales	%	7.9	9.0	11.5	11.2
EBIT	M€	4.3	-2.1	27.3	16.6
EBIT of net sales	%	7.9	-3.8	11.5	7.3
Comparable EBITDA	M€	5.9	6.4	33.6	31.3
EBITDA	M€	5.9	8.1	33.6	31.0
Comparable earnings per share	€	0.03	0.02	0.16	0.12
Earnings per share	€	0.03	-0.01	0.16	0.08

**PRESIDENT AND CEO PEKKA KUUSNIEMI:**

Raisio's final quarter of the year was weighed down by the escalation of uncertainty that continued on the British market throughout the year up until the confirmation of the UK general election results. A positive turn in UK consumer confidence occurred towards the end of December and was also visible in terms of the demand for Benecol products. Furthermore, we have intentionally reduced our intermediary trade in grain, which is not part of our core business due to its low profitability. In relation to the comparison period, this move has caused a downward trend in net sales.

The year 2019 was the first year of Raisio's new, focused direction as a company providing healthy, plant-based foods and ingredients. In terms of the long-term development of our activities, we have made good progress in several different areas. Promising steps have been taken to reinforce our value-based activities, to advance in our responsibility programme and to significantly improve occupational safety at our production facilities. These steps, together with our personnel's determined implementation of our strategy, gave us the capacity to achieve results far into the future.

Net sales for the financial period increased by 3.5% for a total of EUR 236.3 million (228.2) and, at the same time, relative profitability rose to 11.5 (11.2)%. Despite the considerable rise in raw material costs at the start of the year, we were able to maintain profitability and to further invest in the recognition of our key brands. Success in product development is a prerequisite for future growth and, for that reason, we have determinedly increased our investments, particularly in terms of recruiting people who have strong expertise in the properties and possibilities of plant-based raw materials.

The determined implementation of our strategy is also visible in our realised investment decisions. During the financial period, we invested EUR 19.5 (3.6) million to develop the competitiveness of our plant-based product range. The construction of the new production facility for plant-based products, rising within Raisio's carbon-neutral industrial area, is proceeding on schedule and the modernisation process of the Nokia mill was completed during December. Cash flow increased significantly from the previous financial period for a final figure of EUR 23.3 (11.5) million. Even after the strong increase in investments, cash flow reached to EUR 5.6 million.

The uncertain political situation in the UK threw a shadow over the Healthy Food segment for the entire year. As a whole, however, the profitability of the segment improved, but the impact of the price increases on the volume was reflected negatively, particularly in our most competitive product categories. The new Healthy Ingredients segment had an especially encouraging start and was responsible for the growth in the Group's net sales. Both Raisioaqua's fish feed business and our value-added grain products improved their performance over that of the previous financial period in a promising way. New market openings supported growth and, at the same time, reduce geographical risk.

I am personally thrilled, in particular, with the hard work our personnel has invested to implement our strategy and I am confident that the decisions that have been made are steering Raisio in the right direction. We are supported by megatrends and our long-term work will help us to assure a solid position, also internationally, in the plant-based product market.

**FINANCIAL REPORTING****THE YEAR 2019**

The reportable segments Raisio renewed at the beginning of 2019 are Healthy Food, Healthy Ingredients and Other Operations. Comparative figures for earlier periods have been adjusted in terms of the income statement, cash flow statement and some key figures. For the segment reporting, the previous period figures have been adjusted in essential respects. The reported figures are for continuing operations and they are comparable. The comparison figures in brackets refer to the

corresponding period a year earlier unless otherwise stated. The adoption of the IFRS 16 standard did not have a material impact on the Group's EBIT.

The Healthy Food segment focuses on the consumer brands with Europe as its main market area. The Healthy Food segment consists of the following operating segments: Northern Europe, Eastern and Central Europe, and Western Europe (previously Northern and Eastern Europe, Western Europe and Rest of the World). The Healthy Ingredients segment includes the sale of fish feeds and the Benecol product ingredient as well as the sale of grain-based foods and their ingredients to industrial and catering companies. In addition, Operations including the production, procurement and supply chain functions are reported as part of the Healthy Ingredients segment.

## **FINANCIAL DEVELOPMENT**

### **NET SALES**

#### **January–December**

Raisio Group's net sales totalled EUR 236.3 (228.2) million. The net sales were primarily increased by the record high annual sales in fish feeds, while, on the other hand, the significantly reduced volume of grain trade decreased the Group's net sales. The net sales of the Healthy Food Segment and Healthy Ingredients Segment totalled EUR 137.5 (137.7) million and 124.6 (116.6) million, respectively. The effects of food product price increases resulting from the higher raw material prices during autumn 2018 were not fully shown until the third quarter. International operations accounted for 63.1 (62.3) per cent of the Group's net sales.

The development of the net sales for the Healthy Food Segment fluctuated in the different market areas throughout the financial period. Our price increases caused by the rise in raw material prices were fully implemented during the second quarter. In our key markets, price increases led to decreased sales volumes at the start of the year in the especially competitive product categories. The situation levelled off during the third quarter and several markets were already seeing growth during the final quarter, as declining sales trend in Western Europe slowed towards the end of the year.

The conversion impact of the British pound on the Group's net sales was EUR 0.5 (-0.6) million. The conversion impact refers to the impact arising when the subsidiaries' net sales in pounds are converted into euro as part of the consolidated financial statements.

The share of Raisio Group's EBIT representing net sales outside of Finland totalled EUR 149.0 (142.1) million, which accounted for 63.1 (62.3) per cent of net sales. In terms of the breakdown of the Group's net sales, Finnish operations accounted for 37 per cent, the UK and the rest of Europe for 23 and 38 per cent, respectively, and the rest of the world for 2 per cent.

#### **October–December**

Raisio Group's net sales totalled EUR 54.5 (55.6) million. The decrease in net sales in relation to the comparison period was the result primarily of the further reduction in grain trade volumes and, on the other hand, the sequencing of Benecol partner sales during the comparison period. Following the Brexit vote, consumer sentiment in the UK appeared to show signs of improvement, which was also reflected, in December, in the increasing demand within Raisio's product categories.

The conversion impact of the British pound on the Group's net sales was EUR 0.4 (0.0) million. The conversion impact refers to the impact arising when the subsidiaries' net sales in pounds are converted into euro as part of the consolidated financial statements.

## RESULTS

### January–December

Raisio Group's EBIT totalled EUR 27.3 (16.6, and comparable EBIT 25.6) million, which accounted for 11.5 (7.3, and comparable EBIT 11.2) per cent of net sales. Price increases on food products, as carried out by Raisio during the first half of the year, led to a drop in sales volumes for particularly competitive product categories in the Group's key markets. During the second half of the year, after a period of evening out, the sales figures ended up achieving growth in most markets. The demand for consumer products in the UK continued throughout the year with a minor drop resulting from prolonged uncertainty regarding the future of Brexit. This impact was seen most concretely starting in September.

The Healthy Food Segment's comparable EBIT totalled EUR 18.2 (17.1, and comparable EBIT 16.1) million, which accounted for 13.2 (12.4, and comparable EBIT 11.7) per cent of net sales. The negative impact of higher raw material prices was still visible in the first quarter but it levelled off during the second quarter and the normalisation trend continued also during the third and fourth quarters.

The Healthy Ingredients Segment's EBIT was EUR 12.5 (12.9) million, which accounted for 10.0 (11.0)% of net sales. Strong sales growth in fish feeds was also shown as improved EBIT, while the volume of license sales concerning the Benecol product ingredient continued to decline, thereby weakening profitability. The reduced volumes of grain trade were visible in EBIT, albeit marginally.

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

The depreciations and impairment totalled EUR 6.4 (14.4) million. The Group's net financial items were EUR 1.2 (-0.8) million. The Group's pre-tax result was EUR 28.5 (15.7, and with comparable figures 24.8) million. The Group's post-tax result was EUR 25.5 (12.1 and with comparable figures 19.3) million. The Group's earnings per share were EUR 0.16 (0.08, and with comparable figures 0.12).

### October–December

Raisio Group's EBIT totalled EUR 4.3 (-2.1, and comparable EBIT 5.0) million, accounting for 7.9 (-3.8, and comparable EBIT 9.0) per cent of net sales. In relation to the comparison period, the EBIT was reduced because of the costs reserved for the remuneration of the personnel. Raisio's R&D expenditure also increased in relation to the comparison period. Increased investments are aimed at acquiring knowledge and resources to further scientific research and product development related to oats.

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

The depreciations and impairment totalled EUR 1.6 (10.1) million. The Group's net financial items were EUR -0.2 (-0.7) million. The Group's pre-tax result was EUR 4.1 (-2.8 with a comparable pre-tax result of 4.3) million. The Group's post-tax result was EUR 4.0 (-2.3 with a comparable post-tax result of 3.4) million. The Group's earnings per share were EUR 0.03 (-0.01 with a comparable figure of 0.02).

