



# Financial Statements Bulletin 2020

Raisio plc

Financial Statements Bulletin of Raisio plc, 10 February 2021, 8:30 a.m. Finnish time

## Taking the driver's seat on the market roller coaster

### FINANCIAL DEVELOPMENT IN BRIEF

#### January–December 2020

- The Group's net sales totalled EUR 233.6 (236.3) million, which signified a decrease of -1.2%.
- Comparable EBIT was EUR 27.7 (27.3) million, accounting for 11.9 (11.5)% of net sales. EBIT increased 1.8% in relation to the comparison period.
- EBIT was EUR 28.9 (27.3) million, which accounted for 12.4 (11.5)% of net sales.
- The overall effect of currency conversions was EUR -2.5 (1.2) million on net sales, EUR -0.4 (0.2) million on the comparable EBIT and EUR -0.4 (0.2) million on EBIT.
- The Healthy Food Segment's net sales totalled EUR 135.3 (137.5) million. EBIT was EUR 18.6 (18.2) million, which accounted for 13.7 (13.2)% of net sales.
- The Healthy Ingredients Segment's net sales totalled EUR 125.6 (124.6) million. EBIT was EUR 12.6 (12.5) million, which accounted for 10.0 (10.0)% of net sales.
- The Group's cash flow from business operations after financial items and taxes totalled EUR 34.7 (23.3) million.
- The comparable return on investments (ROIC) was 11.1 (13.9)% and the return on investments (ROIC) was 11.7 (13.9)%.
- The Board of Director's dividend proposal for the Annual General Meeting is EUR 0.13 per share.

#### October–December 2020

- The Group's net sales totalled EUR 53.9 (54.5) million, which signified a decrease of -1.1%.
- Comparable EBIT was EUR 4.4 (4.3) million, accounting for 8.2 (7.9)% of net sales. EBIT increased 2.6% in relation to the comparison period.
- EBIT was EUR 5.5 (4.3) million, which accounted for 10.2 (7.9)% of net sales.
- The overall effect of currency conversions was EUR -1.6 (0.8) million on net sales, EUR -0.3 (0.2) million on the comparable EBIT and EUR -0.3 (0.2) million on EBIT.
- The Healthy Food Segment's net sales totalled EUR 33.9 (35.0) million. EBIT was EUR 4.2 (4.1) million, which accounted for 12.4 (11.6)% of net sales.
- The Healthy Ingredients Segment's net sales totalled EUR 26.4 (25.7) million. EBIT was EUR 1.8 (1.8) million, which accounted for 7.0 (7.1)% of net sales.

### OUTLOOK 2021

**Raisio's guidance:** In 2021, Raisio estimates that net sales will grow from the level of the comparison period (net sales in 2020: EUR 233.6 million). The costs accrued as a result of our front-loaded growth investments will put pressure on our profitability in 2021 compared to the 2020.

## KEY FIGURES OF THE GROUP

		10–12/2020	10–12/2019	1–12/2020	1–12/2019
Net sales	M€	53.9	54.5	233.6	236.3
Change in net sales	%	-1.1	-2.0	-1.2	3.5
Comparable EBIT	M€	4.4	4.3	27.7	27.3
Comparable EBIT of net sales	%	8.2	7.9	11.9	11.5
EBIT	M€	5.5	4.3	28.9	27.3
EBIT of net sales	%	10.2	7.9	12.4	11.5
Comparable EBITDA	M€	5.9	5.9	33.9	33.6
EBITDA	M€	7.1	5.9	35.1	33.6
Comparable earnings per share	€	0.03	0.03	0.14	0.16
Earnings per share	€	0.04	0.03	0.15	0.16

## CONVERSION EFFECTS OF EXCHANGE RATES, NET SALES AND OPERATING RESULT

		10–12/2020	10–12/2019	1–12/2020	1–12/2019
Net sales	M€	-1.6	0.8	-2.5	1.2
Comparable EBIT	M€	-0.3	0.2	-0.4	0.2
EBIT	M€	-0.3	0.2	-0.4	0.2

## PRESIDENT AND CEO PEKKA KUUSNIEMI:

The previous year tested Raisio's ability to act agilely in the face of very rapidly changing conditions. The financial year was marked by fast changes in demand during the spring, changes in consumer behaviour as a result of lockdowns, currency fluctuations, remote working and the continuous state of alertness to prevent negative impacts from the pandemic. I can proudly state that our organisation showed both extreme flexibility and commitment, and we managed to accomplish an excellent operational performance.

The achievement of the partial goals for the second year of our triennial strategy period proved, from the start of March, to be highly challenging, particularly in terms of the expansion to new markets. The realisation of broader research projects, especially clinical studies, will, for the most part, be postponed until a point at which the pandemic is behind us. Commitment to our purpose and strategy remains resolute. The core aim of our strategy period is to increase our oat business. The internationalisation of oat products has advanced despite the challenging conditions. As a single market, Finland deserves special mention, as all brands saw excellent growth. During the financial year, the megatrends supporting our work have strengthened even further.

The uncertain political situation in the UK has thrown a shadow over the Healthy Food Segment from June 2016 onwards. The trade agreement finally signed on Christmas Eve eliminates this uncertainty, thereby indicating there will be no changes in the availability of products or the consumer price levels due to the tariffs. Electronic customs systems and other measures required for the market outside of the EU were made ready by the capable personnel at Raisio, and operations continued uninterrupted.

Despite the exceptional situation, the euro-denominated net sales for the financial year declined only marginally to EUR 233.6 (236.3) million, and the comparable EBIT increased, both absolutely and relatively, to EUR 27.7 (27.3) million, which accounted for 11.9 (11.5) per cent of net sales. When adjusted by the currency

rates, net sales grew by 0.4 per cent and the comparable EBIT increased by 4.2 per cent. The cash flow from operations was especially strong at EUR 34.7 (23.3) million.

In terms of investments, the financial year was intensive. We invested altogether EUR 28.5 (19.5) million, which equated to 12.2 (8.3) per cent of net sales. The majority of our investments were allotted to our growth projects: the share of investments directed towards our new production facility for plant-based added-value products was considerable, but we also focus on improvements to productivity by investing in our existing production facilities. The building of the new facility has proceeded on schedule despite highly challenging conditions. Consumers will be able to enjoy Raisio's new, healthy and delicious plant-based products in the second half of the current year. We will share more about the new product categories to be launched during the first half of the year. The modernisation of the Nokia mill, which was completed at the start of 2020, proved successful and we were able to enter new export markets for the export of gluten-free oats. Value-added oats also achieved a notable increase within our domestic market.

The second year of Raisio's responsibility programme, Good Food Plan 2019–2023, was characterised by the COVID-19 pandemic and efforts to minimise its impact, as well as efforts to support the virtual working methods of the personnel, as many employees shifted to remote working whenever possible. Despite the exceptional year, several significant steps were taken towards the achievement of the goals of the responsibility programme. One of these was the decision to build a new heating plant at the Nokia mill. Once the plant is completed, in summer 2021, all of Raisio's own production facilities will run on carbon-neutral energy. We have also continued systematic work geared to finding new cardboard-based packing solutions for both our current products and new products we will be launching in the future.

Personally, I am extremely proud of the fine work of the personnel, carried out in unusual circumstances, and I want to warmly thank each of my colleagues at Raisio. We have shown that we control the direction of the roller coaster; we are not content to just take the role of passenger, even within a difficult operational environment.

## **FINANCIAL REPORTING**

Raisio Group's reportable operating segments are Healthy Food, Healthy Ingredients and Other Operations. The reported figures are comparable. The comparison figures in brackets refer to the corresponding period a year earlier unless otherwise stated. The Healthy Food Segment focuses on the consumer brands with Europe as its main market area. The Healthy Food Segment signifies a reporting segment, which consists of 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, which includes production, procurement and the supply chain, are reported as part of the Healthy Ingredients Segment.

## **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 has been tested in a very concrete way as a result of the pandemic. The Group's production and personnel were able to meet the strong and rapid increase in demand in exemplary fashion. Already prior to the rise of the coronavirus pandemic, the Group management had established a working group and drew up guidelines to help assure the health and work ability of Group personnel.



During the second quarter, demand normalised following the rapid, temporary peak in demand in March. Consumers in different markets were forced to change their purchase and shopping behaviours and the role of traditional trade was forced to adapt as the volumes of new sales channels grew. The pandemic gained new strength in the form of a second wave during the third quarter, thereby introducing further restrictions and insecurities to the operating conditions of society and business life. During the final quarter of the year, society was forced to continue to operate within the exceptional environment as the promise of new vaccinations brought hope that the situation would normalise. It appears that the achievement of sufficient vaccination coverage will be pushed far into 2021. The COVID-19 pandemic particularly had an impact on Raisio's vital UK markets, in which lockdown measures and mobility restrictions affected the possibilities for elderly consumers, in particular, to manage their shopping in the way to which they were accustomed. This change in consumer behaviour strengthened further during the third quarter and was reflected clearly as declined sales in relation to the comparison period also during the final quarter.

Global megatrends continue to support Raisio's growth strategy and its focus on responsibly produced healthy food. As the pandemic withdraws, more permanent changes in consumer behaviour may be seen. According to our estimates, value choices and consumption habits related to health will become even more prevalent. The ultimate duration and impacts of the pandemic continue, however, to be an uncertainty. In response to the pandemic, online sales were strong and will remain a permanently established form of consumer trade. Our strategic choices to focus on fewer but stronger brands support our success at a time when purchase behaviours are changing. Raisio contributes to this development through good co-operation with the chain stores.

