



Interim Report January–March 2021

Raisio plc

Raisio plc's Interim Report, 5 May 2021 at 8:30 a.m. Finnish time

RAISIO IS ENTERING THE NEW GROWTH CONSTRUCTION PHASE

FINANCIAL DEVELOPMENT IN BRIEF

January–March 2021

- The Group's net sales totalled EUR 50.0 (54.7) million, which signified a decrease of -8.7%.
- Comparable EBIT was EUR 4.7 (6.6) million, which signified a decrease of -29.0%. That accounted for 9.4 (12.0)% of net sales.
- EBIT was EUR 7.5* (6.6) million, which accounted for 15.0 (12.0)% of net sales.
- The Healthy Food Segment's net sales totalled EUR 34.4 (37.3) million. EBIT was EUR 4.8 (5.3) million, which accounted for 14.1 (14.2)% of net sales.
- The Healthy Ingredients Segment's net sales totalled EUR 22.3 (25.6) million. Comparable EBIT was EUR 0.7 (2.2) million, which accounted for 3.0 (8.6)% of net sales. EBIT was EUR 3.5 (2.2) million, which accounted for 15.5 (8.6)% of net sales.
- The Group's cash flow from business operations after financial items and taxes totalled EUR 3.2 (3.9) million.
- The comparable return on investments (ROIC) was 6.3 (4.4)% and the return on investments (ROIC) was 11.6 (4.4)%.
- The overall effect of currency conversions was EUR -1.0 (0.3) million on net sales, EUR -0.1 (0.1) million on the comparable EBIT and EUR -0.1 (0.1) million on EBIT.

*EBIT includes EUR 2.8 million in other operating income resulting from the sale of the company's receivable.

OUTLOOK 2021

Raisio's guidelines: In 2021, Raisio estimates that net sales will increase (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 in comparison to the situation in 2020.

KEY FIGURES OF THE GROUP

		1–3/2021	1–3/2020	1–12/2020
Net sales	M€	50.0	54.7	233.6
Change in net sales	%	-8.7	9.7	-1.2
Comparable EBITDA	M€	6.2	8.1	33.9
EBITDA	M€	9.0	8.1	35.1
Comparable EBIT	M€	4.7	6.6	27.7
Comparable EBIT of net sales	%	9.4	12.0	11.9
EBIT	M€	7.5	6.6	28.9
EBIT of net sales	%	15.0	12.0	12.4
Comparable earnings per share	€	0.02	0.01	0.14
Earnings per share	€	0.04	0.01	0.15

CURRENCY CONVERSIONS IMPACTS ON NET SALES AND EBIT

		1–3/2021	1–3/2020	1–12/2020
Net sales	M€	-1.0	0.3	-2.5
Comparable EBIT	M€	-0.1	0.1	-0.4
EBIT	M€	-0.1	0.1	-0.4

PRESIDENT AND CEO PEKKA KUUSNIEMI:

They say that no two years are alike and that description is accurate when we compare Raisio Group's first quarter of 2021 with the same period one year earlier. One year ago, the pandemic caused a completely exceptional barrage of demand that strongly drove up sales in all of Raisio's consumer markets. The other distinctive factor is the later-than-usual start of Raisio's 2021 season due to a winter season that extended longer than during the previous year. For the aforementioned reasons, net sales and profitability declined when viewed against the highly exceptional comparison period.

The Group's net sales totalled EUR 50.0 (54.7) million and the comparable EBIT was EUR 4.7 (6.6) million. EBIT amounted to EUR 7.5 (6.6) million. Currency conversions brought a negative change of one million euro to our net sales.

The UK was held in the grips of an unsettled political situation ever since June 2016. For Raisio, the trade agreement signed between the EU and the UK was much needed news and marked an end to the years of uncertainty. Benecol products are popular within the UK market and the trade agreement has facilitated for us a completely uninterrupted transition to the new situation.

Our investments clearly reflect Raisio's long-term strategy, in which plant-based added-value products have been the focus for the past two years. The investments for the first quarter totalled EUR 6.5 (5.7) million, thereby representing 13.1 (10.4) per cent of net sales. The largest share of the investments was allotted to the new development and production facility being built in Raisio's industrial area. Despite exceptional conditions,

we have been able to proceed in accordance with the planned timetable and cost estimates for the building and deployment phases. The facility, which is currently preparing for its production phase, will play a significant role in building competitiveness and growth for the future. We will provide more information about this in June when we share our primary areas of focus for the strategy period of 2022–2025. Once the facility is up and running, Raisio will be able to participate in strongly expanding product categories, but the marketing investments for the initial phase, opening depreciations and the initiation of other activities will put pressure amounting to several million euro on profitability.

During this review period, we prepared for a corporate acquisition that was especially well-suited to our strategy. The acquisition was announced immediately at the start of the new quarter. Raisio acquired Verso Food Oy, which, in a short period of time, has achieved the market leader position within the competitive market for plant protein products in our home market in Finland. This gave us a flying start in this immensely growing future market. According to our estimates, the acquired company will contribute to growing our to line but it will have a negative impact of approximately three million euro on Raisio Group's EBIT for the current year. Measures intended to create value have been initiated immediately, with a focus on further increasing our sales volumes within the domestic and international markets.

The ongoing exceptional situation has naturally also tried the coping abilities of our personnel. Despite this, we have managed to work without disruption and to deliver our products on time. I would like to thank the entire personnel of Raisio for its fine work and patience during this challenging time. I would also like to warmly welcome into the service of our company all those new Raisio employees who have joined us by virtue of the corporate acquisition.