**Items affecting comparable EBIT**

		10-12/2019	10-12/2018	1-12/2019	1-12/2018
<b>Comparable EBIT</b>		4.3	5.0	27.3	25.6
+ capital gain	M€	-	1.2	-	1.2
- impairment, tangible and intangible assets	M€	-	-8.7	-	-8.7
+/- structural arrangements and streamlining projects	M€	-	0.5	-	-1.4
Items affecting comparability, in total	M€	-	-7.1	-	-9.0
<b>EBIT</b>	M€	4.3	-2.1	27.3	16.6

**Items affecting comparable EBITDA, reconciliation to EBIT**

		10-12/2019	10-12/2018	1-12/2019	1-12/2018
<b>Comparable EBITDA</b>		5.9	6.4	33.6	31.3
+/- Depreciations and impairment	M€	-	8.7	-	8.7
+/- Items affecting EBIT	M€	-	-7.1	-	-9.0
Items affecting comparability, in total	M€	-	1.6	-	-0.3
<b>EBITDA</b>	M€	5.9	8.1	33.6	31.0
+/- Impairment	M€	0.0	-8.7	0.0	-8.8
+/- Depreciations	M€	-1.6	-1.4	-6.4	-5.6
<b>EBITDA</b>	M€	4.3	-2.1	27.3	16.6

**BALANCE SHEET, CASH FLOW AND FINANCING**

At the end of December, Raisio Group's balance sheet totalled EUR 308.5 (324.4) million. Shareholders' equity was EUR 271.3 (264.8) million, while equity per share totalled EUR 1.72 (1.68). 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 23.3 (11.5) million. The comparison period's cash flow was reduced due to working capital tied up in inventories and the import ban on fish feeds to Russia at the end of 2018.

At the end of December, working capital amounted to EUR 37.0 (32.2) million.

At the end of December, the Group's interest-bearing debt was EUR 1.1 (23.0) million. Net interest-bearing debt was EUR -98.6 (-119.2) million.

At the end of December, Raisio's financial assets recognised at fair value through profit or loss, as well as cash and cash equivalents totalled EUR 99.8 million (142.1) million. The company's strong cash position enabled the dissolution of the binding, however undrawn, revolving credit facility of EUR 50 million in January 2019. Cash reserves are diversified into deposits in Nordic banks. Cash reserves are also invested in low-risk, liquid investment objects.

At the end of December, the Group's equity ratio totalled 87.9 (81.7) per cent and net gearing was -36.4 (-45.0) per cent. The return on investments (ROIC) was 13.9 (8.1) per cent. As from 1 January 2019, Raisio Group has decided to present the ROIC as its productivity indicator.

In 2019, Raisio plc paid EUR 25.0 (26.6) million in dividends for 2018. The dividends for 2018 were comprised of a base dividend of EUR 0.12 per share with an additional supplementary dividend of EUR 0.04 per share. The total dividend was, therefore, EUR 0.16 per share for 2018.

**Key figures for the balance sheet and financing**

		<b>31.12.2019</b>	<b>31.12.2018</b>
Cash flow from operations	M€	23.3	11.5
Equity ratio	%	87.9	81.7
Net gearing	%	-36.4	-45.0
Net interest-bearing debt	M€	-98.6	-119.2
Equity per share	€	1.72	1.68
Investments	M€	19.5	5.6
Return on investment (ROIC)	%	13.9	8.1

**INVESTMENTS**

In October–December, Raisio's investments totalled EUR 8.7 (1.9) million, or 15.9 (3.4) per cent of net sales

The January–December investments totalled EUR 19.5 (5.6) million, or 8.3 (2.4) per cent of net sales. The most significant completed investment during the review period was the modernisation of production and an increase in the capacity of the Nokia mill. The overall cost of the development project initiated in 2018 at the Nokia mill totalled EUR 8.1 million. This investment facilitates the production of gluten-free oat products. Furthermore, Raisio's oat mill can produce oat fibre products with a high beta-glucan content. Beta-glucan is an oat fibre that helps to reduce cholesterol and prevents fluctuations in blood sugar levels. Additionally, initial costs for the new, modern production facility for Raisio's industrial area were accrued during the third quarter for a total of EUR 9.4 million during 2019. These investments endeavour to prepare us to manage the continuing growth in demand for plant-based products, especially in Europe.

**Raisio set to invest some EUR 45 million in the growth of healthy foods**

On 11 June 2019, Raisio announced its intention to invest approximately EUR 45 million in the production facility developing and manufacturing plant-based added-value products. The project is funded by the company's strong cash position and cash flow. The investment strengthens Raisio's position as a specialist in plant-based food and supports growth in line with the company's strategy.

**RESEARCH AND DEVELOPMENT**

Raisio's research and development expenses in January–December totalled EUR 4.2 (2.9) million, or 1.8 (1.3) per cent of net sales.

Raisio's research and development expenses in October–December totalled EUR 1.2 (0.9) million, or 2.3 (1.6) per cent of net sales.

Product development in Raisio's Healthy Food Segment is guided by the principles defined for food in the company's purpose: good taste, healthiness, heart health, overall well-being and sustainable development. Raisioaqua focuses on products and services that ensure fish welfare and production efficiency as well as promote responsible fish farming by employing methods that reduce the environmental load on our waterways. 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 the ongoing product and application developments of oats and Benecol.

## OPERATING ENVIRONMENT

There have been no significant changes in Raisio's operating environment during 2019. Global megatrends support Raisio's growth strategy and its focus on responsibly produced healthy food.

Global phenomena, such as climate change, Earth's limited resources, demographic change, technological breakthroughs and faster information flow have an impact on consumers' everyday life and their purchasing decisions. This can be seen in many ways: consumers make responsible choices, invest in health throughout their life and increase their purchases of easy-to-use products suitable for busy everyday life.

When choosing responsibly produced food, consumers pay increasingly more attention to the entire life cycle of the product, including raw materials, production, distribution, how to use the product, package and its recyclability and food waste. Consumers are also more interested in their own health and perceive food as an essential means of ensuring long-term health. Consumers want healthy products that taste good, that make their daily lives easier and that help them to cope with their busy life rhythm without making any compromises.

The consumption of farmed fish is expected to continue strong. The EU aims to increase the production of farmed fish by five per cent annually. Finland's aim is to nearly double its aquaculture production over the next few years. Russia, too, is seeking considerable growth in aquaculture production. At the moment, only about 20 per cent of the fish used in Finland is farmed in Finland.

The investments realised during 2018–2019 for the purpose of modernising and increasing the capacity of the Nokia mill facilitated increased B2B sales within both the domestic and foreign markets. The demand for gluten-free oats, in particular, is growing and Raisio's realised investments will make it possible to meet this increasing demand. In terms of grain procurement, Raisio prioritises the availability and sufficiency of raw materials for its own production. Intermediary trade in grain is not part of the company's strategic focus areas.

## STRATEGIC CONSUMER BRANDS

### Benecol

Benecol is Raisio's most international brand and the original expert in cholesterol-lowering foods. The development of new and updated products continued in 2019. This enabled us to gain new consumers for Benecol products and to help those consumers to lower their cholesterol levels. Benecol yogurts were renewed and now one container of yogurt per day is enough to lower one's cholesterol level. Younger consumer groups are becoming interested in lowering their cholesterol levels with Benecol products and they have increased their willingness to try new products. Raisio continued to invest in marketing to health care professionals. The aim is to encourage them to recommend the proven safe and effective Benecol products to their customers as part of an overall healthy diet. Raisio will continue to develop its cholesterol-lowering product categories by introducing new products and taking advantage of marketing communications.

### Elovena

Elovena is Finland's most valued and well-known oat brand, offering naturally healthy products made from Finnish oats. Elovena's media visibility has been determinedly increased and, as a result, the brand and the Feel Free to Eat consumer marketing are becoming increasingly familiar to a broader spectrum of consumers. The new Elovena products correspond well to consumer needs. In 2019, Raisio developed its Elovena snack biscuit category and enhanced the market with the launch of its new wheat-free Elovena snack biscuits made from 100% oats. As a result of the new products, the growth in the sales of snack biscuits remained strong. Raisio has been taking its oat products abroad

already for more than twenty years under the brand names Nordic and Provena, but now Elovena has been selected, according to the strategy, as the focus brand for Raisio's expanding international oat business. Provena products will begin to be manufactured as Elovena Gluten-free products during 2020.

## **SEGMENT INFORMATION**

### **HEALTHY FOOD SEGMENT**

Profitable growth is the most important strategic goal for the Healthy Food Segment. The Healthy Food Segment includes Raisio's consumer product businesses in the Western, Eastern, Central and Northern European markets.

#### **Financial development, January–December**

The Healthy Food Segment's net sales totalled EUR 137.5 (137.7) million. Our price increases caused by the rise in raw material prices were fully implemented during the second quarter. In our key markets, price increases led to decreased sales volumes in the especially competitive product categories. The situation levelled off during the third quarter and several markets were already seeing growth during the final quarter, although reductions in Western Europe continued.

Altogether 36 per cent of the Healthy Food Segment's net sales were generated in Northern Europe, where Raisio's well-known brands include Elovena, Benecol, Nordic, Sunnuntai, Nalle and Torino. Over 46 per cent of net sales were generated from the sale of Benecol products in the Western European markets. More than 17 per cent of the net sales were generated in Eastern and Central Europe, where Benecol and Nordic are among Raisio's well-known brands.

The Healthy Food Segment's EBIT totalled EUR 18.2 (17.1, and comparable EBIT 16.1) million, which accounted for 13.2 (12.4, and comparable EBIT 11.7) per cent of net sales. The negative impact of higher raw material prices was still visible in the first quarter but it levelled off during the second quarter and the normalisation trend continued also during the third and fourth quarters.

The conversion impact of the British pound on the Healthy Food Segment's net sales was EUR 0.5 (-0.6) million and EUR 0.1 (0.0) million on EBIT.