## **FINANCIAL DEVELOPMENT**

### **NET SALES**

#### **January–December**

Raisio Group's net sales totalled EUR 233.6 (236.3) million. The Group's net sales were nearly at the same level as those of the comparison period. The pandemic that began at the start of 2020 affected different markets throughout the year, but the development within different operations and markets varied. Due to the weakening of key currencies, the year 2020 was also more challenging than 2019. The Healthy Food Segment's net sales totalled EUR 135.3 (137.5) million and Health Ingredients Segment's net sales were EUR 125.6 (124.6) million. In terms of consumer products, the development of the Finnish operations was very strong, whereas the export markets were met with challenges throughout the year. On the B2B front, on the other hand, the domestic and export demand for grain-based value-added products continued at an especially good level. Raisioaqua's sales fell below the level of the record year 2019 due to the reduction in orders from a single Nordic company and the challenges presented by the new export markets of Poland and Sweden. As planned, the volumes of external grain trade decreased strongly from the comparison period, which also had a reducing effect on net sales.

The conversion impact on the Group's net sales was EUR -2.5 (1.2) million. The share of the impact caused by the British pound was EUR -0.7 (0.5) million, by the Russian ruble EUR -1.3 (0.2) million and by other currencies EUR -0.5 (0.5) million. The conversion impact refers to the impact arising when the subsidiaries' net sales 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 144.1 (149.0) million, which accounted for 61.7 (63.1) per cent of net sales. In terms of the breakdown of the Group's net sales, Finnish operations accounted for 38.3 per cent, the UK and the rest of Europe for 21.7 and 37.6 per cent, respectively, and the rest of the world for 2.4 per cent.

## October–December

Raisio Group's net sales totalled EUR 53.9 (54.5) million. The Group's net sales were nearly at the same level as those of the comparison period which, following the clear drop in sales experienced during the second and third quarter, was a very positive change, particularly in the face of highly exceptional conditions in all of Raisio's key markets. Commercial success in the different operational areas during the final quarter was subject to the same conditions as prevailed throughout 2020. The overall performance of the Healthy Ingredients Segment and the consumer sales success achieved by the Healthy Food Segment in Finland during the final quarter of the year were positive factors, but, on other hand, the difficulties experienced in the Eastern and Central European markets continued, with currencies creating a headwind that challenged the recognised sales of well-developed, euro-denominated net sales.

The conversion impact on the Group's net sales was EUR -1.6 (0.8) million. The share of the impact caused by the British pound was EUR -0.6 (0.4) million, by the Russian ruble EUR -0.7 (0.2) million and by other currencies EUR -0.3 (0.2) million. The conversion impact refers to the impact arising when the subsidiaries' net sales are converted into euro as part of the consolidated financial statements.

## RESULTS

### January–December

Raisio Group's EBIT was EUR 28.9 (27.3) million, which accounted for 12.4 (11.5) per cent of net sales. EBIT for the financial year includes a EUR 1.1 million withdrawal of provision. The provision concerned to the discontinued confectionery business in 2017. Raisio Group's comparable EBIT was EUR 27.7 (27.3) million, which accounted for 11.9 (11.5) per cent of net sales. Raisio reacted rapidly to the exceptional situation and effectively controlled the expense items in its direct sphere of influence. Savings were achieved particularly in sales and marketing as well as in connection with travel expenses. In terms of market-based expenses, the price development of grain-based raw materials was stable during the year, and availability and quality corresponded with the needs and demands. The currency fluctuations, which decreased the euro-denominated sales, were also reflected negatively in the company's EBIT.

The Healthy Food Segment's comparable EBIT amounted to EUR 18.6 (18.2) million, which accounted for 13.7 (13.2) per cent of net sales. In the UK, the demand for consumer products continued its downward trend throughout the year, but the rate of reduction slowed clearly during the final quarter. Strain was put on the UK market by drawn-out Brexit uncertainty and naturally, from the start of 2020, by the pandemic situation as well, which has been very serious throughout the entire duration of the pandemic in this market area. As a reflection of the relative development of sales, the strong growth in the Finnish market also had a positive impact on the result and profit development, while, again, the negative impact caused by the market currencies and pandemic in Eastern and Central Europe had an adverse effect on the result in these markets.

The Healthy Ingredients Unit's EBIT was EUR 12.6 (12.5) million, which accounted for 10.0 (10.0)% of net sales. The decrease in fish feed sales also had a negative impact on the company's EBIT, but the growth of especially B2B activities in the domestic and export markets along with the improved utilisation rates of the mills supported the overall profitability. The significantly reduced volumes of low-margin external grain trade had a positive impact on EBIT.

The conversion impact on the Group's comparable EBIT and EBIT was EUR -0.4 (0.2) million. The share of the impact caused by the British pound was EUR -0.1 (0.1) million, by the Russian ruble EUR -0.3 (0.0) million and by other currencies EUR 0.0 (0.1) million.

The depreciations and impairments totalled EUR 6.2 (6.4) million. The Group's net financial items were EUR 0.5 (1.2) million. During the review period, the net financial items include a valuation of financial assets totalling EUR -1.0 million recognised at fair value through profit or loss. The Group's pre-tax result was EUR 29.4 (28.5) million. The Group's post-tax result was EUR 23.4 (25.5) million. Taxes for the comparison period included the recognition of a deferred tax asset of EUR 2.3 million. The Group's earnings per share were EUR 0.15 (0.16) and the comparable figure was EUR 0.14 (0.16).

#### October–December

Raisio Group's EBIT was EUR 5.5 (4.3) million, which accounted for 10.2 (7.9) per cent of net sales. EBIT for the 2020 financial year includes a EUR 1.1 million withdrawal of provision. The provision concerns to the discontinued confectionery business in 2017. Raisio Group's comparable EBIT was EUR 4.4 (4.3) million, which accounted for 8.2 (7.9) per cent of net sales. In relation to the comparison period, EBIT remained unchanged despite the unfavourable exchange rate impacts that occurred during the final quarter of the year. The strict control and management of operational costs made it possible to retain profitability at a good level.

The conversion impact on the Group's comparable EBIT and EBIT was EUR -0.3 (0.2) million. The share of the impact caused by the British pound was EUR -0.1 (0.1) million, by the Russian ruble EUR -0.1 (0.0) million and by other currencies EUR 0.0 (0.0) million.

The depreciations and impairments totalled EUR 1.5 (1.6) million. The Group's net financial items were EUR 1.1 (-0.2) million. During the review period, the net financial items include a valuation of financial assets totalling EUR 1.0 million recognised at fair value through profit or loss. The Group's pre-tax result was EUR 6.7 (4.1) million. The Group's post-tax result was EUR 5.6 (4.0) million. Taxes for the comparison period included the recognition of a deferred tax asset of EUR 2.3 million. The Group's earnings per share were EUR 0.04 (0.03) and the comparable figure was EUR 0.04 (0.03).

#### BALANCE SHEET, CASH FLOW AND FINANCING

At the end of December, the Raisio Group's balance sheet totalled EUR 314.6 (308.5) million. Shareholders' equity was EUR 269.5 (271.3) million, while equity per share totalled EUR 1.71 (1.72). 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 34.7 (23.3) million. Cash flow developed favourably, particularly because of the successful management of the working capital.

At the end of December, working capital amounted to EUR 36.8 (37.0) million.

The Group's interest-bearing debt was EUR 10.2 (1.1) million at the end of December. For the review period, interest-bearing debts include an increase in lease liabilities of EUR 10.2 million in connection with the process equipment required for the new production facility being built in Raisio's industrial area. Net interest-bearing debt was EUR -83.0 (-98.6) 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 93.2 (99.8) million. Cash reserves are primarily invested in low-risk, liquid investment objects. The fair value of financial assets recognised through profit or loss included a cumulative valuation result of EUR 1.8 (1.4) million.

At the end of December, the Group's equity ratio totalled 85.7 (87.9) per cent and net gearing was -30.8 (36.4) per cent. The return on investments (ROIC) was 11.7 (13.9) per cent and the comparable return on investments (ROIC) was 11.1 (13.9) per cent.

Raisio plc paid EUR 20.5 (25.0) million in dividends for 2019. The dividends for 2019 were comprised of a base dividend of EUR 0.13 per share.

### Key figures for the balance sheet and financing

		31.12.2020	31.12.2019
Cash flow from operations	M€	34.7	23.3
Equity ratio	%	85.7	87.9
Net gearing	%	-30.8	-36.4
Net interest-bearing debt	M€	-83.0	-98.6
Equity per share	€	1.71	1.72
Investments	M€	28.5	19.5
Return on investment (ROIC)	%	11.1	13.9
Return on investment (ROIC)	%	11.7	13.9

### INVESTMENTS

In October–December, Raisio’s investments totalled EUR 5.5 (8.7) million, or 10.3 (15.9) per cent of net sales

The January–December investments totalled EUR 28.5 (19.5) million, or 12.2 (8.3) per cent of net sales. The most significant investment of the reporting period was 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. As installations were completed according to plan, the production and process equipment was able to be tested at the end of 2020. Once the production facility is ready, it will offer Raisio the possibility to meet the continuous growth in consumer demand for plant-based products, particularly in Europe. Renewal investments for Raisioaqua’s production automation system were also prepared during 2020. The automation system at the factory will be changed during January-February 2021. The new automation system will enable the collection of even more accurate real-time production data, which can be utilised in multiple digital solutions to facilitate the actual work and processes, thereby also having a positive impact on production quality. Furthermore, the functional reliability of the factory will improve significantly.

### RESEARCH AND DEVELOPMENT

Raisio’s research and development expenses in October–December totalled EUR 1.2 (1.2) million, or 2.1 (2.3) per cent of net sales. Raisio’s research and development expenses included an acquisition expense of EUR 0.2 million for the new production facility being built in Raisio’s industrial area.

In January-December, R&D expenses were EUR 4.3 (4.2) million, accounting for 1.9 (1.8) per cent of net sales. Raisio’s research and development expenses included an acquisition expense of EUR 0.3 million for the new production facility being built in Raisio’s industrial area.