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

The coronavirus pandemic has significantly affected Raisio's operational environment as COVID-19 and measures to prevent its spread closed down economies to a significant extent from the beginning of 2020. This was still reflected negatively in Raisio's operations during the first quarter of 2021, as the company's most significant export countries remained at the mercy of strict lockdowns and restrictions on movement. On the global scale, the third wave of the virus began to make a turn to the positive already at the end of the first quarter of 2021, as the number of contracted cases was decreasing rapidly and the vaccination coverage was quickly gaining a foothold. The change in consumers' purchase and shopping behaviours towards digital channels has, at the same time, strengthened even further. The role of traditional trade is being forced to adapt as the volumes of new sales channels continue their strong growth.

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 have become a strong and permanent 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.

The UK market is highly important for Raisio and represents approximately one fourth of the entire Group's net sales. For this reason, the trade agreement between the UK and the EU that was signed at the end of 2020 is a crucial milestone for Raisio and marks an end to the overshadowing uncertainty that took hold from the summer of 2016. The turn of the year to 2021 did not result in any negative surprises for Raisio in terms of material flows, logistics or contractual documentation, so it allows for Raisio to develop this essential market in light of much more predictable conditions.

FINANCIAL DEVELOPMENT

January–March

Raisio Group's net sales totalled EUR 50.0 (54.7) million. The Group's net sales decreased clearly, as expected, from the comparison period. The pandemic that began at the start of 2020 and the resulting peak in panic buying, as seen in all our consumer markets, set high comparison levels when, in early 2020, demand temporarily exceeded supply within Raisio's product groups. The weakening of key currency rates against the euro had a negative impact. The Healthy Food Segment's net sales totalled EUR 34.4 (37.3) million and Healthy Ingredients Segment's net sales were EUR 22.3 (25.6) million. An exceptional comparison period for consumer products was seen in all our key markets, even though many of the markets began to show clear signs of recovery already at the end of the quarter. On the B2B front, domestic sales and export of grain-based value-added products continued to grow especially well. Raisioaqua's sales, on the other hand, were significantly lower than in early 2020. The reason for this lies in the markedly larger deliveries to Russia during the comparison period and the tough winter conditions in 2021 within key farming areas.

Raisio Group's comparable EBIT was EUR 4.7 (6.6) million, which accounted for 9.4 (12.0) per cent of net sales. EBIT was EUR 7.5 (6.6) million, which accounted for 15.0 (12.0) per cent of net sales. EBIT includes EUR 2.8 million in other operation income as a result of the sale of the company's receivable. The decreased volumes within the Healthy Food Segment also had a negative impact on profitability. Profitability in Ireland, Belgium and Poland increased in relation to the comparison period. In other markets, the development was on a downward track. Business in Poland has experienced difficulties for quite some time, but now the volumes and, as a result, profitability has made a turn towards growth. As a result of the continuing exceptional conditions, less was invested in sales and marketing campaigns than during the comparison period, and this also supported the company's profitability. Once the pandemic finally releases its hold, these investments will increase. The increased sales of grain-based value-added products for B2B business within the Healthy Ingredients Segment supported profitability, but the lower sales volumes caused by timing variations in Raisioaqua's sales and the resulting lower profitability had a counteracting negative impact. The new production facility being built in Raisio's industrial area accrued costs from the start up of production already before any actual net sales have been made. The volumes from the milling business fell slightly below those of the comparison period, but personnel costs were higher than those of the comparison period due to the increased sales of products made at the Nokia mill and the laboratory testing needed for gluten-free oats.

The conversion impact on the Group's net sales was EUR -1.0 (0.3) million. The share of the impact caused by the British pound was EUR -0.2 (0.2) million, by the Russian ruble EUR -0.5 (0.0) million and by other currencies EUR -0.3 (0.1) million.

The conversion impact on the Group's comparable EBIT and EBIT was EUR -0.1 (0.1) million. The share of the impact caused by the British pound was EUR 0.0 (0.0) million, by the Russian ruble EUR -0.1 (0.0) million and by other currencies EUR 0.0 (0.1) 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 depreciations and impairments totalled EUR 1.6 (1.6) million. The Group's net financial items were EUR 0.3 (-3.9) million. During the comparison period, the net financial items included a fair value change of EUR -3.7 million for financial assets recognised at fair value through profit or loss as a result of the realised decline in the securities market in response to the corona crisis. The Group's pre-tax result was EUR 7.8 (2.7) million. The Group's post-tax result was EUR 6.2 (2.1) million. The Group's earnings per share were EUR 0.04 (0.01) and the comparable figure was EUR 0.02 (0.01).

BALANCE SHEET, CASH FLOW AND FINANCING

At the end of March, Raisio Group's balance sheet totalled EUR 330.5 (31 December 2020: 314.6) million. Shareholders' equity was EUR 279.8 (31 December 2020: 269.5) million. Equity per share totalled EUR 1.78 (31 December 2020: 1.71) million. Changes in equity are described in detail in the Table section below.

The Group's cash flow from business operations after financial items and taxes totalled EUR 3.2 (3.9) million. The cash flow of the review period includes EUR 2.8 million in other operating income resulting from the sale of its receivable. Cash flow was weakened by reduced profits from business in addition to growth in working capital during the reporting period.

At the end of March, working capital amounted to EUR 40.3 (31 December 2020: 36.8) million.

At the end of March, the Group's interest-bearing debt was EUR 13.3 (31 December 2020: 10.2) million. For the review period, interest-bearing debts include an increase in lease liabilities of EUR 3.1 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 -80.6 (31 December 2020: -83.0) million.