#### **Financial development, October–December**

The Healthy Food Segment's net sales totalled EUR 35.0 (35.4) million. Good sales growth for Benecol products continued in Finland. Sales grew in Eastern and Central Europe, but the overall sales of Benecol products in Western Europe decreased.

The Healthy Food Segment's EBIT totalled EUR 4.1 (4.7, and comparable EBIT 3.5) million, which accounted for 11.6 (13.2, and comparable EBIT 9.9) per cent of net sales. In relation to the comparison period, the review period saw an improvement in the profitability of sales. Investments in research and product development were higher than during the comparison period. Marketing costs were lower than those of the comparison period, but higher than during the preceding quarter.

The conversion impact of the British pound on the Healthy Food Segment's net sales was EUR 0.4 (0.0) million and EUR 0.1 (0.1) million on EBIT.

**Healthy Food Segment's key figures**

		10-12/2019	10-12/2018	1-12/2019	1-12/2018
Net sales	M€	35.0	35.4	137.5	137.7
Western Europe	M€	15.9	17.0	63.8	66.4
Northern Europe	M€	12.6	12.7	50.4	49.4
Eastern and Central Europe	M€	6.5	5.7	23.4	21.8
Comparable EBIT	M€	4.1	3.5	18.2	16.1
Comparable EBIT	%	11.6	9.9	13.2	11.7
EBIT	M€	4.1	4.7	18.2	17.1
EBIT	%	11.6	13.2	13.2	12.4
Net assets	M€	87.6	83.1	87.6	83.1

**Items affecting comparable EBIT, continuing operations**

		10-12/2019	10-12/2018	1-12/2019	1-12/2018
<b>Comparable EBIT</b>	M€	4.1	3.5	18.2	16.1
+ capital gain	M€	-	1.2	-	1.2
+/- other items	M€	-	-	-	-0.2
Items affecting comparability, in total	M€	-	1.2	-	1.0
<b>EBIT</b>	M€	4.1	4.7	18.2	17.1

**Business operations, January–December**
Western Europe (market areas including the UK, Ireland and Belgium)

Net sales for the Benecol business in the UK fell short of the comparison period. EBIT was improved by a better sales margin and reduced marketing investments in relation to the comparison period, since more significant marketing campaigns were postponed due to the Brexit uncertainties shadowing the daily lives of consumers. Fewer product categories or variants were introduced to the UK market than during the comparison period.

During the fourth quarter, sales of Benecol yogurt drinks, yogurts and spreads in the UK were clearly down from the comparison period due to price competition and general financial insecurity.

In Ireland, net sales remained at the same level as that of the comparison period. EBIT weakened primarily as a result of the reorganisation of sales and marketing. Raisio took the distribution of the Irish business into its own hands, aiming to turn the declining sales of recent years back to a growth trend. In Belgium, net sales declined in relation to the comparison period and EBIT weakened slightly.

Northern Europe (market areas including Finland, Scandinavia and the Baltic countries)

Net sales were improved particularly as a result of the driving force of strong ongoing growth in the sales of new Benecol products in Finland as well as the price increases achieved at the start of the year. EBIT clearly improved. EBIT was improved, in particular, by the growth in the sales of Benecol products in all main product categories, and by the fact that sales and marketing costs were lower than during the comparison period.

The sales of Benecol products increased in Finland by 12 per cent in relation to the comparison period. Positive sales development continued to be seen for the Greek Style Benecol Yogurts launched during the previous summer. In addition, sales grew for Benecol spreads and yogurt drinks, and the new multipacks of yogurt products gained favour among consumers. Raisio continued its long-term co-operation with health care professionals, which has resulted in consumers developing an increasing interest in easy and safe methods for lowering their cholesterol levels.

The sales of Elovena products increased by approximately 4 per cent in relation to the comparison period. The most successful categories were snack biscuits and flakes. The range of plant-based protein products was expanded in the Finnish market. The market for products intended to replace traditional protein sources appears to be continuing to grow as a whole, with Elovena Oat mince included in this category.

Sales of Sunnuntai and Provena products were down. Especially in flours, retailers continued to strongly invest in their own private labels. Sales growth continued in the Torino value-added pastas.

#### Eastern and Central Europe (market areas including Russia, Poland, Ukraine, Spain and Hong Kong)

Net sales for the Eastern and Central European operations increased from the figures of the comparison period. The key goals for the review period were to ensure the profitability in Russia and Ukraine and to reverse the loss-making business in Poland. Development in all of these markets met their targets.

Net sales and volumes increased and EBIT improved in Russia. Most of sales in Russia come from premium-priced Nordic products. Raisio carried out price increases in Russia corresponding to the sharp rise in grain prices in 2018, which resulted, during the current year, as decreased sales volumes but increasing net sales. Volumes were also on the rise during the fourth quarter. The purchasing power of Russian consumers declined further, which is reflected as a moderate transition to lower-priced product variants, but the decline in volumes ended during the final quarter of the year.

In Ukraine, both net sales and profitability improved significantly in relation to the comparison period. The economy and retail sales in Ukraine continued to develop in a positive direction. The Nordic and Provena products sold in the Ukraine market experienced an increase in sales volumes.

Net sales in Poland declined slightly in relation to the comparison period, while profitability improved significantly. In Poland, the cost structure adjustment that began in 2018 was successfully completed and prices were increased. This has enabled Raisio to focus on its core business, Benecol consumer products, with a specifically focused range of products. Raisio will continue its efforts aimed at growth now that the business in Poland has become more profitable.

At the end of 2018, Raisio's licensing agreement with the Spanish partner ended. As a result, Benecol products covered by this agreement have not been available in Spain after the beginning of 2019. In its strategy, Raisio has outlined 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 bars on shelves in Spain during the third quarter. Sales progress within this reopening market were quite moderate and proceeded according to plan.

## HEALTHY INGREDIENTS SEGMENT

Profitable growth is the most important strategic goal for the Healthy Ingredients Segment. The Healthy Ingredients Segment includes the sale of fish feeds and the Benecol product ingredient, grain trade, and the sale of grain-based products to industrial and catering companies.

### Financial development, January–December

The Healthy Ingredients Segment's net sales totalled EUR 124.6 (116.6) million. Particularly strong sales growth in fish feeds during the second and third quarters increased net sales. The opening of new market areas in Sweden and Poland increased the volumes and also extended them, through the sales of fish feeds, further towards the end of the year. Good sales growth in oat products to bakeries and to industrial and catering customers continued. On the other hand, grain trade volumes have dramatically decreased during the review period. Raisio's grain procurement focuses very heavily on the acquisition of raw materials for its own production needs, and the role of actual grain trade is particularly minimal and not included in the current core business operations.

The Healthy Ingredients Segment's EBIT was EUR 12.5 (12.9) million, which accounted for 10.0 (11.0) per cent of net sales. Strong sales growth in fish feeds was also shown as improved EBIT, while the volume of license sales concerning the Benecol product ingredient continued to decline, thereby weakening profitability. The weakened volumes of grain trade were visible in EBIT, albeit marginally.

### Financial development, October–December

The Healthy Ingredients Segment's net sales totalled EUR 25.7 (27.0) million. Net sales were increased by the extended sales season for fish feeds within new markets, particularly in Poland. Net sales were decreased by further reduced grain trade volumes and reduced licensing sales of the Benecol product ingredient. The sales of oat products to bakeries and to industrial and catering customers continued its growth trend.

The Healthy Ingredients Segment's EBIT was EUR 1.8 (2.8) million, which accounted for 7.1 (10.2) per cent of net sales. EBIT of the comparison period includes EUR 0.7 million as income from hedge accounting. Profitability weakened due to the sequencing of licensing sales of the Benecol product ingredient. The significant reduction in grain trade volumes had a marginal impact on profitability, but more visibly on net sales.

### Healthy Ingredients Segment's key figures

		10-12/2019	10-12/2018	1-12/2019	1-12/2018
Net sales	M€	25.7	27.0	124.6	116.6
EBIT	M€	1.8	2.8	12.5	12.9
EBIT	%	7.1	10.2	10.0	11.0
Net assets	M€	71.0	50.5	71.0	50.5

### Business operations, January–December

#### Fish feeds

The fish feed season started earlier than usual in March-April as Raisioaqua's export customers and distributors replenished their buffer stocks. This ensured timely and sufficient deliveries at the start of the fish growth season. In terms of the conditions, the second and third quarters were, overall, particularly favourable for fish farming. Both the length of the farming season and the achieved fish production exceeded expectations, also during the final quarter.

During the last quarter of the year, the especially positive development in deliveries and net sales continued for Raisioaqua. The final quarter of 2018 was exceptionally challenging for Raisioaqua when export trade to Russia was interrupted from August 2018 as a result of the earlier reported GMO issue. The export of fish feeds to new markets, Poland and Sweden, was initiated during the review period. Raisioaqua's previous record year was 2017, when farming conditions were the same as in 2019. In comparison to the previous record year in 2017, Raisioaqua continued to increase its annual net sales by more than 30 per cent. The positive development was made possible by the favourable fish farming conditions and the new market openings in Poland and Sweden.

Raisioaqua is a major producer of fish feeds that meet the demands of environmentally-friendly and sustainable development; the company's high-quality feeds, Benella fish brand and unique Growth Sonar (Kasvuluotain) application create added value for customers. Systems based on our Growth Sonar were installed for fish farmers, and the functional properties and reliability performance of the Growth Sonar were improved. The system refers to temperature and oxygen sensors that provide real-time data on farming conditions and optimal feed dosing for fish. Additionally, the Growth Sonar is already being used to guide automatic feeders. During spring 2019, Raisioaqua also realised several development projects concerning the external quality of its fish feeds.