In keeping with Raisio’s strategic goals, our research and product development investments are focused on achieving even better capabilities and properties 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 coronavirus pandemic cause partial delays in research and development projects and the rescheduling of certain projects. In mid-2020, we decided to amend the goal of the ‘Environmentally friendly packages’ project included in Raisio’s Good Food Plan 2019–2023 and to further prioritise the recyclability of our packaging as one of our top goals. The amended goal for



environmentally friendly packages is as follows: 'All of our consumer packaging shall be recyclable by the end of 2023. We will continuously reduce the amount of packaging plastic with the long-term goal of completely ceasing the use of plastic packages.' Our original primary goal remains to ensure that all our consumer packaging is recyclable by the end of 2023. The goal is to continuously reduce the use of plastic in our packaging with the long-term goal of completely eliminating plastic packaging.

Due to the prevailing circumstances, product launches were also timed evenly throughout the year. Gluten-free Elovena oat flakes were launched during the first quarter, but, during the second and third quarter, consumers were introduced to several new or improved consumer products, for example, under the Benecol, Elovena, Torino and Sunnuntai brand names. According to the Brand Value (Brändien arvostus) survey for 2020, published in August, Elovena had risen to be 15th on the list of the most valued brands in Finland. Our traditional Sunnuntai brand also rose dramatically to assume a higher position on the list of valued brands. In November 2020, Benecol celebrated 25 years of contributions to the well-being of consumers through its extensive cholesterol-lowering product range.

## **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, January–December**

The Healthy Food Segment's net sales totalled EUR 135.3 (137.5) million. As the pandemic took hold at the beginning of the year, the strong peak in demand led to a natural plateauing period during the second quarter, as customers normalised their stock levels. The new wave of the pandemic strengthened during the third quarter and differences in marketing dynamics were seen in the fact that Northern Europe continued to increase its sales in relation to the comparison period, while Eastern and Central Europe's sales decreased even more dramatically than during the second quarter. Benecol sales in Western Europe declined during the third quarter in relation to its comparison period, but not to the same degree as during the second quarter. During the final quarter of the year, sales in Northern Europe continued their strong growth, the decrease in sales in Western Europe slowed further, but sales in Eastern and Central Europe fell significantly.

Altogether 41 per cent of the Healthy Food Segment's net sales were generated in Northern Europe, where Raisio's well-known brands are Elovena, Benecol, Sunnuntai, Nalle and Torino. Nearly 44 per cent of net sales were generated from the sale of Benecol products in the Western European markets. The rest of the net sales, more than 15 per cent, were generated in Eastern and Central Europe, where Benecol and Nordic are among Raisio's well-known brands.

The Healthy Food Segment's EBIT amounted to EUR 18.6 (18.2) million, which accounted for 13.7 (13.2) per cent of net sales. Significant cost savings accrued in terms of both marketing and sales, as well as general costs due to, for example, decreased travel as a result of travel restrictions. The price development of key raw materials was fairly uniform throughout the year. For example, oat prices settled close to their long-term averages. Unfavourable currency movements were reflected stronger in the development of euro-denominated sales, but also, to some extent, in EBIT as well.

The currency conversion impact on the Healthy Food Segment's net sales was EUR -2.5 (1.2) million and EUR -0.4 (0.2) million on comparable EBIT and EBIT.

## Financial development, October–December

The Healthy Food Segment's net sales totalled EUR 33.9 (35.0) million. Strong sales growth continued in Finland for Benecol, Sunnuntai and Elovena products, also during the final quarter of the year. The value of sales decreased significantly in Eastern and Central Europe, as did the overall sales of Benecol products in Western Europe, although the decrease was less than during the two previous quarters.

The Healthy Food Segment's EBIT amounted to EUR 4.2 (4.1) million, which accounted for 12.4 (11.6) per cent of net sales. The sales and marketing costs decreased from the level of the comparison period. The exceptional and highly escalated circumstances that continued to prevail during the fourth quarter were not favourable for the realisation of particularly dynamic marketing investments.

The currency conversion impact on the Healthy Food Segment's net sales was EUR -1.6 (0.8) million and EUR -0.3 (0.2) million on comparable EBIT and EBIT.

## Key Figures for the Healthy Food Segment

		10-12/2020	10-12/2019	1-12/2020	1-12/2019
Net sales	M€	33.9	35.0	135.3	137.5
Western Europe	M€	14.9	15.9	59.1	63.8
Northern Europe	M€	14.0	12.6	55.5	50.4
Eastern and Central Europe	M€	5.0	6.5	20.8	23.4
EBIT	M€	4.2	4.1	18.6	18.2
EBIT	%	12.4	11.6	13.7	13.2
Net assets	M€	82.4	87.6	82.4	87.6

## Business operations, January–December

### Western Europe

Net sales for the Western European operations amounted to EUR 59.1 (63.8) million and EBIT weakened significantly.

Net sales for the Benecol business in the UK fell clearly short of the comparison period. This also had direct negative impacts on EBIT throughout the financial period. The sales and marketing costs decreased from the level of the comparison period. The primary message concerning the cholesterol-lowering benefit of Benecol is highly emphasised in marketing. According to consumer surveys, the purchase frequency within these markets has reduced and price sensitivity has increased. Additionally, according to studies, the overall consumption of Benecol's primary target consumers has dropped in the UK by 2 per cent during the past year as a result of the strict self-isolation recommendations and regulations.

Consumers in the UK shifted the majority of their shopping to the large markets at the start of the pandemic, but as the situation continued, online trade has grown significantly, reducing the share of traditional trade. Benecol's online sales benefitted greatly from this and grew by more than 66 per cent during 2020, thereby accounting for nearly one fifth of the total Benecol sales in the UK. The smaller convenience shops have also gained popularity among consumers. Raisio's distribution coverage is not at the same level among these shops as it is among the larger chains, a fact that has had a negative impact on the development of overall sales. 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 have found it challenging to make their purchases in the manner to which they have come accustomed, particularly in large markets. As the pandemic has persevered, consumers have shifted their consumption, in part, to product categories that enhance immunity and general well-being, while the cholesterol-lowering product category has been decreasing throughout the duration of the pandemic. The latest studies reflecting consumer interest indicate that cholesterol-lowering themes are nearly as intriguing as they were prior to the pandemic, which predicts a higher demand for this category in the future.

In Ireland, net sales increased slightly in relation to the comparison period, but EBIT weakened. In Belgium, net sales decreased, but EBIT improved significantly in relation to the comparison period. The current pandemic and its second wave have impeded the realisation of new listings and related campaigns. With respect to population, the pandemic situation in Belgium has been among the worst in Europe and, as a result, the sales conditions have naturally been highly exceptional. This was reflected in decreased sales but, on the other hand, also in improved profitability due to minimal investments in sales promotion.

### Northern Europe

Net sales for the Northern European operations amounted to EUR 55.5 (50.4) million. EBIT further improved significantly. It was boosted by sales growth, particularly in Benecol, Sunnuntai, Torino and Elovena brands, and lower fixed costs in relation to the comparison period. In terms of percentage on the annual level, the highest increase in demand was seen in the Sunnuntai and Benecol brands. New products, which were well received, were launched evenly throughout the year. Benecol's new yogurt drinks were some of the biggest successes among the company's new launches. The exceptionally large growth in demand for Sunnuntai and Torino products throughout the year reflects the ongoing popularity of dining at home and the strong position of these traditional brands within the market.

The sale of Benecol products increased in Finland by more than 16 per cent during 2020. During the final quarter, the growth in Benecol sales accelerated and increased by 23% in comparison to the corresponding period during the previous year. Sales of Benecol yogurt drinks saw the greatest development, but nearly all other categories increased as well. Sales in Elovena products increased by over 5 per cent. Towards the end of the year, the growth in the demand for Elovena products was also clearly stronger than in the comparison period. This was reflected in the extremely positive sales results for Elovena's main product categories, such as oat flakes, biscuits, drinks and instant porridge, as consumers increased their movement and interest in snack products following the quieter period prevailing at the start of the year. The market for products intended to replace traditional protein sources appears to be continuing to grow as a whole. The company's oat mince, originally marketed under the name Muru, was renamed Elovena Oat Mince. During the review period, the delivery chain for the product experienced problems, which had an adverse impact on sales.

### Eastern and Central Europe

Net sales for the Eastern and Central European operations declined significantly to EUR 20.8 (23.4) million. Profitability also declined significantly in relation to the comparison period. The currency rates developed unfavourably in all the Eastern and Central European markets, and particularly in Russia. The negative impact was clearest during the final quarter of the year. Raisio's key export countries within Eastern and Central Europe have experienced a strengthening second wave of the pandemic during the second half of the year, which has had an inevitable impact on the local markets.

Euro-denominated net sales and EBIT in Russia decreased slightly from the figures of the comparison period. Volumes and net sales in local currencies increased significantly, however. Most of sales in Russia come from premium-priced Nordic products. In Russia, the decline in consumers' purchasing power has weakened further

and the immediate impact of traditional promotions on sales has also weakened in large cities. As the coronavirus pandemic drags on, the continued need to work and dine at home has further increased the demand also for premium-priced products. As a result of the purchase behaviours of consumers, Raisio's online sales grew in customer channels in large cities, which was in line with the development and change of purchasing behaviour seen within other markets. Within the Russian market, benefits have been derived from the more expansive shop coverage and the increase in brand recognition in areas outside of Moscow and St. Petersburg.

In Ukraine, both net sales and profitability decreased significantly in relation to the comparison period. Ukraine has suffered from occasional and temporary delivery and distribution difficulties, which has naturally had an impact on sales and distribution coverage. Development in terms of volume was already quite positive at the end of the final quarter, but the overall quarter still fell below that of the comparison period. In particular, development in local currencies in relation to the euro has been, during the second half of 2020, a negative external factor that had direct impacts on euro-denominated sales.