At the end of March, Raisio's financial assets recognised at fair value through profit or loss, as well as cash and cash equivalents totalled EUR 93.9 (31 December 2020: 93.2) million. Cash reserves are primarily invested in low-risk, liquid investment objects.

At the end of March, the Group's equity ratio totalled EUR 84.9 (31 December 2020: 85.7) per cent and net gearing was -28.8 (31 December 2020: 30.8) per cent. The return on investments (ROIC) was 11.6 (31 December 2020: 11.7) per cent and the comparable return on investments (ROIC) was 6.3 (31 December 2020: 11.1) percent.

Key figures for the balance sheet and financing

		31.3.2021	31.3.2020	31.12.2020
Cash flow from operations	M€	3.2	3.9	34.7
Equity ratio	%	84.9	87.0	85.7
Net gearing	%	-28.8	-34.3	-30.8
Net interest-bearing debt	M€	-80.6	-92.8	-83.0
Equity per share	€	1.78	1.72	1.71
Investments	M€	6.5	5.7	28.5
Return on investment (ROIC)	%	6.3	4.4	11.1
Return on investment (ROIC)	%	11.6	4.4	11.7

INVESTMENTS

The January–March investments totalled EUR 6.5 (5.7) million, or 13.1 (10.4) per cent of net sales. The most significant share of the investments carried out during the reporting period was for the new, modern production facility being built in Raisio’s industrial area. The investment was technically completed during the first quarter of 2021, and the project has now advanced from process testing to the production phase as planned. The renewal of Raisioaqua’s production automation system was also completed during the first quarter of the year. 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.

PERSONNEL

At the end of March, Raisio Group employed 360 (338) people. In terms of personnel, the Healthy Food Segment had 133 (129), Healthy Ingredients Segment 181 (156) and Other Operations 46 (53) employees. Altogether 19 (19) per cent of the personnel were working in Raisio’s foreign operations.

RESEARCH AND DEVELOPMENT

Raisio’s research and development expenses in January–March totalled EUR 1.0 (1.1) million, or 2.0 (2.0) per cent of net sales. Raisio’s research and development expenses included an acquisition expense of EUR 0.1 (0.0) 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.

Gluten-free Elovena instant porridge options, Elovena Voimakaura 100% oat snack biscuits and Benecol soft cheeses were all launched during the first quarter.

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–March

The Healthy Food Segment's net sales totalled EUR 34.4 (37.3) million. The strong peak in demand during the comparison period was visible as expected during this review period as clearly decreased net sales that corresponded to the levels seen during the first quarter of 2019. Noteworthy positive exceptions include the increased net sales in Poland and Ireland, but for the larger export and home markets, the direction was negative in relation to the comparison period.

Altogether approximately 40 per cent of the Healthy Food Segment's net sales were generated in Northern Europe, where Raisio's well-known brands are Elovena, Benecol, Sunnuntai, Nalle and Torino. Around 45 per cent of net sales were generated from the sale of Benecol products in the Western European markets. The rest of the net sales, about 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 4.8 (5.3) million, which accounted for 14.1 (14.2) per cent of net sales. Significant cost savings accrued in terms of both marketing and sales, as well as general expenses due to, for example, practically non-existent travel as a result of travel restrictions. There was no noteworthy change in the prices of key raw materials in relation to the comparison period. 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 -1.0 (0.3) million and EUR -0.1 (0.1) million on comparable EBIT and EBIT.

Key figures for the Healthy Food Segment

		1–3/2021	1–3/2020	1–12/2020
Net sales	M€	34.4	37.3	135.3
Western Europe	M€	15.5	16.3	59.1
Northern Europe	M€	13.9	15.2	55.5
Eastern and Central Europe	M€	5.0	5.9	20.8
EBIT	M€	4.8	5.3	18.6
EBIT	%	14.1	14.2	13.7
Net assets	M€	88.9	86.7	82.4

Business operations, January–March

Western Europe

Net sales for the Western European operations amounted to EUR 15.5 (16.3) million. EBIT weakened significantly.

Net sales for the Benecol business in the UK fell clearly short of the comparison period, when the onset of the pandemic resulted in a strong peak in sales. The reduced volumes also had direct negative impacts on EBIT throughout the financial period. The sales and marketing costs decreased from the level of the comparison period, but this benefit was eaten away by unfavourable currency movements.

Consumers in the UK rapidly shifted the majority of their shopping to online sources over the past year. Benecol's online sales benefitted greatly from this phenomenon, also during the first quarter of 2021. In the UK, a total of 27% of Benecol products are already being purchased online. The shift accelerated even further during the first quarter. In terms of online business, the older age groups were significantly faster than the younger age groups at increasing their share of online purchasing. The lockdowns and restrictions in the UK have been extensive in comparison to Raisio's other key markets, but the lockdowns had begun the process of being lifted at the end of the first quarter. The conditions appear to be coming considerably brighter as we move forward as a result of both the gradual lifting of lockdown measures and the favourable Brexit agreement reached at the end of the year.

In Ireland, net sales increased significantly in relation to the comparison period, and EBIT improved significantly as well. Marketing investments from the end of 2020 onwards have been successful and Benecol products have acquired new consumers within these markets. In Belgium, net sales decreased, but EBIT improved significantly in relation to the comparison period. The ongoing pandemic has further 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 13.9 (15.2) million. EBIT weakened significantly as a result of low volumes. Despite the exceptionally high comparison figures, Raisio's brands succeeded well within the markets. During the comparison period, particularly flakes, flour products and pasta achieved significantly higher than usual sales volumes. The sales of Elovena products did not reach the level of the comparison period as result of the peak in demand during that period, but, for example, sales of Sunnuntai products remained strong and, in practical terms, achieved the volumes seen during the highly successful comparison period.