#### 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, manifold in relation to sales from 2018.

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. Gluten-free oats showed the highest growth of any product area. Raisio's goal is to continue increasing the export of its oat-based added-value products to BtoB customers. At the end of the review period, Raisio successfully finalised delivery agreements for 2020 with its current customers as well as new customers.

#### Benecol product ingredient sales to license partners

Raisio's plant stanol ester deliveries to license partners decreased from the comparison period as a result of sales sequencing. Raisio is assessing the functionality of the current Benecol licensing model. The current licensing model will continue to be a way of offering Benecol products in the markets where Raisio does not operate itself.

#### Grain procurement and grain trade

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

Despite the exceptionally poor harvest in 2018, Raisio was able to source enough grain for its own food production needs. In 2019, the grain harvest was normal, in terms of volume, and corresponded to the levels and quality normally achieved over a longer period of time. Towards the end of the year, grain was purchased to the same extent as during the comparison period. Stock levels correspond to the normal capacity with respect to planned utilisation. During the review period, market prices for grains returned gradually to levels nearing average prices over a longer period of time.

## **ADMINISTRATION AND MANAGEMENT**

### Board of Directors and Supervisory Board

Raisio's Board of Directors had six members from the AGM of 19 March 2019, and five prior to that. Erkki Haavisto, Ilkka Mäkelä, Leena Niemistö and Ann-Christine Sundell served as Board members throughout the financial period 2019. Kari Kauniskangas served as a Board member until the end of the AGM. Pekka Tennilä and Arto Tiitinen served as Board members from the end of the AGM onwards.

As of 19 March 2019, Ilkka Mäkelä was elected as Chairman of the Board and Ann-Christine Sundell as Deputy Chairman.

In 2019, all the Board members were independent of the company and its major shareholders.

Paavo Myllymäki served as Chairman of the Supervisory Board and Holger Falck as Deputy Chairman for the financial year 2019.

### Group Executive Committee

In 2019, the Group Executive Committee included President and CEO Pekka Kuusniemi, COO of the Healthy Ingredients Unit and Operations Jukka Heinänen, Vice President of Legal Affairs Sari Koivulehto-Mäkitalo, Vice President of HR Merja Lumme, CFO Toni Rannikko and CCO of the Healthy Food Unit Iiro Wester.

## **REPORT ON NON-FINANCIAL INFORMATION**

Raisio is an international company focusing on healthy food and fish feeds with a strategic goal to be a forerunner in responsibility. The company's main markets are in Europe and its four production plants are located in Finland. The operations are guided by Raisio's purpose: Food for Health, Heart and Earth. Raisio's goal-oriented responsibility programme called Good Food Plan 2019 - 2023 is part of the company's strategy. Raisio's corporate responsibility report will be published in week 10 on the company's website at [www.raisio.com](http://www.raisio.com).

In 2019, Raisio began the responsibility work in line with the targets defined in the Good Food Plan 2019 - 2023. The programme includes five themes in which Raisio wants to be a forerunner in responsibility: environmentally friendly packaging, healthy food, healthy food professionals, climate change and carbon neutrality, as well as the sustainable food chain.

The corporate responsibility management model was updated to support the achievement of the Good Food Plan targets. Owners for the programme's five key targets were named from the Group Executive Committee and project managers were appointed for practical project responsibility. Specialists were invited widely from the Group's different units and countries to the project teams. The new management model effectively engaged management and personnel in the responsibility work. Raisio Code of Conduct and complementary internal guidelines and policies form a solid foundation for profitable and responsible business operations. Raisio is also committed to the UN Global

Compact's sustainability initiative and its ten principles concerning human rights, labour practices, environment and corruption. In addition, Raisio's responsible practices are further developed in line with the ISO 9001 quality management system, ISO 14001 environmental management system and BRC product safety certificate for food production plants.

## Environment

Raisio takes environmental impacts into account widely in its operations with a focus on the carbon-neutrality of production and environmentally friendly packaging. Raisio is also developing its material and energy efficiency.

Carbon-neutral production by the end of 2023 is Raisio's key environmental goal. The company's industrial area in Raisio has been carbon-neutral since 2018. Of all the energy used by the Raisio Group, some 92 (90) per cent was produced in a carbon-neutral manner in 2019.

Raisio promotes the use of environmentally friendly packaging. The company aims to stop the use of plastic packaging in consumer products and to ensure the recyclability of all consumer packaging by the end of 2023. In 2019, the company surveyed the recyclability of packaging materials in different markets and looked into new eco-friendly packaging alternatives. In addition, Raisio renewed packaging recycling labels and instructions to make them easier to understand, and conducted several trials with new cardboard-based materials.

Raisio's most significant environmental risks are the impacts of climate change on energy prices and on the quality, availability and prices of Raisio's key raw materials, such as grains.

## HR and social matters

Raisio's strategic goal is to be an attractive employer. The Raisio Group's continuing operations employed 319 (319) people at the end of 2019. The Healthy Food Unit had 130 (130), the Healthy Ingredients Unit 135 (141) and service functions 54 (48) employees. At the end of 2019, a total of 21 (22) per cent of the personnel worked outside Finland. Raisio's wages and fees for continuing operations in 2019 totalled EUR 23.7 (23.1) million including other personnel expenses.

According to the Raisio Code of Conduct, the Group complies with the regulations of the International Labour Organization (ILO) and with local collective agreements, regulations and laws related to work in the countries where the company operates. HR management is also guided by internal policies and plans for competence development and equality, among other things.

In 2019, Raisio enhanced well-being at work with a number of trainings related to work ability and superior work. The company's project activities were also further developed. 80 per cent of employees responded to the personnel survey conducted in the spring 2019. The survey results, communicated to all employees, served as the base for the teams' development plans. As a company focusing on healthy food, Raisio supported its personnel's expertise in healthy nutrition and lifestyle with, for example, nutrition lectures, online training on healthy food and theme days focusing on health.

A total of 38 value workshops, attended by almost all the employees, contributed to the implementation of Raisio's values – courage, fairness and drive. The workshops dealt with activities based on Raisio's values and the way the values are seen in everyday work. Some initiatives were also made to further develop the activities. In addition, self-assessments on the behaviour based on values and leadership principles were conducted as part of performance appraisals, and they were also assessed in the personnel survey.

Accident prevention is the priority in the Group's safety work. The introduction of preventive safety tools and monitoring of safety indicators helped reduce workplace accidents significantly. In terms of social and HR matters, Raisio considers workplace accidents and the stability and availability of competent employees as its major risks. Risks are managed by developing the occupational safety culture and by determinedly promoting competence management and well-being at work.

### Respect for human rights

The Raisio Group respects the UN declaration of human rights, the fundamental principles and rights at work as defined by the International Labour Organization (ILO) and human rights principles of the UN Global Compact initiative. Respecting human rights is an important part of Raisio Code of Conduct and Raisio Supplier Code of Conduct. Raisio is not aware of any human right violations related to its operations.

The Sustainable Food project of Raisio's responsibility programme focuses on the responsibility and human rights of the supply chain. The company arranged training during 2019 to increase the personnel's human rights expertise. Raisio's human rights impact and practices were also discussed in the workshop attended by employees from the company's procurement, legal and sales departments.

The risk survey showed that the company's possible human rights risks are related to the supply chain. For the assessment of its procurement-related human rights risks, Raisio uses BSCI's risk country classification that guides to procure from low-risk countries. Most of Raisio's raw materials and services are purchased from low-risk regions in terms of human rights, such as Finland and Central Europe. Some 70 per cent of the company's raw materials are grains, of which some 96 per cent are purchased from Finland, mainly directly from farmers. Most of other raw materials are purchased from Finland or Central Europe. A small part of Raisio's raw materials are only available from the higher-risk countries and then, a special attention is paid to the supplier's procedures. All Raisio's subcontractors are located in Europe.

In terms of the production of soy, palm oil and cocoa, Raisio has recognised that human rights risks related to, e.g., employees' rights are possible. Raisio's goal is to purchase only responsibility certified soy, palm oil and cocoa to ensure responsibly produced raw materials.

The company expects its suppliers to commit to the Raisio Supplier Code of Conduct. In 2019, measured in value of the procurement, 92 (95) per cent of Raisio's raw materials, subcontracting and packaging were acquired from suppliers who have confirmed in writing to comply with the Raisio Supplier Code of Conduct. Internal guidance on how to commit suppliers to the Supplier Code of Conduct was specified.

Matters related to anti-corruption and bribery

Raisio Code of Conduct and anti-corruption policy explicitly prohibit corruption and bribery. Employees are regularly trained in the Code of Conduct and anti-corruption policy, and the training is part of the induction programme of each new employee.

Measures against bribery and corruption are also taken into account in all agreements concluded by Raisio, and they are required in the Raisio Supplier Code of Conduct.

Raisio has clear instructions for reporting abuse. The staff can report suspected or actual misconduct to the immediate superior or his/her superior. Employees can also report their suspicions of misconduct using a separate e-mail address; all the reports are investigated with absolute confidentiality, taking into account the requirements of local legislation.

Healthy food

As defined in its strategy, Raisio focuses on the healthy and tasty food. Raisio's view on healthy food is based on the generally approved concepts confirmed by the science of nutrition. To support product development, the company has defined healthy criteria for all its product categories. The criteria take issues essential to health into account in each product category. The criteria were updated in 2019 and they now include the local nutrition recommendations and definitions of all Raisio's markets, such as the requirements of The Heart Symbol and Nutri-Score.