In Poland, both net sales and EBIT decreased significantly in relation to the comparison period. A large portion of Poland's Benecol distribution is focused on larger shops, whose operations have been seriously disrupted during the pandemic. During the worst moments of the pandemic, during the spring and end of the year, 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 have increased, particularly during the pandemic. Raisio's current distribution to actors in these areas is still being built.

In its strategy, Raisio has planned to take over Benecol product markets in Europe in case the situation with a licensing partner changes and the market is important for Raisio. As a result of the previously discussed co-operation with Dr. Schär, Benecol snack products made it onto shelves in Spain for sales testing at the end of 2019. The exceptional conditions were not ideal for launches, so, at the end of 2020, the decision was made to call off the pilot project in this market for the time being. The extension of the exceptional circumstances decelerated the expansion of the Group's partnership with Dr. Schär and the opening of any new markets. The subsequent steps for this co-operation will be dictated largely by the ongoing pandemic situation.

## **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, January–December**

The Healthy Ingredients Segment's net sales totalled EUR 125.6 (124.6) million. Net sales declined due to the clearly lower sales of fish feeds in relation to the record-high comparison period and the reduced volume of external grain trade in accordance with the company's strategy. The openings achieved during 2019 in the Swedish and Polish fish feed markets were met with challenges as a result of unfavourable exchange rate impacts and extreme price competition. Also, deliveries to a significant Nordic customer remained modest during 2020. The domestic and foreign sales of grain products to bakeries and industrial and catering customers, on the other hand, grew dramatically in relation to the comparison period. The export of gluten-free oat products got underway during 2020 and their volume exceeded expectations. The sales of the entire Healthy Ingredients Segment increased slightly in relation to the comparison period.

The Healthy Ingredients Segment's EBIT was EUR 12.6 (12.5) million, which accounted for 10.0 (10.0) per cent of net sales. The decrease in fish feed sales in relation to the comparison period was also reflected negatively in

the company's EBIT. The problems that arose within the operating environment of the industrial kitchen sector, as a result of the coronavirus pandemic, only had a minor impact on Raisio's net sales and profitability within this business area during the financial year, with volumes remaining at the level seen during 2019. The significantly reduced volumes of the external grain trade had a positive impact on EBIT.

### Financial development, October–December

The level of the Healthy Ingredients Segment's net sales slightly exceeded those of the comparison period, at EUR 26.4 (25.7) million. Volumes were increased by the growth in B2B sales of grain-based products and overall sales of Benecol product ingredients in relation to the comparison period. As is usual for the season, the final quarter was quiet for Raisioaqua. The sales during this quiet season were lower but profitability was better than during the comparison period. The volumes of external grain trade were decreased as planned and, in the manner explained earlier, it no longer plays an important role in Raisio's strategy.

The Healthy Ingredients Segment's EBIT was EUR 1.8 (1.8) million, which accounted for 7.0 (7.1) per cent of net sales. Success within the strategically vital B2B markets for value-added oats supported profitability. Raisio's own improved production utilisation rates have had a positive impact on overall profitability, and the planned reduction of our external grain trade, which has low profitability, is also contributing to an improvement in the relative profitability. Special attention was also paid to costs related to sales and marketing.

### Key figures for the Healthy Ingredients Segment

		10–12/2020	10–12/2019	1–12/2020	1–12/2019
Net sales	M€	26.4	25.7	125.6	124.6
EBIT	M€	1.8	1.8	12.6	12.5
EBIT	%	7.0	7.1	10.0	10.0
Net assets	M€	91.9	71.0	91.9	71.0

### Business operations, January–December

#### Fish feeds

The overall sales for the first half of 2020 exceeded the level reached during the first half of the company's record year in 2019. The openings achieved during 2019 in the Swedish and Polish markets met with challenges during the third quarter, for example, in the form of unfavourable currency movements and extreme price competition. As a result, Raisioaqua had a loss in volumes from one significant Nordic customer. Overall profitability decreased along with the reduced volumes during the third quarter, but the relative profitability improved. During the final quarter, which is generally quiet due to the season, sales were again clearly lower than during the comparison period, but profitability was again better. In terms of the annual figures, the sales decreased clearly and the result decreased significantly. The change is primarily explained by one key customer's significantly reduced order volumes in relation to the comparison period. The development was otherwise very positive. The pandemic indirectly affected the business operations of Raisioaqua through difficulties in the foodservice sector. The market price for imported salmon dropped significantly, which also weakened the price competitiveness of Finnish rainbow trout.

Raisioaqua has systematically developed its production and flexibility, thereby drawing an impact both in terms of operational agility and improved profitability control. The investment in the modernisation of the automation system, that will be realised at the start of 2021, improves this even further.



During the second half of the year, Raisioaqua advanced the 'Aalloilta Ateriaksi' project. The project is intended to promote well-being and fishing in the Baltic Sea and to emphasise the benefits of fish farming and human health. We use the sustainably produced Baltic Blend feed, certified in accordance with the ASC standard, for the feeding of rainbow trout that are cultivated in Finland, thereby recycling the nutrients present in the sea. Every kilo of fish that is cultivated using Baltic Blend feed reduces the phosphorous and nitrogen load that ends up in the Baltic Sea. ASC certification may open up new prospects, also in terms of the foreign market, for Raisioaqua's Baltic Blend feed innovation and fish farmers. Raisioaqua will continue to serve as a Finnish pioneer in the fish farming business and to do its part to put the industry on a path towards significant growth. At the end of the year, Raisio announced it would receive a positive arbitration award for the partial suspension of Raisioaqua's business activities in 2018. Due to the uncertainty concerning receivables, they are not recognised in the 2020 financial statements.

#### BtoB sales of grain-based products

Raisio's sales to Finnish bakeries and to industrial and catering customers increased dramatically. Sales in oat products and gluten-free oat products developed particularly well. The coronavirus pandemic that escalated during the first quarter also changed the needs of our foodservice customers and, thus, the sales mix that Raisio delivers to these customers. This trend continued throughout the entire year. The overall sales to foodservice customers remained at the same level achieved in 2019, which can be considered an excellent outcome.

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. In particular, the demand for gluten-free oats within the domestic and export markets has increased to an extremely significant degree. Raisio's export customers are both industrial end-users and distributors. Approximately 20 new export customers were gained during the year despite the pandemic situation. Solid demand from distribution partners supported the positive growth in overall exports. Raisio's goal is to continue to increase the export of its oat-based added-value products also to foodservice customers. Delivery agreements for the coming year were finalised at the end of 2020. On the basis of new prospects and contractual negotiations, the demand for 2021 looks to be very promising.

#### Benecol product ingredient sales to license partners

Raisio's plant stanol ester deliveries to license partners held at the comparison level. Profitability also remained at the same level as that of the comparison period. The business conditions for Raisio's partners varied greatly, as local pandemic situations affected the sales of products. Partners in Latin America had difficulties in their own business operations, while partners operating in Asia experienced more positive business development. The traditional licensing model will continue to be a way of offering Benecol products in the markets where Raisio does not operate itself.

#### Grain procurement

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

During 2020, the acquisitions of milling wheat and food oats from farmers increased strongly. The growth season was exceptional and the extreme period of hot weather during the early summer had a negative effect

on the crop yield. The overall grain harvest was lower than usual. The quality of the wheat and oat crops, however, still met the quality standards required by the food industry. Altogether 97% of the oats used by Raisio are grown in Finland

The grain trade was initiated later than usual due to the delay in the harvest. The grain supply was moderate during the autumn. During the review period, Raisio began to receive food oats in Raisio as well. The reception station is convenient for our contract farmers in the area of southwestern Finland and, for our company, assures the availability of raw materials for future growth. Meetings with farmers, planned for the summer and autumn, were cancelled altogether. Newsletters concerning contract farming were sent a minimum of once per month and, in December, a webinar on the quality of the grain yield was organised. Contract farmer events for spring 2021 will also be held as webinars.

## **ADMINISTRATION AND MANAGEMENT**

### Board of Directors and Supervisory Board

Raisio's Board of Directors had six members from the AGM of 27 April 2020. Erkki Haavisto, Ilkka Mäkelä, Leena Niemistö, Ann-Christine Sundell, Pekka Tennilä and Arto Tiitinen served as Board members throughout the financial period 2019.

As from 27 April 2020 Ilkka Mäkelä was elected as Chairman of the Board and Ann-Christine Sundell as Deputy Chairman.

In 2020, 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 2020.

### Group Executive Committee

As of 1 January 2020, the Group Executive Committee consisted of President and CEO Pekka Kuusniemi, COO of the Healthy Ingredients Unit and operations Jukka Heinänen (until 14 December 2020 and Virpi Aaltonen as of 14 December 2020), Vice President of Legal Affairs and Corporate Responsibility Sari Koivulehto-Mäkitalo, Vice President of HR Merja Lumme, CFO Toni Rannikko and CCO of the Healthy Food Unit Iiro Wester.

### Directed share issue

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

In the share issue, a total of 79,313 Raisio plc's free shares held by the company were conveyed without consideration to the key employees within the share reward scheme, with deviation from the shareholders' pre-emptive subscription right. The conveyed 79,313 free shares correspond to 0,05 per cent of all Raisio plc's shares and 0,01 per cent of all votes. The shares were conveyed to key employees on 7 April 2020.

The Board of Raisio plc recommends that the key employees within the share reward scheme hold

a substantial part of all shares they have received based on the scheme as long as the value of their holdings correspond to their six months' gross salary.