Over the past year, launched Elovena Gluten Free products grew strongly in popularity with consumers. Sales increased more than 12 per cent in relation to the comparison period. The sales of instant porridge, snack biscuits and flakes increased particularly well. Sales of Benecol products increased in Finland by more than 2 per cent, even though sales during the comparison period set the bar high. New soft cheeses were launched as part of the Benecol family during the first quarter. The renewed yogurt drinks also continued their positive growth. On the other hand, the wave of panic buying that took place during the comparison period resulted in low sale figures for Benecol spreads.

Eastern and Central Europe

Net sales for the Eastern and Central European operations declined significantly to EUR 5.0 (5.9) 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 and Ukraine. The development of the pandemic in Raisio's key export countries within Eastern and Central Europe has been similar to the conditions in other markets, which is reflected as decreased sales volumes in relation to the comparison period.

Euro-denominated net sales and EBIT in Russia decreased considerably from the figures of the comparison period. Volumes clearly decreased, but, on the other hand, net sales in local currencies held at the level of the comparison period. Profitability was reduced by increased variable costs. Most of sales in Russia come from premium-priced Nordic 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. During the first quarter, the shop coverage was expanded by around 500 shops from a new chain in connection with test launches.

In Ukraine, both net sales and profitability decreased significantly in relation to the comparison period. Ukraine has suffered from temporary distribution difficulties, which has naturally had an impact on sales and distribution coverage. During the first quarter, the volume development largely followed the trend seen in our other markets where, during the comparison period, we achieved exceptionally high sales volumes in a short period of time. In particular, development in local currencies in relation to the euro has been, during the first quarter of 2021, a negative external factor that had direct impacts on euro-denominated sales in relation to the comparison period.

Net sales in Poland grew clearly and EBIT grew significantly from the comparison period. The driving forces behind the growth included price increases, expanded distribution coverage at different shops and updated commercial terms and conditions. The downward trend in net sales that has prevailed over a long period has now been turned around. A large proportion 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 in 2020, many of these shopping centres were shut down completely. The situation began to gradually normalise during the first quarter of the current year. 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.

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–March

The Healthy Ingredients Segment's net sales totalled EUR 22.3 (25.6) million. Net sales declined due to the significantly lower sales of fish feeds in relation to the record-high comparison period, lower volumes from milling business in relation to the comparison period and the reduced volume of external grain trade. The domestic and foreign sales of grain products to bakeries and industrial and catering customers, on the other hand, grew dramatically in relation to the comparison period.

The Healthy Ingredients Segment's comparable EBIT amounted to EUR 0.7 (2.2) million, which accounted for 3.0 (8.6) 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 Healthy Ingredients Segment's EBIT was EUR 3.5 (2.2) million, which accounted for 15.5 (8.6) per cent of net sales. EBIT includes EUR 2.8 million in other operation income as a result of the sale of its receivable. The investments in the packaging line at Nokia mill and the new production facility being built in Raisio's industrial area have resulted in increased costs in relation to the comparison period. The most significant of these being the investment of approximately EUR 45 million in the new facility, which has advanced to the start-up phase for production. The start up of the facility is progressing as planned and the project has technically been completed during the first quarter. The first products will begin to reach consumers during the third quarter of the current year.

Key figures for the Healthy Ingredients Segment

		1–3/2021	1–3/2020	1–12/2020
Net sales	M€	22.3	25.6	125.6
Comparable EBIT, M€	M€	0.7	2.2	12.6
Comparable EBIT, %	%	3.0	8.6	10.0
EBIT	M€	3.5	2.2	12.6
EBIT	%	15.5	8.6	10.0
Net assets	M€	98.9	74.8	91.9

Business operations, January–March

Fish feeds

The overall sales for the first quarter of 2021 fell significantly below the level of the comparison period. Advance sales to Russia were considerably higher than usual during the comparison period as a result of the mild winter and the fact that, in response to the outbreak of the coronavirus pandemic, customers were preparing for possible disruptions to cross-border deliveries. The situation was different at the beginning of 2021: the winter was cold, which postpones preparations for the onset of the farming season and, additionally, during the last year, it became clear that the pandemic did not cause any delays or other problems for product deliveries. This affected the delivery sequencing and reduced volumes to the delivery levels typically seen during the first quarter. These factors will not affect the overall delivery figures for 2021 however, since it is simply a matter of shifting the timing of the sales. Due to low temperatures, the first and last quarter of each year are always the quietest sales periods for Raisioaqua. At the beginning of 2020, Raisioaqua delivered fish feeds to Poland as well. The price competition and less favourable currency development within this market will impede possible deliveries during the current year.

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, completed during the first quarter of 2021, further improves this capability and the digitalisation of the production technology. Additionally, Raisioaqua decided to develop its popular Growth Sonar (Kasvuluotain) technology for customers in order to create a more advanced version. As a result of the development work, fish farmer customers will gain an even better overall picture of the feeding and farming process, thereby enabling them to improve and optimise their use of raw materials. Advance orders for the new Growth Sonar 2.0 technology have already been received.

BtoB sales of grain-based products

Raisio's sales to Finnish bakeries and to industrial and catering customers increased. Sales in oat products and gluten-free oat products developed particularly well. The sales mix shifted more strongly to products with a higher degree of processing, thereby enhancing profitability. The overall sales to foodservice customers decreased from the comparison period, and this development was similar to the weakened business conditions caused by the pandemic in this sector.