As for the healthiness of food, consumers face information overflow that Raisio identifies as a risk as it can lead to uncertainty about healthy choices. Raisio communicates responsibly on nutrition and product healthiness in line with the nutrition recommendations.

Key goals and results

Goal by the end of 2023	Corporate Governance	Results 2019
<b>Environment</b>		
100% carbon-neutral energy in productions	<ul style="list-style-type: none"> <li>Systematic transition to the use of carbon-neutral energy</li> </ul>	<ul style="list-style-type: none"> <li>Carbon dioxide emissions 1,500 (1,600) t CO<sub>2</sub>e</li> <li>Of all the energy used by Raisio, 92 (90)% carbon-neutral</li> </ul>
Environmentally friendly packaging: <ul style="list-style-type: none"> <li>no plastic packaging</li> <li>100% recyclable consumer packaging</li> </ul>	<ul style="list-style-type: none"> <li>In consumer products, replacement of plastic packaging with cardboard-based and recyclable packaging</li> </ul>	<ul style="list-style-type: none"> <li>56 (57)% of consumer packaging cardboard or paper</li> <li>Of consumer packaging, 44 (43)% plastic packaging</li> <li>Of consumer packaging, 83% recyclable</li> </ul>
<b>Social and HR matters</b>		
Promotion of well-being at work	<ul style="list-style-type: none"> <li>Several development projects launched based on the personnel survey conducted in spring 2019.</li> <li>Value implementation continued in value workshops and through online training.</li> <li>Support for the personnel's healthy lifestyle</li> </ul>	<ul style="list-style-type: none"> <li>Employee turnover 11% (2018:13%, 2017: 13%)</li> <li>68% of employees completed online training on values.</li> <li>Value workshops attended by nearly all employees.</li> <li>43% of personnel completed healthy food online training.</li> </ul>
Strengthening of work safety culture	<ul style="list-style-type: none"> <li>Goal-oriented development of the Group's work safety culture</li> <li>Personnel encouraged to use preventive safety tools and to make safety observations.</li> </ul>	<ul style="list-style-type: none"> <li>Workplace accidents 2 (15)</li> <li>Safety observations: 82 (139)</li> <li>Near miss cases: 19 (24)</li> </ul>
<b>Human rights</b>		
Development of procurement responsibility	<ul style="list-style-type: none"> <li>Suppliers required to sign Raisio Supplier Code of Conduct</li> <li>Raisio only uses responsibility certified palm oil, cocoa and soy.</li> </ul>	<ul style="list-style-type: none"> <li>92 (95)% suppliers/raw material suppliers committed to comply with the Raisio Supplier Code of Conduct</li> <li>100 (100)% responsible palm oil</li> <li>100 (100)% responsible soy</li> <li>78 (80)% responsible cocoa</li> </ul>
Increasing human rights expertise	<ul style="list-style-type: none"> <li>Staff training on human rights</li> <li>Specification of the procurement procedures related to human rights</li> </ul>	<ul style="list-style-type: none"> <li>More than half of the personnel attended the workshop on the development of practices</li> </ul>
<b>Matters related to corruption and bribery</b>		
100% of staff completed the online training on the Raisio Code of Conduct	<ul style="list-style-type: none"> <li>Online training, available in three languages, is part of the induction of new employees.</li> </ul>	<ul style="list-style-type: none"> <li>81 (79)% of employees completed online training</li> </ul>
<b>Healthy food</b>		
80% of consumer products healthy alternatives in their own product categories	<ul style="list-style-type: none"> <li>Raisio has defined health criteria for all its product categories; the criteria are based on European nutrition recommendations.</li> <li>The criteria are used, e.g. to support Raisio's product development.</li> </ul>	<ul style="list-style-type: none"> <li>77% (2018: 69%, 2017: 65%) of consumer products were healthy alternatives in their own categories at the end of 2019.</li> </ul>

**CHANGES IN GROUP STRUCTURE**

Raisio plc agreed with all Benemilk Ltd's minority shareholders to transfer full ownership of Benemilk Ltd to Raisio plc as of February 2019.

**RISKS AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE**

As an international food chain operator, Raisio's operations are affected by the overall economic development and consumer demand. Raisio estimates that the grocery market will remain fairly stable compared to other sectors in the company's key markets. However, the decline in consumer purchasing power resulting from, e.g. import duties, sanctions and exchange rate changes, may pose challenges for the company's businesses. Changes in the retail sector and intensifying competition are a challenge for the food industry too, through sales prices and sales terms in all Raisio's main markets.

Changes in the availability, quality and price of our key raw materials, such as grains, are a major challenge for Raisio's operations. Extreme weather events linked to climate change have an impact on the grain harvest expectations, supply, demand and price. Changes in supply, demand, quality and price of other key raw materials, such as sterols, are challenges for Raisio's operations. Extreme weather events, such as long heatwaves, are a challenge for Raisioaqua's fish feed business in the company's main markets, Finland and Northwest Russia.

Preparations for Brexit are especially important for Raisio as the UK is the biggest market for Benecol products. Raisio has assessed the primary risks related to alternative Brexit options and necessary adjustment measures. Brexit together with possible changes in the subcontracting chain and licensing expose Benecol business, in particular, to availability, price, currency and market risks that may lead to reorganisation in order to secure the supply chain and business profitability.

Changes in exchange rates have an impact on Raisio's net sales and EBIT, directly and indirectly. They may also affect the utilisation rates of Raisio's production plants through the changes in demand. Changes in the key currencies important to Raisio's operations affect the results of the Group's subsidiaries, largely due to the purchases of the Benecol business. Volatility in the external value of the rouble affects the export of both fish feeds and flake products.

Currency conversions also affect Raisio's reported net sales and EBIT. With the currency conversion, particularly changes in the value of the British pound have a major impact as a significant part of Raisio's net sales and EBIT are generated in the UK-based subsidiaries.

To ensure growth and profitability of its operations, Raisio may carry out corporate restructuring, significant investments and/or other projects that may result in significant items affecting comparability.

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

**BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS**

The parent company's distributable assets based on the balance sheet on 31 December 2019 totalled EUR 118,496,309.12.

The Board of Directors proposes that a dividend of EUR 0.13 per share be paid from the parent company's retained earnings. Hence, the proposed dividend will total EUR 21,469,373.90, and EUR 97,026,935.22 will be left in the profit account. No dividends will be paid on the shares held by the company on the record date 26 March 2020. The payment date of the dividend is proposed to be 2 April 2020.

No significant changes have taken place in the company's financial position after the end of the financial year. The company's liquidity is good, and the Board's view is that the proposed dividend payout does not endanger the company's solvency.

In Raisio, 11 February 2020  
Raisio plc  
Board of Directors

**Further information:**

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**Raisio's financial releases in 2020**

The Report of the Board of Directors, Financial Statements and the Corporate Responsibility Report for 2019 will be published on 3 March 2020.

Raisio's Interim Report for January–March will be published on 6 May 2020.

Raisio's Half-Year Financial Report for January–June will be published on 5 August 2020.

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

The Financial Statements Bulletin has not been audited.

**TABLE SECTION**
**INCOME STATEMENT (M€)**

	1-12/2019	1-12/2018	10-12/2019	10-12/2018
<b>Net sales</b>	236.3	228.2	54.5	55.6
Cost of sales	-169.3	-161.0	-38.9	-40.1
<b>Gross profit</b>	67.0	67.3	15.6	15.5
Other operating income and expenses, net	-39.8	-50.7	-11.3	-17.6
<b>EBIT</b>	27.3	16.6	4.3	-2.1
Financial income	2.9	1.4	0.2	0.1
Financial expenses	-1.7	-2.2	-0.4	-0.8
<b>Result before taxes</b>	28.5	15.7	4.1	-2.8
Income taxes	-2.9	-3.7	-0.1	0.5
<b>Result for the period</b>	25.5	12.1	4.0	-2.3
<b>Attributable to</b>				
Equity holders of the parent company	25.5	12.1	4.0	-2.3
Non-controlling interests	-	-	-	-
<b>Earnings per share from the profit attributable to equity holders of the parent company (€)</b>				
Undiluted earnings per share	0.16	0.08	0.03	-0.01
Diluted earnings per share	0.16	0.08	0.03	-0.01

**COMPREHENSIVE INCOME STATEMENT (M€)**

	<b>1-12/2019</b>	<b>1-12/2018</b>	<b>10-12/2019</b>	<b>10-12/2018</b>
<b>Result for the period</b>	25.5	12.1	4.0	-2.3
Other comprehensive income items				
<b>Items that will not be reclassified to profit or loss</b>				
Change in fair value of equity investments	0.8	0.1	0.3	-0.1
Tax impact	-0.2	0.0	-0.1	0.0
<b>Items that may be subsequently transferred to profit or loss</b>				
Change in value of cash flow hedging	-0.4	0.0	-0.4	0.2
Change in translation differences related to foreign companies	5.1	-1.3	3.4	-1.0
Tax impact	0.1	0.0	0.1	0.0
<b>Comprehensive income for the period</b>	<b>30.9</b>	<b>10.8</b>	<b>7.3</b>	<b>-3.1</b>
<b>Components of comprehensive income</b>				
Equity holders of the parent company	30.9	10.8	7.3	-3.1
Non-controlling interests	-	-	-	-