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

Raisio is an international company specialised in healthy, responsibly produced food and fish feeds. The company's key markets are in Europe and its four production plants are located in Finland. Raisio's purpose "Food for Health, Heart and Earth" guides our operations. Raisio's responsibility programme, the Good Food Plan 2019–2023, is part of the company's Healthy Growth Strategy that aims, among other things, to make Raisio a forerunner in responsibility. The Good Food Plan defines the targets and actions for our responsibility work. Raisio's corporate responsibility report will be published in week 9 on the company's website at [www.raisio.com](http://www.raisio.com).

Raisio's corporate responsibility programme has five themes: Environmentally Friendly Packaging, Healthy Food, Food Professionals, Climate Change and Carbon Neutrality, and Sustainable Food Chain.

The Raisio Code of Conduct and complementary internal guidelines and policies create a basis for profitable and responsible 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 2020, a global human rights policy was defined for the Raisio Group. In addition, Raisio's responsible practices are developed in line with the ISO 9001 quality management system, ISO 14001 environmental management system as well as BRC and FSSC product safety certificates for food production plants. Sustainable raw material choices and the commitment of the supply chain to the Raisio Supplier Code of Conduct promote the food chain responsibility.

The second year of the Good Food Programme, 2020, was marked by the Covid-19 pandemic and minimisation of its effects as well as support given to the staff as they, when possible, switched to remote work. Several significant steps were taken to achieve the responsibility programme targets.

### Environment

Raisio takes environmental impact into account widely in its operations and focuses especially on carbon neutrality in its production and environmentally friendly packaging. In addition, Raisio advances its material and energy efficiency.

Raisio's key environmental goal is carbon-neutral production by the end of 2023. The company's Raisio-based industrial area has already been carbon-neutral since 2018. Of all the energy used by the Raisio Group, some 91 (92) per cent was produced in a carbon-neutral way in 2020.

In 2019, construction of a new plant began in Raisio's industrial area. The plant will be completed during 2021 and it will also get heat and industrial steam from the company's own bioenergy plant in the industrial area.

At the end of 2020, construction of a new heating plant began at the Nokia mill. As its fuel, the plant will use side streams generated in the mill's production. As the new heating plant is completed in the summer 2021, energy production at all Raisio's own production plants will be carbon neutral. With the Nokia heating plant, carbon dioxide emissions of the Nokia mill energy production will fall from the previous level of some 1,000 tonnes per year to virtually zero. The new heating plant will also bring cost savings. In addition to environmental and cost benefits, the advantage of the new heating plant is that there will be no need to transport fuel over long distances. When side streams, such as oat hulls, are used in energy production, energy costs reduce and the use of fossil fuels can be decreased. In addition, energy production using side streams increases the plant's energy self-sufficiency. As a result, the plant is not dependent on changes in fuel prices.

The current plant in the mill area will remain as a reserve and peak energy plant and it will start using biogas as soon as the new plant is completed.

Raisio promotes the use of environmentally friendly packaging. In 2020, the packaging goal was specified; Raisio aims to make all consumer packaging recyclable by the end of 2023. The target is to continuously reduce the amount of packaging plastic, and the long-term goal is to completely cease the use of plastic packages.

In 2020, we increased cooperation with research institutes, packaging manufacturers and paper industry in order to find new cardboard-based packaging options for both our existing products and new products to be launched. Through various means, we acquired more and deeper information on different materials. During the year, we made several test trials, testing the properties of new packaging materials and their impact on the shelf-life of products. The work will continue in 2021. Processes in packaging changes are lengthy and we do not compromise on the quality or safety of products.

As defined in our guidelines, clear recycling labels are always added on renewed packages and on new products to make packaging recycling easy for consumers.

Raisio's most significant environmental risks are the impacts of climate change on, e.g. energy prices and the quality, availability and prices of Raisio's key raw materials, such as grains. The risk related to the energy price increase is managed by, e.g. investing in the use of renewable energy and using production side streams for energy production in the future. Raisio aims to manage risks related to the procurement of Finnish grains by expanding the procurement area geographically in Finland.

#### HR and social matters

The Raisio Group's continuing operations employed 342 (319) people at the end of 2020. The Healthy Food Segment had 129 (132), the Healthy Ingredients Segment 167 (139) and service functions 46 (48) employees. At the end of 2020, a total of 19 (21) per cent of the personnel worked outside Finland. Raisio's wages and fees for continuing operations in 2020 totalled EUR 24.8 (23.7) 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, e.g. competence development and equality.

The year 2020 was dominated by the Covid-19 pandemic and its impact on operations. In the exceptional circumstances, we continued to focus on the core of our operations, i.e. securing our production and operations, serving our customers and maintaining the work ability of our personnel.

Raisio's position and readiness to operate as a responsible part of the food industry's security of supply chain was tested concretely. The Group's production and staff were able to meet the sharply increased demand in an exemplary way. Already before the outbreak of the coronavirus pandemic, the Group management set up a working group and drew up guidelines on how to ensure the health and work ability of the staff.

Raisio's strategic goal is to be an attractive employer. This essentially includes the promotion of work ability of the personnel and support in healthy lifestyles. In the Covid-19 pandemic situation, taking care of the staff health became a key matter in 2020. At Raisio, we switched to work remotely in the positions where the nature of duties allowed it. The majority of office personnel have worked remotely since the spring. Remote work accelerated the adoption of new tools and platforms, and Raisio invested in increasing employees' virtual work skills and common practices by renewing the company's intranet and taking Microsoft 365 services into use,

among other things. Weekly training in the use of Microsoft 365 tools and virtual working started in the autumn.

Superiors were provided with communication coaching that focused on solving the challenges of virtual work, giving feedback and promoting the common work culture in a remote work situation. In addition, superiors had coaching on wellbeing and safety at work. Staff experiences of working during the Covid-19 pandemic were surveyed by a questionnaire. It showed that working in the exceptional situation was considered functional, both by those who worked remotely and those who worked in the workplace. New smooth operating models were introduced.

Raisio's values defined in 2018 – Courage, Fairness and Drive – have begun to take root in the daily life of the organisation; during the year, the values were highlighted, for example by conducting a value contest.

In terms of work safety, we particularly focused on the development of the common work safety culture in 2020. To unify and develop the safety culture and common practices, we set up a safety steering group with a goal to increase the company's safety cooperation and unity. We also aim to make the safety culture familiar to all Raisio staff and part of their daily work. In 2020, the basic processes and practices related to work safety were unified in the Finnish offices; e.g. the accident investigation process was renewed and standardised so that the same principles are followed in all the company's organisations. The investigation process of each accident includes the definition of corrective actions, open communication within the organisation and peer learning.

Increased emphasis on the work safety culture and unification of the practices also increased reporting activity in the company: more safety observations, near miss cases and safety quarters were recorded. The goal is to further increase the reporting of safety observations and near miss cases with corrective actions, as this is known to clearly reduce the number of accidents at work.

In terms of social and HR matters, Raisio considers serious workplace accidents and the stability and availability of competent employees as its major risks. Covid-19 pandemic continues to pose a risk, also in 2021, to the company's personnel and continuation of production. Risks are managed by developing the occupational safety culture and by determinedly promoting competence management and well-being at work. Raisio's Pandemic Working Group set up in 2020, will continue its work to monitor the situation and instruct the personnel also during 2021.

#### Respect for human rights

The Raisio Group complies with applicable international and local laws in all of its operating countries. Raisio respects the UN declaration of human rights and the fundamental rights at work as defined by the International Labour Organization (ILO). These rights cover freedom of association, the right to organise or not to organise, the right to collective bargaining, the prohibition of forced labour and child labour, and the employees' right to equal treatment and opportunities. Raisio is also committed to the ten principles of the UN Global Compact initiative regarding human rights, labour, environment and anti-corruption. In 2020, a global human rights policy was defined for the Raisio Group. It complements the company's Code of Conduct and is applied in all Raisio's Group companies globally.

Raisio is not aware of any human right violations related to its operations.

The Sustainable Food Chain project of Raisio's responsibility programme focuses on the responsibility and human rights of the supply chain.



Through the trainings, employees' knowledge and skills on human rights have increased. In 2020, we prepared a guide to manage human rights risks in the supply chain. The guide includes, for example, human rights related questions that are used in the supplier and subcontractor audits. The questions cover the following areas: working conditions, work safety, environmental risks, freedom of assembly, violation of workers' privacy, complaints mechanisms, use of child labour, and discrimination. In addition, the questions reflect the processes of suppliers in their own subcontracting chain.

Raisio's biggest human rights risks are typical for the food industry. The major risks are related to long procurement chains and procurement of labour-intensive raw materials. The risks are managed by the means mentioned in Raisio's Global Human Rights Policy, for example, by taking the risks into account already when selecting a supplier and by more careful monitoring when purchasing from potential risk countries. To ensure the responsibility of the entire procurement chain, all the chain operators have to work together.

Raisio's single largest raw material group is grain, which accounts for 74 (69) per cent of raw materials. 97 per cent of grain is Finnish. The supply chain of grain is short: we procure grains directly from farmers without interim storage. Foreign labour is rarely used on Finnish grain farms, which further reduces the risk of human rights violations. In terms of the production of soy, palm oil and cocoa, Raisio has identified that risks related to, e.g., employees' rights and environmental responsibility are possible. This risk is minimised by procuring responsibility certified soy, palm oil and cocoa.

In terms of responsibility, most of the raw materials are acquired from low-risk regions, such as Finland and the rest of Europe. Some raw materials are only available from the higher-risk countries and then, a special attention is paid to the supplier's procedures and certifications. We also use the BSCI risk country classification that guides to procure from low-risk countries.

The company expects its suppliers to commit to the Raisio Supplier Code of Conduct. By the end of 2020, 95 (92) per cent of our subcontractors and suppliers of raw materials and packaging had confirmed in writing to comply with the Raisio Supplier Code of Conduct. However, all Raisio's suppliers are committed to compliance with ethical principles, for example through their own Code of Conduct.

#### 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; 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 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 category. Raisio's criteria are available on the company's website.