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 to remain strong, exceeding the growth of the comparison period by 15 per cent. 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. Additional new export customers were gained during the first quarter despite the pandemic situation. Raisio's goal is to continue to increase the export of its oat-based added-value products also to foodservice customers.

Benecol product ingredient sales to license partners

Raisio's plant stanol ester deliveries to license partners increased from the comparison period, primarily as a result of timing of the deliveries. For the same reason, profitability was also at a higher level in relation to the comparison period. The traditional licensing model will continue to be a way of offering Benecol products in the markets where Raisio does not operate itself.

Grain procurement

Raisio's grain procurement primarily focuses on the acquisition of grain for the manufacturing of its own products. In accordance with our strategy, we are investing in the production and sales of value-added products. 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, and the same trend continued during the first quarter as well.

The global strengthening of wheat prices continues to be reflected in the domestic grain market. Additionally, the exceptional farming conditions during the summer of 2020 and the resulting reduced production of wheat also impact the domestic wheat market. In the international market, it appears that the high price of wheat will also continue throughout the new harvest season next autumn. The price development of oats has been more stable and remains at the same level as it was during the comparison period. The grain supply was normal in Finland at the start of the year.

Farming contracts for the new harvest period have been signed actively and Raisio has managed to increase its number of contracts for the new season of 2021/2022. Webinars on Raisio's contractual activities and current acquisition matters were held for contract farmers and the feedback concerning them was positive.

SHARES AND SHAREHOLDERS

The number of Raisio plc's free shares traded on NASDAQ OMX Helsinki Ltd in January-March totalled 7.6 (14.4) million. The value of trading was EUR 27.6 (46.1) million and the average price EUR 3.62 (3.19). The closing price on 31 March 2021 was EUR 3.92.

A total of 0.5 (0.7) million restricted shares were traded in January-March. The value of trading was EUR 1.9 (2.4) million and the average price EUR 3.58 (3.30). The closing price on 31 March 2021 was EUR 3.89. On 31 March 2021, the company had a total of 35,990 (31 December 2020: 36,879) registered shareholders. Foreign ownership of the entire share capital was 18.0 (31 December 2020: 17.6) per cent.

Raisio plc's market capitalisation at the end of March totalled EUR 646.4 (31 December 2020: 528.7) million and, excluding the company shares held by the company, EUR 616.3 (31 December 2020: 504.1) million.

During the review period, a total of 179,968 restricted shares were converted into free shares.

At the end of the review period, the number of issued free shares was 133,883,640 while the number of restricted shares was 31,265,390. The share capital entitled to 759,191,440 votes.

At the end of the review period, Raisio plc held 7,490,445 free shares and 212,696 restricted shares. The number of free shares held by Raisio plc accounts for 5.6 per cent of all free shares and the votes they represent, while the corresponding figure for restricted shares is 0.7 per cent. In all, these shares represent 4.7 per cent of the entire share capital and 1.6 per cent of overall votes. Other Group companies hold no Raisio plc shares.

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

Raisio plc's Research Foundation holds 150,510 restricted shares, which is 0.48 per cent of the restricted shares and the votes they represent and, correspondingly, 0.09 per cent of the entire share capital and 0.40 per cent of the votes it represents.

The Board of Directors had an authority to decide on the repurchase and/or on the acceptance as collateral of a maximum of 5,000,000 free shares and 1,250,000 restricted shares. The authorisation was valid until 13 April 2021. Furthermore, the Board of Directors had the authority to decide on share issues by disposing of a maximum of 12,500,000 free shares and a maximum of 1,460,000 restricted shares held by the company as well as by issuing a maximum of 20,000,000 new free shares. The share issue authorisation was valid until 13 April 2021. Details on both are available in the Stock Exchange Release published on 31 March 2020.

DECISIONS MADE AT THE ANNUAL GENERAL MEETING

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

As proposed by the Board of Directors, the AGM decided to pay a dividend of EUR 0.13 for each restricted and free share. The dividend was paid on 22 April 2021 to a shareholder who was entered in the shareholders' register on the record date 15 April 2021. No dividend, however, was paid on the shares that were held by the company at that time.

The number of members of the Board of Directors was confirmed to be five (in 2020: six), and Erkki Haavisto, Leena Niemistö, Ann-Christine Sundell, Pekka Tennilä and Arto Tiitinen were reappointed; all for the term commencing at the closing of the AGM. At its meeting held after the AGM, the Board of Directors elected Arto Tiitinen as its Chairman and Ann-Christine Sundell as its Vice Chairman.

The Chairman of the Board will be paid a monthly fee of EUR 5,000 and the members a monthly fee of EUR 2,500. Approximately 20 per cent of the fee will be paid with the company's own shares and approximately 80

per cent in cash. The fees are paid in two equal instalments during the term so that the first payment will be made on 15 June and the second on 15 December. In addition, the Chairman of the Board and the chairmen of the committees elected by the Board of Directors among its members will be paid a fee of EUR 800 for each meeting and the members of the Board will be paid EUR 400 for each meeting; the same fees will be also paid to the members of the Board for the meetings of committees elected by the Board of Directors among its members. Attendance fees are paid in cash. Moreover, they will receive a daily allowance for the meeting days and they will be reimbursed for travel expenses according to the Company's travel policy.

The number of members of the Supervisory Board was confirmed to be 25. Holger Falck, Mikael Holmberg, Kimmo Inovaara and Tuomas Levomäki were re-elected as the members of the Supervisory Board, and Iris Erlund, Elina Liinaharja, Wilhelm Liljeqvist and Kalle Poso were elected as new members of the Supervisory Board, all for the term commencing at the closing of the AGM.