**BALANCE SHEET (M€)**

<b>ASSETS</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Non-current assets		
Intangible assets	33.5	33.3
Goodwill	48.5	46.1
Tangible assets	51.1	35.1
Equity investments	3.0	2.2
Deferred tax assets	4.9	2.3
Total non-current assets	140.9	118.9
Current assets		
Inventories	37.6	34.9
Accounts receivables and other receivables	30.3	28.0
Financial assets at fair value through profit or loss	81.4	89.3
Cash and bank receivables	18.3	53.1
Total current assets	167.6	205.5
<b>Total assets</b>	<b>308.5</b>	<b>324.4</b>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Equity attributable to equity holders of the parent company		
Share capital	27.8	27.8
Own shares	-19.8	-19.8
Other equity attributable to equity holders of the parent company	263.2	256.8
Equity attributable to equity holders of the parent company	271.3	264.8
Non-controlling interests	-	-
Total shareholder's equity	271.3	264.8
Non-current liabilities		
Deferred tax liabilities	5.3	4.0
Provisions	1.2	1.1
Non-current financial liabilities	0.3	0.1
Total non-current liabilities	6.9	5.2
Current liabilities		
Accounts payable and other liabilities	29.3	31.4
Derivative contracts	0.3	0.0
Current financial liabilities	0.8	22.9
Total current liabilities	30.4	54.4
Total liabilities	37.3	59.6
<b>Total shareholder's equity and liabilities</b>	<b>308.5</b>	<b>324.4</b>

**CHANGES IN SHAREHOLDERS' EQUITY (M€)**

	Share capital	Share premium reserve	Reserve fund	Invested unrestrict-ed equity fund	Other reserves	Company shares	Translation differences	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interests	Total shareholders' equity
<b>Shareholders' equity on 1 Jan 2018</b>	27.8	2.9	88.6	8.9	-1.6	-19.8	-18.5	175.8	264.0	0.0	264.0
Impact of new IFRS 2 standard	-	-	-	-	-	-	-	0.7	0.7	-	0.7
<b>Adjusted opening balance on 1 Jan 2018</b>	27.8	2.9	88.6	8.9	-1.6	-19.8	-18.5	176.5	264.7	0.0	264.7
<b>Comprehensive income for the period</b>											
Result for the period	-	-	-	-	-	-	-	27.8	27.8	-	27.8
Other comprehensive income items											
Change in fair value of equity investments	-	-	-	-	0.1	-	-	-	0.1	-	0.1
Change in value of cash flow hedging	-	-	-	-	0.0	-	-	-	0.0	-	0.0
Change in translation differences related to foreign companies	-	-	-	-	-	-	-1.3	-	-1.3	-	-1.3
Tax impact	-	-	-	-	0.0	-	-	-	0.0	-	0.0
<b>Total comprehensive income for the period</b>	0.0	0.0	0.0	0.0	0.1	0.0	-1.3	27.8	26.6	0.0	26.6
<b>Business activities involving shareholders</b>											
Dividends	-	-	-	-	-	-	-	-26.7	-26.7	-	-26.7
Unclaimed dividends	-	-	-	-	-	-	-	0.1	0.1	-	0.1
Share-based payments	-	-	-	-	-	0.0	-	0.1	0.1	-	0.1
<b>Total business activities involving shareholders</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-26.5	-26.5	0.0	-26.5
<b>Shareholders' equity on 31 Dec 2018</b>	27.8	2.9	88.6	8.9	-1.6	-19.8	-19.8	177.7	264.8	0.0	264.8
<b>Shareholders' equity on 1 Jan 2019</b>	27.8	2.9	88.6	8.9	-1.6	-19.8	-19.8	177.7	264.8	0.0	264.8
<b>Comprehensive income for the period</b>											
Result for the period	-	-	-	-	-	-	-	25.5	25.5	-	25.5
Other comprehensive income items											
Change in fair value of equity investments	-	-	-	-	0.8	-	-	-	0.8	-	0.8
Change in value of cash flow hedging	-	-	-	-	-0.4	-	-	-	-0.4	-	-0.4
Change in translation differences related to foreign companies	-	-	-	-	-	-	5.1	-	5.1	-	5.1
Tax impact	-	-	-	-	-0.1	-	-	-	-0.1	-	-0.1
<b>Total comprehensive income for the period</b>	0.0	0.0	0.0	0.0	0.3	0.0	5.1	25.5	30.9	0.0	30.9
<b>Business activities involving shareholders</b>											
Dividends	-	-	-	-	-	-	-	-25.2	-25.2	-	-25.2
Unclaimed dividends	-	-	-	-	-	-	-	0.1	0.1	-	0.1
Transfer from other fund to retained earnings	-	-	-	-0.9	-	-	-	0.9	0.0	-	0.0
Share-based payments	-	-	-	-	-	0.0	-	0.6	0.6	-	0.6
<b>Total business activities involving shareholders</b>	0.0	0.0	0.0	-0.9	0.0	0.0	0.0	-23.6	-24.5	0.0	-24.5
<b>Shareholders' equity on 31 Dec 2019</b>	27.8	2.9	88.6	8.0	-1.3	-19.8	-14.8	179.7	271.3	0.0	271.3

**CONSOLIDATED CASH FLOW STATEMENT (M€)**

	1-12/2019	1-12/2018	10-12/2019	10-12/2018
<b>CASH FLOW FROM BUSINESS OPERATIONS</b>				
Result before taxes	28.5	15.7	4.1	-2.8
Adjustments:				
Planned depreciations	6.4	5.6	1.6	1.4
Financial income and expenses	-1.2	0.8	0.2	0.7
Other adjustments	0.8	7.7	0.3	7.6
Total adjustments	5.9	14.2	2.1	9.6
Cash flow before change in working capital	34.4	29.9	6.2	6.8
Change in working capital				
Increase (-) / decrease (+) in current receivables	-1.9	1.3	6.4	2.1
Increase (-) / decrease (+) in inventories	-2.4	-11.8	0.4	-1.0
Increase (+) / decrease (-) in current interest-free liabilities	-2.7	-0.1	-3.6	1.2
Total change in working capital	-7.1	-10.6	3.2	2.3
Cash flow from business operations before financial items and taxes	27.3	19.4	9.4	9.1
Interest paid and payments for other financial expenses from business operations	-1.9	-1.9	-1.1	-0.6
Dividends received from business operations	0.2	0.2	0.0	0.0
Interest received and other financial income from business operations	1.8	0.7	1.7	0.4
Other financial items, net	0.1	0.0	0.0	-0.6
Income taxes paid	-4.2	-6.8	-0.5	-0.8
Cash flow from business operations after financial items and taxes	23.3	11.5	9.4	7.5
<b>CASH FLOW FROM INVESTMENTS</b>				
Investment in tangible assets	-17.3	-5.2	-8.3	-1.5
Investment in intangible assets	-0.4	-0.9	-0.1	-0.1
Income from intangible and tangible commodities	0.0	1.2	0.0	1.2
Investments in securities	0.0	-	0.0	0.0
Net cash flow from investments	-17.7	-4.9	-8.4	-0.5
Cash flow after investments	5.6	6.7	1.1	7.0
<b>CASH FLOW FROM FINANCIAL OPERATIONS</b>				
Other financial items, net	-0.1	0.0	0.0	0.0
Payments associated with the reduction in lease liability	-0.9	0.0	-0.2	0.0
Repayment of non-current loans	-22.9	-22.9	-11.4	-11.4
Redemption of non-controlling interests	0.0	-	-	-
Dividends and other profit distribution paid to shareholders of the parent company	-25.0	-26.6	0.1	0.0
Net cash flow from financial operations	-48.8	-49.4	-11.6	-11.4
<b>CHANGE IN LIQUID FUNDS</b>				
Liquid funds at the beginning of the period	142.1	151.0		
Impact of changes in exchange rates	0.9	-0.7		
Impact of changes in market value of the liquid funds	1.4	-0.1		
Impact of the discontinued cattle feed business	-1.4	34.7		
Liquid funds at the end of the period	99.8	142.1		

## NOTES TO THE FINANCIAL STATEMENTS BULLETIN

### Accounting principles and presentation of figures

Raisio plc's Report Financial Statements Bulletin for January-December 2019 has been prepared in accordance with IAS 34, Interim Financial Reporting regulations. In the preparation of the Financial Statements Bulletin, Raisio plc has followed the same accounting principles as in the 2018 Financial Statements with the exception of the standard amendments and IFRIC interpretations concerning Raisio plc that came into effect in 2019. These are described in more detail under "Impact of new and revised standards".

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 2018 Financial Statements, there have been no significant changes in the accounting principles or uncertainties included in the estimates requiring management's judgement other than the adoption of IFRS 16. The most important areas where the management has exercised judgement in applying the IFRS 16 are related to the determination of discount rate and the length of leases of indefinite duration.

Financial Statements Bulletin is shown in EUR millions for continuing operations unless otherwise stated.

### Impact of new and revised standards and interpretations

The Raisio Group has adopted IFRS 16 *Leases* introduced by International Accounting Standards Board, effective from 1 January 2019. The new standard replaced the IAS 17 and related interpretations. As a result of the IFRS 16 adoption, almost all leases are recognised in the balance sheet, with the two exemptions included in the standard relating to short-term contracts of less than 12 months and contracts of low value. The classification for operating and financial leasing agreements was removed. The lessee recognises on the balance sheet the fixed asset item based on its right to use the item as well as the lease liability based on its obligation to pay rent.