While developing products, we pay special attention to the good taste of products, the amount of fibre, the quality of fat and the amounts sugar and salt – and strive for the best possible combination of taste and healthiness.

As for the healthiness of food, consumers face information overflow that Raisio identifies as a risk as it may 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 2020
<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 1,600 (2019: 1,500, 2018: 1,600) t CO<sub>2</sub>e</li> <li>• Of all the energy used by Raisio 91 (2019: 92, 2018: 90)% carbon neutral</li> </ul>
Environmentally friendly packaging: <ul style="list-style-type: none"> <li>• 100% recyclable consumer packaging</li> <li>• continuous reduction of the amount of packaging plastic</li> </ul>	<ul style="list-style-type: none"> <li>• In consumer products, recyclable packaging and reducing the amount of packaging plastic</li> </ul>	<ul style="list-style-type: none"> <li>• Of consumer packaging, 87 (2019: 83)% recyclable</li> <li>• Of consumer packaging, 58 (2019: 56, 2018: 57)% cardboard or paper</li> <li>• Of consumer packaging, 42 (2019: 44, 2018: 43)% plastic packaging</li> </ul>
<b>Social and HR matters</b> Promotion of wellbeing at work	<ul style="list-style-type: none"> <li>• Support for the personnel's healthy lifestyles</li> <li>• Development of virtual work skills</li> </ul>	<ul style="list-style-type: none"> <li>• Employee turnover 10 (2019: 11, 2018: 13)%.</li> <li>• 72 (2019: 68)% of employees completed online training on values.</li> <li>• 60 (2019: 43)% of personnel completed healthy food online training.</li> </ul>
Strengthening of work safety culture	<ul style="list-style-type: none"> <li>• Development of the common work safety culture and unification of common practices</li> <li>• Encouragement of personnel to use preventive safety tools and to make safety observations.</li> </ul>	<ul style="list-style-type: none"> <li>• Accidents (Lost time injury 1) 10 (2019: 4, 2018: 11)</li> <li>• Proactive work safety measures 152 pcs (2019: 135 pcs); including safety observations, near miss cases and safety quarters</li> </ul>
<b>Human rights</b> Development of procurement responsibility	<ul style="list-style-type: none"> <li>• Suppliers and subcontractors required to sign the 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>• 95 (2019: 92, 2018: 95)% of subcontractors and suppliers confirmed to comply with the Raisio Supplier Code of Conduct</li> <li>• 100 (2019: 100, 2018: 100)% responsible palm oil</li> <li>• 100 (2019: 100, 2018: 100)% responsible soy</li> <li>• 93 (2019: 78, 2018: 80)% responsible cocoa</li> </ul>

Increasing human rights expertise

- Defining Human Rights Policy for the Raisio Group
- Staff training on human rights

- Raisio's Global Human Rights Policy defined, approved and published both within the company and on the website

## Matters related to corruption and bribery

100% of staff completed the online training on the Raisio Code of Conduct

- Online training, available in three languages, is part of the induction of new employees.

- 81 (2019: 81, 2018: 79)% of employees completed online training

## Healthy food

80% of consumer products healthy alternatives in their own product categories

- Raisio has defined health criteria for all its product categories; the criteria are based on European nutrition recommendations.
- The criteria are used, e.g. to support Raisio's product development.
- Health criteria also available on the company's website.

- 79 (2019: 77, 2018: 69, 2017: 65)% of consumer products were healthy alternatives in their own categories at the end of 2020.

## SHORT-TERM RISKS AND SOURCES OF UNCERTAINTY

During 2020, significant changes have occurred with regard to the risks and sources of uncertainty presented in 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. During the past few years, Raisio has assessed the major risks related to Brexit and defined the company's adjustment measures. With the trade agreement finally signed at the end of 2020, it appears that the activities will continue undisturbed, thereby reducing the risks for Raisio in the near future within this key market. Changes in key currencies relevant for Raisio and currency conversions affect Raisio's net sales and EBIT both directly and indirectly. Their overall impact is explained in detail in the financial reports to provide a better and more comprehensive overall picture of the situation and related risks.

## EVENTS FOLLOWING THE REVIEW PERIOD

In a stock exchange release issued on 17 December 2020, the Raisio Group announced a positive arbitration award in connection with the partial suspension of Raisioaqua's business in 2018. Due to the uncertainty related to the receivable, Raisio did not recognize the amount to be reimbursed in full or in part in its income statement. In a stock exchange release issued on February 8, 2021, Raisio stated that it had entered into an agreement to sell the receivable and recognized EUR 2.8 million in other operating income.

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

The parent company's distributable assets based on the balance sheet on 31 December 2020 totalled EUR 111,870,754.69.

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 90,401,380.79 will be left in the profit account. No dividends will be paid on the shares held by the company on the record date 15 April 2021. The payment date of the dividend is proposed to be 22 April 2021.

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, 09 February 2021

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

**Raisio's financial releases in 2021**

The Report of the Board of Directors, Financial Statements and the Corporate Responsibility Report for 2020 will be published on 2 March 2021.

Raisio's Interim Report for January–March will be published on 5 May 2021.

Raisio's Half-Year Financial Report for January–June will be published on 4 August 2021.

Raisio's Interim Report for January–September will be published on 3 November 2021.

The Financial Statements Bulletin has not been audited.

## TABLE SECTION

## THE GROUP'S INCOME STATEMENT (M€)

	1-12/2020	1-12/2019	10-12/2020	10-12/2019
<b>Net sales</b>	233.6	236.3	53.9	54.5
Cost of sales	-168.8	-169.3	-39.7	-38.9
<b>Gross profit</b>	64.8	67.0	14.2	15.6
Other operating income and expenses, net	-35.9	-39.8	-8.7	-11.3
<b>EBIT</b>	28.9	27.3	5.5	4.3
Financial income	2.0	2.9	0.8	0.2
Financial expenses	-1.4	-1.7	0.3	-0.4
<b>Result before taxes</b>	29.4	28.5	6.7	4.1
Income taxes	-6.0	-2.9	-1.1	-0.1
<b>Result for the period</b>	23.4	25.5	5.6	4.0
<b>Attributable to</b>				
Equity holders of the parent company	23.4	25.5	5.6	4.0
Non-controlling interests	-	-	-	-
<b>Earnings per share from the profit attributable to equity holders of the parent company (€)</b>				
Undiluted earnings per share	0.15	0.16	0.04	0.03
Diluted earnings per share	0.15	0.16	0.04	0.03



## THE GROUP'S COMPREHENSIVE INCOME STATEMENT (M€)

	1-12/2020	1-12/2019	10-12/2020	10-12/2019
<b>Result for the period</b>	23.4	25.5	5.6	4.0
Other comprehensive income items				
<b>Items that will not be reclassified to profit or loss</b>				
Change in fair value of equity investments	0.3	0.8	0.0	0.3
Tax impact	-0.1	-0.2	0.0	-0.1
Items that will not be reclassified to profit or loss, total	0.2	0.6	0.0	0.2
<b>Items that may be subsequently transferred to profit or loss</b>				
Change in value of cash flow hedging	0.2	-0.4	-0.8	-0.4
Change in translation differences related to foreign companies	-5.8	5.1	1.2	3.4
Tax impact	0.0	0.1	0.2	0.1
Items that may be subsequently transferred to profit or loss, total	-5.6	4.8		
<b>Comprehensive income for the period</b>	18.0	30.9	6.1	7.3
<b>Components of comprehensive income</b>				
Equity holders of the parent company	18.0	30.9	6.1	7.3
Non-controlling interests	-	-	-	-

**THE GROUP'S BALANCE SHEET (M€)**

<b>ASSETS</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Non-current assets		
Intangible assets	32.0	33.5
Goodwill	45.9	48.5
Tangible assets	73.1	51.1
Equity investments	2.8	3.0
Deferred tax assets	2.3	4.9
Total non-current assets	156.1	140.9
Current assets		
Inventories	37.1	37.6
Accounts receivables and other receivables	28.0	30.3
Financial assets at fair value through profit or loss	71.8	81.4
Cash and bank receivables	21.5	18.3
Total current assets	158.5	167.6
<b>Total assets</b>	<b>314.6</b>	<b>308.5</b>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Equity attributable to equity holders of the parent company		
Share capital	27.8	27.8
Own shares	-19.6	-19.8
Other equity attributable to equity holders of the parent company	261.4	263.2
Equity attributable to equity holders of the parent company	269.5	271.3
Non-controlling interests	-	-
Total shareholder's equity	269.5	271.3
Non-current liabilities		
Deferred tax liabilities	6.3	5.3
Provisions	-	1.2
Non-current financial liabilities	9.6	0.3
Total non-current liabilities	15.9	6.9
Current liabilities		
Accounts payable and other liabilities	28.2	29.3
Derivative contracts	0.3	0.3
Current financial liabilities	0.6	0.8
Total current liabilities	29.1	30.4
Total liabilities	45.0	37.3
<b>Total shareholder's equity and liabilities</b>	<b>314.6</b>	<b>308.5</b>

**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
<b>Shareholders' equity on 1 Jan 2020</b>	<b>27.8</b>	<b>2.9</b>	<b>88.6</b>	<b>8.0</b>	<b>-1.3</b>	<b>-19.8</b>	<b>-14.8</b>	<b>179.7</b>	<b>271.3</b>
<b>Comprehensive income for the period</b>									
Result for the period	-	-	-	-	-	-	-	23.4	23.4
Other comprehensive income items									
Change in fair value of equity investments	-	-	-	-	0.3	-	-	-	0.3
Change in value of cash flow hedging	-	-	-	-	0.2	-	-	-	0.2
Change in translation differences related to foreign companies	-	-	-	-	-	-	-5.8	-	-5.8
Tax impact	-	-	-	-	-0.1	-	-	-	-0.1
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>-5.8</b>	<b>23.4</b>	<b>18.0</b>
<b>Business activities involving shareholders</b>									
Dividends	-	-	-	-	-	-	-	-20.5	-20.5
Unclaimed dividends	-	-	-	-	-	-	-	0.1	0.1
Transfer from other funds to retained earnings	-	-	-	-	-	-	-	-	0.0
Share-based payments	-	-	-	-	-	0.2	-	0.5	0.6
<b>Total business activities involving shareholders</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>-19.9</b>	<b>-19.7</b>
<b>Shareholders' equity on 31 December 2020</b>	<b>27.8</b>	<b>2.9</b>	<b>88.6</b>	<b>8.0</b>	<b>-0.9</b>	<b>-19.6</b>	<b>-20.6</b>	<b>183.2</b>	<b>269.5</b>