The annual remuneration payable to the Chairman of the Supervisory Board will be EUR 12,000. The Chairman and the members of the Supervisory Board will receive a payment of EUR 350 for each meeting, in addition to which their travel expenses will be compensated and they will receive a daily allowance for the meeting days according to the Company's travel policy. The Meeting also decided to pay the Chairman of the Supervisory Board – and if he/she is unable to attend, to the Deputy Chairman - a fee of EUR 350 for each attended meeting of the Board of Directors.

Authorised public accountants Esa Kailiala and Kimmo Antonen were elected as regular auditors, and authorised public accountants Niklas Oikia and KPMG Oy Ab were elected as deputy auditors. The auditors' term began at the AGM and will end at the end of the next AGM.

The AGM authorised the Board of Directors to decide on the repurchase and/or on the acceptance as collateral of a maximum of 5,000,000 free shares and 1,250,000 restricted shares. The authorisation will be valid until the end of the following Annual General Meeting and until 30 April 2022 at the latest.

Furthermore, the AGM authorised the Board of Directors to decide on the share issues (1) by disposing of a maximum of 12,500,000 free shares and a maximum of 1,460,000 restricted shares held by the company, and (2) by issuing a maximum of 20,000,000 new free shares. The share issue authorisations will be valid until the end of the following Annual General Meeting and until 30 April 2022 at the latest.

The details of the authorisations are available in the Stock Exchange Release published on 13 April 2021.

The authorisation to repurchase own shares and to issue shares given by the 2020 AGM expired on 13 April 2021.

DIRECTED SHARE ISSUE

The Board of Directors of Raisio Plc resolved on 31 March 2021 of a directed share issue to Kavli Holding AS carried out as a part of the corporate acquisition of Verso Food Oy. In the directed share issue a total of 1,000,000 of the company's free shares held by Raisio Plc were transferred to Kavli Holding AS on 1 April 2021. The subscription price EUR 3.910 per share for the free shares was based on the trade volume weighted average exchange price of the free shares as of 31 March 2021, and was EUR 3,910,000 in total. The subscription price for the free shares was paid by transferring receivables owed by Verso Food Oy to Kavli Holding AS corresponding to the aggregate subscription price of the free shares. The resolution on the directed share issue was made pursuant to the share issue authorisation given by the Annual General Meeting on 27 April 2020.

The Board of Directors has concluded that there was a weighty financial reason to deviate from the pre-emptive right of the shareholders as the directed share issue enabled the completion of the acquisition and it was the Board of Directors' opinion that the acquisition of Verso Food Oy supported the company's strategy. Kavli Holding AS undertook to comply with a lock-up period for the free shares during which Kavli Holding AS may not sell or otherwise transfer more than 250,000 of the said shares within each three-month period during a 12-month period. The conveyed shares represented approximately 0.75 per cent of the company's free shares and approximately 0.61 per cent of all shares in the company and 0.13 per cent of the votes in the company conferred by all shares. Since the issued free shares were held by the company, the directed share issue did not affect the total amount of shares in the company, which remains as 165,149,030 shares. After the directed share issue, the company holds in total 6,490,445 free shares and 212,696 restricted shares.

SHORT-TERM RISKS AND SOURCES OF UNCERTAINTY

The risks and sources of uncertainty presented in Raisio's 2020 Financial Statements and Financial Statements Bulletin are current and up to date. The restrictions resulting from the pandemic and possible extensive sick leaves across the production and delivery chains may still 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. 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 the Stock Exchange Release published on 1 April 2021, Raisio Group announced the acquisition of the entire share capital of Verso Food Oy from Kavli Holding AS and Kavli Oy. The total enterprise value of the transaction was EUR 7 million and one million of the free shares held by Raisio plc. The share portion of the purchase was realised as a private placement, and Raisio Group published a separate Stock Exchange Release on the topic on 1 April 2021. Verso Food's net sales in 2020 totalled EUR 8 million, while EBIT was a loss of around EUR 4.5 million. Verso Food employs approximately 30 food industry professionals, who will be recognised as existing employees of the Raisio Group in connection with the corporate acquisition.

In Raisio, Finland 5 May 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

The information in this Interim Report is unaudited.

Raisio will hold a Capital Market Day on 10 June 2021, and will publish its Half-Year Report for 2021 on 4 August 2021.

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

	1–3/2021	1–3/2020	1–12/2020
Net sales	50.0	54.7	233.6
Cost of sales	-35.9	-37.4	-168.8
Gross profit	14.0	17.3	64.8
Other operating income and expenses, net	-6.5	-10.7	-35.9
EBIT	7.5	6.6	28.9
Financial income	1.6	0.2	2.0
Financial expenses	-1.3	-4.1	-1.4
Result before taxes	7.8	2.7	29.4
Income taxes	-1.6	-0.6	-6.0
Result for the period	6.2	2.1	23.4
Attributable to			
Equity holders of the parent company	6.2	2.1	23.4
Earnings per share from the profit attributable to equity holders of the parent company (€)			
Undiluted earnings per share	0.04	0.01	0.15
Diluted earnings per share	0.04	0.01	0.15

THE GROUP'S COMPREHENSIVE INCOME STATEMENT (M€)