New entries for right-of-use assets and financial liabilities concerning lease agreements relating to warehouses, business premises and vehicles were recognised in the Raisio Group's balance sheet. The Group recognises depreciations on the right-of-use asset items and interest expense on the lease debt instead of the rental expense previously linearly recognised.

From the lessor's perspective, the reporting remains similar to the IAS 17, i.e., leases continue to be classified for finance lease agreements and other leases. The Raisio Group has no significant leases as a lessor.

In the transition, the Raisio Group applied the simplified approach included in the IFRS 16. The right-of-use assets and lease liabilities recognised in the balance sheet are equal at the time of the transfer, when no adjustment was recognised in the retained earnings of the opening balance sheet and no comparative information was adjusted. Raisio applied both the reliefs of IFRS 16 mentioned above and for these contracts, the company recognised no right-of-use assets or lease liabilities in the balance sheet. In addition, the Group used the practical expedient that allowed the use of hindsight to determine the lease period if the contracts included extension or termination options.

**Impact of new and revised standards on the Group's opening balance sheet (M€)**

	<b>Balance sheet 31.12.2018</b>	<b>Adjustments</b>	<b>Opening balance 1.1.2019</b>
<b>ASSETS</b>			
Non-current assets			
Tangible assets	35.1	1.8	36.9
<b>Total assets</b>	<b>35.1</b>	<b>1.8</b>	<b>36.9</b>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>			
Equity	264.8	-	264.8
<b>Total shareholder's equity</b>	<b>264.8</b>	<b>-</b>	<b>264.8</b>
Long-term lease liabilities	0.0	1.0	1.0
Short-term lease liabilities	0.0	0.8	0.8
<b>Total liabilities</b>	<b>0.0</b>	<b>1.8</b>	<b>1.8</b>

**Right-of-use assets and lease liabilities (M€)**

	<b>1.1.2019</b>
Right-of-use assets, warehouse and commercial premises	1.1
Right-of-use assets, cars and machines	0.7
<b>Right-of-use assets, total</b>	<b>1.8</b>
Long-term lease liabilities	1.0
Short-term lease liabilities	0.8
<b>Lease liabilities, total</b>	<b>1.8</b>

The table below shows the lease obligations arising from operating leases presented in the 2018 Financial Statements when applying IAS 17 and the reconciliation between the lease liabilities entered in the balance sheet on 1 January 2019. The interest rate of Group's external loan has been used to determine the lease liabilities recognised in the balance sheet. The interest rate was 1.2 per cent.

**Reconciliation of lease liabilities (M€)**

	<b>1.1.2019</b>
Operating lease commitments at 31 December 2018	1.9
Discounted on the interest rate of Group's loan interest of 1.2%	-0.1
Low-cost leases recognized as expenses	-0.1
1 January 2019 IFRS 16 lease liability	1.8

Thus, the adoption of the IFRS 16 will have no material impact on Raisio Group's consolidated financial statements.

The IFRS 16 adoption slightly improved the EBIT of the first half-year. Instead of the rental expense recognised under the previous IAS 17 accounting practice, a depreciation of the right-of-use asset and an interest expense on the lease liability presented in the financial expenses have been recognized in the income statement. The adoption of the new standard also affected the presentation of the cash flow statement when, under IFRS 16, payments of the lease liability are presented in the cash flow from financing activities and the related interest expense in the cash flow from operations. Previously, the leasing payments were presented in full in the cash flow from operations before financial items and taxes. The change improved the cash flow from operations by EUR 0.4 million.

Other standard changes and new IFRIC interpretations adopted as of 1 January 2019 will have no impact on the Raisio Group's consolidated financial statements.

### **New and revised standards and interpretations applicable to future financial periods**

New or revised standards applicable to future financial periods are not expected to have a significant impact on the Raisio Group's financial statements.

### **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**

In order to implement the new strategy released at the end of 2018, Raisio renewed its business structure from the beginning of 2019, due to which the reportable segments also changed.

The Raisio Group's new reportable segments, reported from the beginning of 2019, are: Healthy Food, Healthy Ingredients and Other Operations.

The Healthy Food segment focuses on the consumer brands with Europe as its market area. The Healthy Food segment consists of the following operating segments: Northern Europe, Central and Eastern Europe, and Western Europe (previously Northern and Eastern Europe, Western Europe and Rest of the World).

The Healthy Ingredients segment includes the sale of fish feeds and the Benecol product ingredient as well as the sale of grain-based foods and their ingredients to industrial and catering companies. In addition, production, procurement and supply chain are reported as part of the Healthy Ingredients segment. The production plants in Raisio and Nokia, included in the Operations under the Healthy Ingredients segment, make consumer products to the Healthy Food segment. The Healthy Food segment

purchases its intermediary products directly from subcontractors.

For the continuing operations, comparative figures for previous periods have been adjusted in terms of the income statement, cash flow statement and some key figures. For the segment reporting, the previous period figures have been adjusted in essential respects.

**Revenue by segment (M€)**

	<b>1-12/2019</b>	<b>1-12/2018</b>
Healthy Food		
Western Europe	63.8	66.4
Northern Europe	50.4	49.4
Eastern and Central and Europe	23.4	21.8
Total Healthy Food	137.5	137.7
Healthy Ingredients	124.6	116.6
Other operations	1.5	1.5
Interdivisional net sales	-27.3	-27.5
Total net sales	236.3	228.2

**EBIT by segment (M€)**

	<b>1-12/2019</b>	<b>1-12/2018</b>
Healthy Food	18.2	17.1
Healthy Ingredients	12.5	12.9
Other operations	-3.4	-13.5
Interdivisional	0.0	0.0
Total EBIT	27.3	16.6

**Net assets by segment (M€)**

	<b>31.12.2019</b>	<b>31.12.2018</b>
Healthy Food	87.6	83.1
Healthy Ingredients	71.0	50.5
Other operations and unallocated items	112.7	131.2
Total net assets	271.3	264.8

**Investments by segment (M€)**

	<b>31.12.2019</b>	<b>31.12.2018</b>
Healthy Food	0.4	0.3
Healthy Ingredients	18.6	4.3
Other operations	0.6	1.0
Total investments	19.5	5.6

**SALES REVENUE**
**Revenue by country (M€)**

	1-12/2019	1-12/2018
Finland	87.3	86.1
Great Britain	55.2	61.5
Other	93.8	80.6
Total net sales	236.3	228.2

**Net sales by group (M€)**

	1-12/2019	1-12/2018
Sales of goods	234.4	226.3
Sales of services	1.2	1.3
Royalties	0.7	0.7
Total net sales	236.3	228.2

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

In the period of 1 January - 30 December 2019 and in 2018, there were no acquired businesses.

**Discontinued operations**

On 4 May 2018, Raisio announced that it had signed an agreement to sell its cattle feed business to Lantmännen Agro Oy. Raisio's cattle feed business transferred to the new owner, Lantmännen Agro Oy, on 1 November 2018. At the same time, Raisio divested its associate Vihervakka Oy.

The cattle feed business was presented as a discontinued operation in the 2018 Financial Statements.

Comparative figures for earlier periods have been adjusted in terms of the income statement, cash flow statement and some key figures.

**Income statement, discontinued operations (M€)**

	<b>1-12/2019</b>	<b>1-12/2018</b>
	<b>Cattle feed</b>	<b>Cattle feed</b>
<b>Net sales</b>	-	57.6
Cost of sales	-	-49.3
Gross profit	-	8.4
Income and expenses from business operations	-	-4.6
<b>EBIT</b>	-	3.8
Financial income and expenses	-	-
Share of results of associates and joint ventures	-	0.1
<b>Result before taxes</b>	-	3.8
Income taxes	-	-0.8
<b>Result of discontinued operations after taxes</b>	-	3.1
Result of the transfer of discontinued operations after taxes	-	12.7
<b>Result for the period from discontinued operations</b>	-	15.7
<b>Taxes of discontinued operations</b>		
Taxes from result of discontinued operations	-	-0.8
Taxes from result of the transfer of discontinued operations	-	0.2
<b>Taxes of discontinued operations, total</b>	-	-0.6
<b>Earnings per share of discontinued operations</b>	-	0.10

**Cash flows, discontinued operations (M€)**

	<b>1-12/2019</b>	<b>1-12/2018</b>
	<b>Cattle feed</b>	<b>Cattle feed</b>
Cash flow from business operations	-	-1.0
Cash flow from investments	-1.4	31.2
Cash flow from financing activities	-	4.5
Cash flow in total	-1.4	34.7

**Impact of the discontinued operations on the Group's financial position:31 December 2018  
(M€)**

	<b>31.12.2018</b>
Non-current assets	15.7
Inventories	7.9
Short-term receivables	5.2
Loans receivables (cash pool)	-4.5
Liquid funds	-
<b>Assets in total</b>	<b>24.3</b>
Current liabilities	7.3
<b>Liabilities in total</b>	<b>7.3</b>
<b>Divested net assets</b>	<b>17.0</b>
Accumulated translation differences	-
Capital gain/loss on the divested business including accumulated translation differences	13.2
Transaction expenses allocated to the divestment	-0.8
<b>Profit impact on EBIT</b>	<b>12.5</b>
Enterprise value	34.0
Investment debt related to factories and other non-interest-bearing items related to net debt	-0.7
Interest-bearing net financial liability of the divested subsidiaries at the time of transfer	4.5
<b>Enterprise value of the shares</b>	<b>30.2</b>
Enterprise value of the shares	30.2
Net interest-bearing debt of the divested subsidiaries at the time of transfer	-4.5
<b>Subsidiary divestments adjusted for cash at the time of transfer</b>	<b>34.7</b>
Cash flow from sales including expenses	34.7
<b>In the cash flow statement</b>	
Subsidiary divestments adjusted for cash at the time of transfer	34.7
Cash flow from investments	-0.4
Cash flow from investments, value added tax	1.4
Cash flow from business operations	-1.0
Cash flow effect in total and repayments of loan receivables	34.7