	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
<b>Shareholders' equity on 1 Jan 2019</b>	<b>27.8</b>	<b>2.9</b>	<b>88.6</b>	<b>8.9</b>	<b>-1.6</b>	<b>-19.8</b>	<b>-19.8</b>	<b>177.7</b>	<b>264.8</b>
<b>Comprehensive income for the period</b>									
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
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>5.1</b>	<b>25.5</b>	<b>30.9</b>
<b>Business activities involving shareholders</b>									
Dividends	-	-	-	-	-	-	-	-25.2	-25.2
Share-based payments	-	-	-	-	-	0.0	-	0.6	0.6
<b>Total business activities involving shareholders</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-24.5</b>	<b>-24.5</b>
<b>Shareholders' equity on 31 December 2019</b>	<b>27.8</b>	<b>2.9</b>	<b>88.6</b>	<b>8.9</b>	<b>-1.3</b>	<b>-19.8</b>	<b>-14.8</b>	<b>178.8</b>	<b>271.3</b>

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

	1–12/2020	1–12/2019	10–12/2020	10–12/2019
<b>CASH FLOW FROM BUSINESS OPERATIONS</b>				
Result before taxes	29.4	28.5	6.7	4.1
Adjustments:				
Planned depreciations	6.2	6.4	1.5	1.6
Financial income and expenses	-0.5	-1.2	-1.1	0.2
Other adjustments	-0.6	0.8	-1.1	0.3
Total adjustments	5.1	5.9	-0.7	2.1
Cash flow before change in working capital	34.5	34.4	6.0	6.2
Change in working capital				
Increase (-) / decrease (+) in current receivables	2.1	-1.9	5.9	6.4
Increase (-) / decrease (+) in inventories	0.1	-2.4	1.2	0.4
Increase (+) / decrease (-) in current interest-free liabilities	1.6	-2.7	1.4	-3.6
Total change in working capital	3.8	-7.1	8.5	3.2
Cash flow from business operations before financial items and taxes	38.3	27.3	14.5	9.4
Interest paid and payments for other financial expenses from business operations	-0.6	-1.9	-0.2	-1.1
Dividends received from business operations	0.2	0.2	0.1	0.0
Interest received and other financial income from business operations	0.5	1.8	0.1	1.3
Other financial items, net	0.3	0.1	0.2	0.4
Income taxes paid	-4.0	-4.2	1.3	-0.5
Cash flow from business operations after financial items and taxes	34.7	23.3	15.9	9.4
<b>CASH FLOW FROM INVESTMENTS</b>				
Investment in tangible assets	-18.9	-17.3	-5.1	-8.3
Investment in intangible assets	-1.1	-0.4	-0.3	-0.1
Income from intangible and tangible commodities	0.7	0.0	0.1	0.0
Investments in securities	-	0.0	-	0.0
Net cash flow from investments	-19.4	-17.6	-5.3	-8.4
Cash flow after investments	15.3	5.6	10.6	1.1
<b>CASH FLOW FROM FINANCIAL OPERATIONS</b>				
Other financial items, net	-0.3	-0.1	-0.3	0.0
Payments associated with the reduction in lease liability	-0.8	-0.9	-0.2	-0.2
Repayment of non-current loans	-	-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	-25.0	0.0	0.1
Net cash flow from financial operations	-21.6	-48.8	-0.5	-11.6
<b>CHANGE IN LIQUID FUNDS</b>				
Liquid funds at the beginning of the period	99.8	142.1		
Impact of changes in exchange rates	-0.8	0.9		
Impact of changes in market value of the liquid funds	0.4	1.4		
Impact of the discontinued cattle feed business	-	-1.4		
Liquid funds at the end of the period	93.2	99.8		

**NOTES TO THE FINANCIAL STATEMENTS BULLETIN****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 Report Financial Statements Bulletin for January-December 2020 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 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 Financial Statements Bulletin, financial position or the presentation of the Financial Statements Bulletin. 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 Financial Statements Bulletin 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.

### EVENTS FOLLOWING THE REVIEW PERIOD

In a stock exchange release issued on 17 December 2020, the Raisio Group announced a positive arbitration award in connection with the partial suspension of Raisioaqua's business in 2018. Due to the uncertainty related to the receivable, Raisio did not recognize the amount to be reimbursed in full or in part in its income statement. In a stock exchange release issued on February 8, 2021, Raisio stated that it had entered into an agreement to sell the receivable and recognized EUR 2.8 million in other operating income.

### 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€)

	1-12/2020	1-12/2019
Healthy Food		
Western Europe	59.1	63.8
Northern Europe	55.5	50.4
Eastern and Central and Europe	20.8	23.4
Total Healthy Food	135.3	137.5
Healthy Ingredients	125.6	124.6
Other operations	1.5	1.5
Interdivisional net sales	-28.9	-27.3
Total net sales	233.6	236.3

**EBIT by segment (M€)**

	1-12/2020	1-12/2019
Healthy Food	18.6	18.2
Healthy Ingredients	12.6	12.5
Other operations	-2.3	-3.4
Interdivisional	0.0	0.0
Total EBIT	28.9	27.3

EBIT of Other operation includes a EUR 1.1 million withdrawal of provision. The provision concerns to the discontinued confectionery business in 2017.

**Net assets by segment (M€)**

	1-12/2020	1-12/2019
Healthy Food	82.4	87.6
Healthy Ingredients	91.9	71.0
Other operations and unallocated items	95.3	112.7
Total net assets	269.5	271.3

**Investment by segment (M€)**

	1-12/2020	1-12/2019
Healthy Food	0.6	0.4
Healthy Ingredients	26.2	18.6
Other operations	1.7	0.6
Total investments	28.5	19.5

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

	1-12/2020	1-12/2019
Finland	89.5	87.3
Great Britain	50.6	55.2
Other	93.5	93.8
Total net sales	233.6	236.3

**Net sales by group (M€)**

	1-12/2020	1-12/2019
Sales of goods	231.8	234.4
Sales of services	1.1	1.2
Royalties	0.7	0.7
Total net sales	233.6	236.3

## ACQUIRED BUSINESSES, DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

### Acquired businesses

In the period of 1 January – 31 December 2020 and in 2019, there were no acquired businesses.

### Discontinued operations and assets held for sale

In the period of 1 January – 31 December 2020 and in 2019, there were no discontinued operations and assets for sale.

### TANGIBLE RIGHT-OF-USE ASSETS (M€)

	31.12.2020	31.12.2019
Acquisition cost at the beginning of the period	293.8	272.6
Translation differences	-0.4	0.2
Additions, includes additions made in accordance with the IFRS 16 standard	27.4	20.9
Decrease	-2.8	0.0
Acquisition cost at the end of the period	317.9	293.8
Accumulated depreciation and impairment at the beginning of the period	242.7	237.5
Translation differences	-0.4	0.2
Decrease and transfers	-2.7	0.0
Depreciations and impairment for the period	5.2	4.9
Accumulated depreciation and impairment at the end of the period	244.8	242.7
Book value at the end of the period	73.1	51.1

### LEASED RIGHT-OF-USE ASSETS (M€)

	31.12.2020	31.12.2019
Acquisition cost at the beginning of the period	2.1	0.2
Adoption of IFRS 16 standard	-	1.8
Translation differences	0.0	0.0
Increase	9.9	0.1
Divestment and other decreases	-0.3	0.0
Transfers between items	-	0.0
Acquisition cost at the end of the period	11.7	2.1
Accumulated depreciation and impairment at the beginning of the period	-1.0	-0.1
Translation differences	0.0	0.0
Accumulated depreciation of decrease and transfers	0.4	0.0
Depreciation for the financial period	-0.8	-0.9
Accumulated depreciation and impairment at the end of the period	-1.5	-1.0
Book value at the beginning of the period	1.1	0.1
Book value at the end of the period	10.2	1.1

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

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

	31.12.2020	31.12.2019
Rental income	0.6	0.7
Depreciations for right-of-use assets	-0.7	-0.8
Costs of short-term and low-value leases	0.0	0.0
Interest expenses related to leases	0.0	0.0
Total	-0.2	-0.2
Outgoing cash flow resulting from leases	0.8	0.9

#### LEASE LIABILITIES (M€)

	31.12.2020	31.12.2019
Non-current lease liabilities	1.1	0.1
Translation difference	0.0	0.0
Adoption of IFRS 16 standard	-	1.8
Increase in lease liabilities	9.9	0.1
Payments related to decrease of lease liabilities	-0.8	-0.9
Total	10.2	1.1
Non-current lease liabilities at the beginning of period	0.3	0.0
Non-current lease liabilities at the end of period	9.5	0.3
Current lease liabilities at the beginning of period	0.8	0.0
Current lease liabilities at the end of period	0.6	0.8

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

#### PROVISIONS (M€)

	31.12.2020	31.12.2019
At the beginning of the period	1.2	1.1
Translation differences	-0.1	0.1
Provisions used	-1.1	-
At the end of the period	0.0	1.2

The used provision 1.1 million concerns to the discontinued confectionery business in 2017.