	1–3/2021	1–3/2020	1–12/2020
Result for the period	6.2	2.1	23.4
Other comprehensive income items			
Items that will not be reclassified to profit or loss			
Change in fair value of equity investments	0.0	0.3	0.3
Tax impact	0.0	-0.1	-0.1
Items that will not be reclassified to profit or loss, total	0.0	0.2	0.2
Items that may be subsequently transferred to profit or loss			
Change in value of cash flow hedging	-0.9	1.4	0.2
Change in translation differences related to foreign companies	4.6	-4.5	-5.8
Tax impact	0.2	-0.3	0.0
Items that may be subsequently transferred to profit or loss, total	3.8	-3.4	-5.6
Comprehensive income for the period	10.0	-1.0	18.0
Components of comprehensive income			
Equity holders of the parent company	10.0	-1.0	18.0

THE GROUP'S BALANCE SHEET (M€)

ASSETS	31.3.2021	31.3.2020	31.12.2020
Non-current assets			
Intangible assets	33.5	32.3	32.0
Goodwill	48.4	46.5	45.9
Tangible assets	78.2	55.2	73.1
Equity investments	2.4	2.8	2.8
Deferred tax assets	2.5	5.3	2.3
Total non-current assets	165.1	142.1	156.1
Current assets			
Inventories	39.4	42.4	37.1
Accounts receivables and other receivables	32.1	32.7	28.0
Financial assets at fair value through profit or loss	66.7	60.7	71.8
Cash and bank receivables	27.2	34.2	21.5
Total current assets	165.5	170.0	158.5
Total assets	330.5	312.1	314.6
SHAREHOLDER'S EQUITY AND LIABILITIES	31.3.2021	31.3.2020	31.12.2020
Equity attributable to equity holders of the parent company			
Share capital	27.8	27.8	27.8
Own shares	-19.6	-19.8	-19.6
Other equity attributable to equity holders of the parent company	271.6	262.4	261.4
Equity attributable to equity holders of the parent company	279.8	270.5	269.5
Non-controlling interests	-	-	-
Total shareholder's equity	279.8	270.5	269.5
Non-current liabilities			
Deferred tax liabilities	6.2	5.2	6.3
Non-current financial liabilities	12.7	0.2	9.6
Total non-current liabilities	18.9	5.3	15.9
Current liabilities			
Provisions	-	1.1	-
Accounts payable and other liabilities	30.2	34.3	28.2
Derivative contracts	1.1	0.1	0.3
Current financial liabilities	0.6	0.8	0.6
Total current liabilities	31.8	36.3	29.1
Total liabilities	50.8	41.6	45.0
Total shareholder's equity and liabilities	330.5	312.1	314.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (M€)

	Share capital	Share premium reserve	Reserve fund	Invested unrestricted equity fund	Other reserves	Company shares	Translation differences	Retained earnings	Equity attributable to equity holders of the parent company
Shareholders' equity on 1 Jan 2021	27.8	2.9	88.6	8.0	-0.9	-19.6	-20.6	183.2	269.5
Comprehensive income for the period									
Result for the period	-	-	-	-	-	-	-	6.2	6.2
Other comprehensive income items									
Change in fair value of equity investments	-	-	-	-	0.0	-	-	-	0.0
Change in value of cash flow hedging	-	-	-	-	-0.9	-	-	-	-0.9
Change in translation differences related to foreign companies	-	-	-	-	-	-	4.6	-	4.6
Tax impact	-	-	-	-	0.2	-	-	-	0.2
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-0.8	0.0	4.6	6.2	10.0
Business activities involving shareholders									
Share-based payments	-	-	-	-	-	-	-	0.2	0.2
Total business activities involving shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Shareholders' equity on 31 March 2021	27.8	2.9	88.6	8.0	-1.6	-19.6	-16.0	189.6	279.8

	Share capital	Share premium reserve	Reserve fund	Invested unrestricted equity fund	Other reserves	Company shares	Translation differences	Retained earnings	Equity attributable to equity holders of the parent company
Shareholders' equity on 1 Jan 2020	27.8	2.9	88.6	8.0	-1.3	-19.8	-14.8	179.7	271.3
Comprehensive income for the period									
Result for the period	-	-	-	-	-	-	-	2.1	2.1
Other comprehensive income items									
Change in fair value of equity investments	-	-	-	-	0.3	-	-	-	0.3
Change in value of cash flow hedging	-	-	-	-	1.4	-	-	-	1.4
Change in translation differences related to foreign companies	-	-	-	-	-	-	-4.5	-	-4.5
Tax impact	-	-	-	-	-0.3	-	-	-	-0.3
Total comprehensive income for the period	0.0	0.0	0.0	0.0	1.4	0.0	-4.5	2.1	-1.0
Business activities involving shareholders									
Share-based payments	-	-	-	-	-	-	-	0.2	0.2
Total business activities involving shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Shareholders' equity on 31 March 2020	27.8	2.9	88.6	8.0	0.1	-19.8	-19.2	182.0	270.5

	Share capital	Share premium reserve	Reserve fund	Invested unrestricted equity fund	Other reserves	Company shares	Translation differences	Retained earnings	Equity attributable to equity holders of the parent company
Shareholders' equity on 1 Jan 2020	27.8	2.9	88.6	8.0	-1.3	-19.8	-14.8	179.7	271.3
Comprehensive income for the period									
Result for the period	-	-	-	-	-	-	-	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
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.4	0.0	-5.8	23.4	18.0
Business activities involving shareholders									
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
Total business activities involving shareholders	0.0	0.0	0.0	0.0	0.0	0.2	0.0	-19.9	-19.7
Shareholders' equity on 31 December 2020	27.8	2.9	88.6	8.0	-0.9	-19.6	-20.6	183.2	269.5