**PROPERTY, PLANT AND EQUIPMENT (M€)**

	<b>31.12.2019</b>	<b>31.12.2018</b>
Acquisition cost at the beginning of the period	272.6	310.7
Translation differences	0.2	-0.2
Additions, includes additions made in accordance with the IFRS 16 standard	20.9	5.0
Decrease	0.0	-42.9
Acquisition cost at the end of the period	293.8	272.6
Accumulated depreciation and impairment at the beginning of the period	237.5	260.6
Translation differences	0.2	-0.2
Decrease and transfers	0.0	-27.5
Depreciations and impairment for the period	4.9	4.6
Accumulated depreciation and impairment at the end of the period	242.7	237.5
Book value at the end of the period	51.1	35.1

**PROVISIONS (M€)**

	<b>31.12.2019</b>	<b>31.12.2018</b>
At the beginning of the period	1.1	1.1
Translation differences	0.1	0.0
Increase in provisions	-	-
Provisions used	-	-
At the end of the period	1.2	1.1

**RELATED PARTY TRANSACTIONS (M€)**

	<b>31.12.2019</b>	<b>31.12.2018</b>
Sales to key employees in management	0.0	0.2
Purchases from key employees in management	1.1	0.8
Receivables from the key persons in the management	0.0	0.0
Payables to key management personnel	0.1	0.0

**CONTINGENT LIABILITIES (M€)**

	31.12.2019	31.12.2018
Contingent off-balance sheet liabilities		
Non-cancelable other leases		
Minimum lease payments	-	1.9
Other liabilities	3.3	2.5
Guarantee liabilities on the Group companies' commitments	26.2	26.3
Commitment to investment payments	20.8	2.3

**DERIVATIVE CONTRACTS (M€)**

	31.12.2019	31.12.2018
Nominal values of derivative contracts		
Currency forward contracts	34.7	71.7

**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 31.12.2019	Fair value 31.12.2019	Carrying amount 31.12.2018	Fair value 31.12.2018
<b>Financial assets</b>				
Equity investments*)	3.0	3.0	2.2	2.2
Accounts receivables and other receivables	29.3	29.3	26.8	26.8
Investments recorded at fair value through profit or loss*)	81.4	81.4	89.0	89.0
Liquid funds	18.3	18.3	53.1	53.1
Derivatives*)	0.0	0.0	0.3	0.3
<b>Financial liabilities</b>				
Bank loans	-	-	22.9	23.1
Other loans	0.0	0.0	0.0	0.0
Lease liabilities	1.1	1.1	0.1	0.1
Accounts payable and other liabilities	22.3	22.3	23.6	23.6
Derivatives*)	0.3	0.3	0.0	0.0

**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€)**

	<b>1-12/2019</b>	<b>1-12/2018</b>
Impairment for intangible and tangible fixed assets	-	8,7
Capital gains and losses of fixed assets	0.0	-1.2
Costs of share rewards	0.6	0.1
Other	0.2	0.0
<b>Total adjustments in cash flow statement</b>	<b>0.8</b>	<b>7.7</b>

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€)**

	<b>1-12/2019</b>	<b>1-12/2018</b>
Acquisitions of fixed assets in total	-19.5	-5.6
Payments for investments of earlier financial periods (change in accounts payable)	1.9	-0.5
Investments funded by lease commitments or other non-interest-bearing debt	-0.9	0.0
<b>Fixed asset acquisitions funded by cash payments</b>	<b>-18.5</b>	<b>-6.1</b>
Capital gain and loss on fixed assets in the income statement	0.0	1.2
Balance sheet value of disposed asset	0.0	0.1
<b>Consideration received from fixed asset divestments in the cash flow statement</b>	<b>0.0</b>	<b>1.2</b>

**Net assets of the divested subsidiaries (M€)**

	<b>1-12/2018</b>
Capital gain or loss in the income statement excluding sales expenses directed at sales	13.2
Non-current assets	15.7
Inventories	7.9
Receivables	5.2
Liquid funds incl. loans receivables (group cash pool)	-4.5
Current liabilities	7.3
<b>Total net assets sold</b>	<b>17.0</b>
Sales price	30.2
Consideration received from fixed asset divestments in the cash flow statement	34.7

**Reconciliation of liabilities related to financing activities (M€)**

	31.12.2018	Cash flows	Non cash flow influenced changes			31.12.2019
			IFRS 16	Changes in exchange rates	Changes in fair value	
Non-current liabilities	22.9	-22.9	-	-	0.0	0.0
Lease liability	0.1	-0.9	1.8	0.0	-	1.1
<b>Total liabilities for financing activities</b>	<b>23.0</b>	<b>-23.7</b>	<b>1.8</b>	<b>-</b>	<b>0.0</b>	<b>1.1</b>

**QUARTERLY EARNINGS FROM CONTINUING OPERATIONS (M€)**

	10-12/ 2019	7-9/ 2019	4-6/ 2019	1-3/ 2019	10-12/ 2018	7-9/ 2018	4-6/ 2018	1-3/ 2018
Net sales by segment								
Healthy Food	35.0	33.6	34.2	34.7	35.4	33.6	33.7	35.1
Healthy Ingredients	25.7	42.3	34.7	21.8	27.0	35.9	32.3	21.3
Other operations	0.5	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Interdivisional net sales	-6.7	-7.0	-6.5	-7.0	-7.1	-6.7	-6.6	-7.1
<b>Total net sales</b>	<b>54.5</b>	<b>69.2</b>	<b>62.7</b>	<b>49.9</b>	<b>55.6</b>	<b>63.1</b>	<b>59.7</b>	<b>49.7</b>
EBIT by segment								
Healthy Food	4.1	5.6	4.5	4.0	4.7	3.9	3.8	4.8
Healthy Ingredients	1.8	5.4	3.9	1.3	2.8	4.4	3.3	2.4
Other operations	-1.6	-0.3	-1.2	-0.3	-9.6	-0.5	-0.6	-2.8
<b>Total EBIT</b>	<b>4.3</b>	<b>10.7</b>	<b>7.3</b>	<b>5.0</b>	<b>-2.1</b>	<b>7.8</b>	<b>6.5</b>	<b>4.4</b>
Financial income and expenses, net	-0.2	0.6	0.6	0.3	-0.7	-0.1	-0.1	0.1
Share of result of associates	-	-	-	-	-	-	-	-
<b>Result before taxes</b>	<b>4.0</b>	<b>11.3</b>	<b>7.8</b>	<b>5.3</b>	<b>-2.8</b>	<b>7.6</b>	<b>6.4</b>	<b>4.5</b>
Income taxes	-0.1	-2.3	0.6	-1.1	0.5	-1.7	-1.4	-1.1
<b>Result for the period</b>	<b>4.0</b>	<b>9.0</b>	<b>8.4</b>	<b>4.1</b>	<b>-2.3</b>	<b>5.9</b>	<b>5.0</b>	<b>3.4</b>

**KEY INDICATORS**

Key figures have been calculated for continuing operations.

	31.12.2019	31.12.2018
Net sales, M€	236.3	228.2
Change of net sales, %	3.5	-2.7
Operating margin, M€	33.6	31.0
Comparable operating margin, M€	33.6	31.3
Depreciation and impairment, M€	6.4	14.4
EBIT, M€	27.3	16.6
% of net sales	11.5	7.3
Comparable EBIT, M€	27.3	25.6
% of net sales	11.5	11.2
Result before taxes, M€	28.5	15.7
% of net sales	12.1	6.9
Return on equity, %	9.5	4.6
Return on investment, %	13.9	8.1
Interest-bearing financial liabilities at end of period, M€	1.1	23.0

Net interest-bearing financial liabilities at end of period, M€	-98.6	-119.2
Equity ratio, %	87.9	81.7
Net gearing, %	-36.4	-45.0
Gross investments, M€	19.5	5.6
% of net sales	8.3	2.4
R & D expenses, M€	4.2	2.9
% of net sales	1.8	1.3
Average personnel	328	335
Earnings/share, €	0.16	0.08
Comparable earnings/share, €	0.16	0.12
Cash flow from operations, M€	23.3	11.5
Cash flow from operations/share, €	0.15	0.07
Equity/share, €	1.72	1.68
Average number of shares during the period, in 1,000s		
Free shares	125,865	125,413
Restricted shares	31,480	31,917
Total *	157,345	157,329
Average number of shares at end of period, in 1,000s		
Free shares	126,112	125,763
Restricted shares	31,242	31,578
Total *	157,354	157,341
Market capitalisation of shares at end of period, M€		
Free shares	428.8	294.9
Restricted shares	105.0	73.3
Total *	533.8	368.2
Share price at end of period		
Free shares	3.40	2.35
Restricted shares	3.36	2.32

\* excluding the company shares

### 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), %	$\frac{\text{Result after taxes}}{\text{Operating cash* + net working capital} + \text{non-current assets}} \times 100$
	(*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.	