**RELATED PARTY TRANSACTIONS (M€)**

	31.12.2020	31.12.2019
Sales to key employees in management	1.0	0.0
Purchases from key employees in management	0.9	1.1
Receivables from the key persons in the management	0.1	0.0
Payables to key management personnel	0.1	0.1

**CONTINGENT LIABILITIES AND CONTINGENT ASSETS (M€)**

	31.12.2020	31.12.2019
Contingent off-balance sheet liabilities		
Other liabilities	0.7	3.3
Guarantee liabilities on the Group companies' commitments	2.2	26.2
Commitment to investment payments	5.7	20.8
Contingent off-balance sheet assets		
Damages receivables based on an arbitration award	2.9	-

**DERIVATIVE CONTRACTS (M€)**

	31.12.2020	31.12.2019
Nominal values of derivative contracts		
Currency forward contracts	34.5	34.7
Currency option	11.9	11.9

**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 31.12.2020	Fair value 31.12.2020	Carrying amount 31.12.2019	Fair value 31.12.2019
<b>Financial assets</b>				
Equity investments*)	2.8	2.8	3.0	3.0
Accounts receivables and other receivables	26.9	26.9	29.3	29.3
Investments recorded at fair value through profit or loss*)	71.7	71.7	81.4	81.4
Liquid funds	21.5	21.5	18.3	18.3
Derivatives*)	0.1	0.1	-	-
<b>Financial liabilities</b>				
Other loans	0.0	0.0	0.0	0.0
Lease liabilities	10.2	10.2	1.1	1.1
Accounts payable and other liabilities	20.2	20.2	22.3	22.3
Derivatives*)	0.3	0.3	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€)

	1-12/2020	1-12/2019
Capital gains and losses of fixed assets	-0.1	0.0
Costs of share rewards	0.6	0.6
Provisions	-1.1	-
Other	0.0	0.2
Total adjustments in cash flow statement	-0.6	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€)**

	1-12/2020	1-12/2019
Acquisitions of fixed assets in total	-28.5	-19.5
Payments for investments of earlier financial periods (change in liabilities)	4.5	1.9
Contract on financing for investments from earlier years	3.9	-
Investments funded by lease commitment or other interest- bearing debt	-0.8	-0.9
<b>Fixed asset acquisitions funded by cash payments</b>	<b>-20.9</b>	<b>-18.5</b>
Capital gain and loss on fixed assets in the income statement	0.4	0.0
Balance sheet value of disposed asset	0.3	0.0
<b>Consideration received from fixed asset divestments in the cash flow statement</b>	<b>0.7</b>	<b>0.0</b>

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

	31.12.2019	Cash flows	Non cash flow influenced changes IFRS 16	Changes in exchange rates	31.12.2020
Non-current liabilities	0,0	-	-	-	0,0
Lease liability	1,1	-0,8	9,9	0,0	10,2
<b>Total liabilities for financing activities</b>	<b>1,1</b>	<b>-0,8</b>	<b>9,9</b>	<b>0,0</b>	<b>10,2</b>

**RECONCILIATIONS OF THE ALTERNATIVE KEY FIGURES (M€)**
**Items affecting comparable EBIT (M€)**

	10-12/2020	10-12/2019	1-12/2020	1-12/2019
<b>Comparable EBIT</b>	4.4	4.3	27.7	27.3
+ Provision concerned to the discontinued business	M€ 1.1	-	1.1	-
Items affecting comparability, in total	M€ 1.1	-	1.1	-
<b>EBIT</b>	<b>M€ 5.5</b>	<b>4.3</b>	<b>28.9</b>	<b>27.3</b>

**Items affecting comparable EBITDA, reconciliation to EBIT (M€)**

	10-12/2020	10-12/2019	1-12/2020	1-12/2019
<b>Comparable EBITDA</b>	5.9	5.9	33.9	33.6
+/- Items affecting EBIT	M€ 1.1	-	1.1	-
Items affecting comparability, in total	M€ 1.1	-	1.1	-
<b>EBITDA</b>	<b>M€ 7.1</b>	<b>5.9</b>	<b>35.1</b>	<b>33.6</b>
+/- Impairment	M€ 0.0	0.0	0.0	0.0
+/- Depreciations	M€ -1.5	-1.6	-6.2	-6.4
<b>EBIT</b>	<b>M€ 5.5</b>	<b>4.3</b>	<b>28.9</b>	<b>27.3</b>

**QUARTERLY EARNINGS (M€)**

	10-12/ 2020	7-9/ 2020	4-6/ 2020	1-3/ 2020	10-12/ 2019	7-9/ 2019	4-6/ 2019	1-3/ 2019
Net sales by segment								
Healthy Food	33.9	32.5	31.6	37.3	35.0	33.6	34.2	34.7
Healthy Ingredients	26.4	39.2	34.3	25.6	25.7	42.3	34.7	21.8
Other operations	0.5	0.3	0.3	0.4	0.5	0.3	0.3	0.4
Interdivisional net sales	-6.9	-7.0	-6.4	-8.6	-6.7	-7.0	-6.5	-7.0
<b>Total net sales</b>	<b>53.9</b>	<b>65.1</b>	<b>59.9</b>	<b>54.7</b>	<b>54.5</b>	<b>69.2</b>	<b>62.7</b>	<b>49.9</b>
EBIT by segment								
Healthy Food	4.2	5.1	4.0	5.3	4.1	5.6	4.5	4.0
Healthy Ingredients	1.8	4.8	3.7	2.2	1.8	5.4	3.9	1.3
Other operations	-0.5	-0.1	-0.8	-0.9	-1.6	-0.3	-1.2	-0.3
<b>Total EBIT</b>	<b>5.5</b>	<b>9.8</b>	<b>7.0</b>	<b>6.6</b>	<b>4.3</b>	<b>10.7</b>	<b>7.3</b>	<b>5.0</b>
Financial income and expenses, net	1.1	0.8	2.5	-3.9	-0.2	0.6	0.6	0.3
<b>Result before taxes</b>	<b>6.7</b>	<b>10.6</b>	<b>9.5</b>	<b>2.7</b>	<b>4.0</b>	<b>11.3</b>	<b>7.8</b>	<b>5.3</b>
Income taxes	-1.1	-2.2	-2.1	-0.6	-0.1	-2.3	0.6	-1.1
<b>Result for the period</b>	<b>5.6</b>	<b>8.4</b>	<b>7.4</b>	<b>2.1</b>	<b>4.0</b>	<b>9.0</b>	<b>8.4</b>	<b>4.1</b>

	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
<b>Total net sales</b>	<b>55.6</b>	<b>63.1</b>	<b>59.7</b>	<b>49.7</b>
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
<b>Total EBIT</b>	<b>-2.1</b>	<b>7.8</b>	<b>6.5</b>	<b>4.4</b>
Financial income and expenses, net	-0.7	-0.1	-0.1	0.1
<b>Result before taxes</b>	<b>-2.8</b>	<b>7.6</b>	<b>6.4</b>	<b>4.5</b>
Income taxes	0.5	-1.7	-1.4	-1.1
<b>Result for the period</b>	<b>-2.3</b>	<b>5.9</b>	<b>5.0</b>	<b>3.4</b>

**KEY FIGURES**

	31.12.2020	31.12.2019
Net sales, M€	233.6	236.3
Change of net sales, %	-1.2	3.5
Operating margin, M€	35.1	33.6
Comparable operating margin, M€	33.9	33.6
Depreciation and impairment, M€	6.2	6.4
EBIT, M€	28.9	27.3
% of net sales	12.4	11.5
Comparable EBIT, M€	27.7	27.3
% of net sales	11.9	11.5
Result before taxes, M€	29.4	28.5
% of net sales	12.6	12.1
Return on equity, %	8.7	9.5
Return on investment ROIC, %	11.7	13.9
Comparable return on investment ROIC, %	11.1	13.9
Interest-bearing financial liabilities at end of period, M€	10.2	1.1
Net interest-bearing financial liabilities at end of period, M€	-83.0	-98.6
Working capital	36.8	37.0
Equity ratio, %	85.7	87.9
Net gearing, %	-30.8	-36.4
Gross investments, M€	28.5	19.5
% of net sales	12.2	8.3
R & D expenses, M€	4.3	4.2
% of net sales	1.9	1.8
Average personnel	348	328
Earnings/share, €	0.15	0.16
Comparable earnings/share, €	0.14	0.16
Cash flow from operations, M€	34.7	23.3
Cash flow from operations/share, €	0.22	0.15
Equity/share, €	1.71	1.72
Average number of shares during the period, in 1,000s		
Free shares	126 180	125 865
Restricted shares	31 236	31 480
Total *	157 416	157 345
Average number of shares at end of period, in 1,000s		
Free shares	126 213	126 112
Restricted shares	31 233	31 242
Total *	157 446	157 354
Market capitalisation of shares at end of period, M€		
Free shares	402.6	428.8
Restricted shares	101.5	105.0
Total *	504.1	533.8
Share price at end of period		
Free shares	3.19	3.40
Restricted shares	3.25	3.36
Average share price during the period		
Free shares	3.96	3.96
Restricted shares	3.90	3.90

\* 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, %	EBIT
	Net sales
The figure shows the relation between EBIT and net sales.	

Comparable EBIT, %	Comparable EBIT
	Comparable net sales
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.
-----------------------	---

Return on equity (ROE), %	Result before taxes – income taxes
	Shareholders' equity (average over the period)
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), %	Result after taxes
	Operating cash* + net working capital + non-current assets (*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	$\text{Sales receivables and other receivables} + \text{inventories} - \text{accounts payable} - \text{other liabilities}$
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	$\frac{\text{Profit for the period attributable to the parent company shareholders} \pm \text{items affecting comparability}}{\text{Average number of shares during the period adjusted for issues}}$
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.	