CONSOLIDATED CASH FLOW STATEMENT (M€)

	1–3/2021	1–3/2020	1–12/2020
CASH FLOW FROM BUSINESS OPERATIONS			
Result before taxes	7.8	2.7	29.4
Adjustments:			
Planned depreciations	1.5	1.6	6.2
Financial income and expenses	-0.3	3.9	-0.5
Other adjustments	0.2	0.3	-0.6
Total adjustments	1.5	5.7	5.1
Cash flow before change in working capital	9.3	8.4	34.5
Change in working capital			
Increase (-) / decrease (+) in current receivables	-3.5	-3.3	2.1
Increase (-) / decrease (+) in inventories	-2.1	-5.0	0.1
Increase (+) / decrease (-) in current interest-free liabilities	-0.1	5.7	1.6
Total change in working capital	-5.7	-2.6	3.8
Cash flow from business operations before financial items and taxes	3.5	5.8	38.3
Interest paid and payments for other financial expenses from business operations	-0.1	-0.4	-0.6
Dividends received from business operations	-	-	0.2
Interest received and other financial income from business operations	0.1	0.2	0.5
Other financial items, net	0.3	-0.1	0.3
Income taxes paid	-0.6	-1.6	-4.0
Cash flow from business operations after financial items and taxes	3.2	3.9	34.7
CASH FLOW FROM INVESTMENTS			
Investment in tangible assets	-2.8	-5.5	-18.9
Investment in intangible assets	-0.2	-0.3	-1.1
Income from intangible and tangible commodities	0.4	0.5	0.7
Net cash flow from investments	-2.7	-5.2	-19.4
Cash flow after investments	0.5	-1.3	15.3
CASH FLOW FROM FINANCIAL OPERATIONS			
Other financial items, net	1.2	-	-0.3
Payments associated with the reduction in lease liability	-0.2	-0.2	-0.8
Dividends and other profit distribution paid to shareholders of the parent company	0.0	-0.1	-20.4
Net cash flow from financial operations	1.0	-0.2	-21.6
CHANGE IN LIQUID FUNDS	1.6	-1.6	-6.2
Liquid funds at the beginning of the period	93.2	99.8	99.8
Impact of changes in exchange rates	0.2	-0.8	-0.8
Impact of changes in market value of the liquid funds	-1.1	-3.7	0.4
Liquid funds at the end of the period	93.9	93.7	93.2

NOTES TO THE INTERIM REPORT

Raisio Group

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

Accounting principles and presentation of figures

Raisio plc's Interim Financial Report for January–March 2021 has been prepared in accordance with IAS 34, Interim Financial Reporting regulations. In the preparation of the Interim Financial Report, Raisio plc has followed the same accounting principles as in the 2020 Financial Statements with the exception of the standard amendments and interpretations concerning Raisio plc that came into effect in 2021.

The standard amendments and interpretations that entered into effect on 1 January 2021 have had no material impact on EBIT of the Interim Financial Report, financial position or the presentation of the Interim Financial Report.

The Interim Financial Report is shown in EUR millions.

Management's judgement

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

Compared to the 2020 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 from the beginning of 2020. This was still reflected negatively in Raisio's operations during the first quarter of 2021, as the company's most significant export countries remained subject to strict lockdowns and restrictions on movement. Raisio Group has assessed the impacts of the COVID-19 epidemic 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 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.

Raisio Group proposes that the EUR 2.8 million for the sale of the receivable be entered as an item affecting comparability in other operating income.

Events following the review period

On 1 April 2021, Raisio Group acquired the entire share capital of Verso Food Oy from Kavli Holding AS and Kavli Oy. The enterprise value was EUR 7 million and one million of the free shares held by Raisio plc. The share portion of the purchase was realised as a private placement. Verso Food Oy will be merged with the figures of Raisio Group as of 1 April 2021.

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€)

	1–3/2021	1–3/2020	1–12/2020
Healthy Food design			
Western Europe	15.5	16.3	59.1
Northern Europe	13.9	15.2	55.5
Eastern and Central and Europe	5.0	5.9	20.8
Total Healthy Food	34.4	37.3	135.3
Healthy Ingredients	22.3	25.6	125.6
Other operations	0.4	0.4	1.5
Interdivisional net sales	-7.1	-8.6	-28.9
Total net sales	50.0	54.7	233.6

EBIT by segment (M€)

	1–3/2021	1–3/2020	1–12/2020
Healthy Food	4.8	5.3	18.6
Healthy Ingredients	3.5	2.2	12.6
Other operations	-0.8	-0.9	-2.3
Interdivisional	0.0	0.0	0.0
Total EBIT	7.5	6.6	28.9

The Healthy Ingredients EBIT includes EUR 2.8 million in other operating income resulting from the sale of the company's receivable, which has been treated as an item affecting comparability.

Net assets by segment (M€)

	1–3/2021	1–3/2020	1–12/2020
Healthy Food	88.9	86.7	82.4
Healthy Ingredients	98.9	74.8	91.9
Other operations and unallocated items	92.0	108.9	95.3
Total net assets	279.8	270.5	269.5

Investment by segment (M€)

	1–3/2021	1–3/2020	1–12/2020
Healthy Food	0.1	0.2	0.6
Healthy Ingredients	6.1	5.3	26.2
Other operations	0.3	0.2	1.7
Total investments	6.5	5.7	28.5

SALES REVENUE
Revenue by country (M€)

	1–3/2021	1–3/2020	1–12/2020
Finland	19.9	21.4	89.5
Great Britain	13.2	14.2	50.6
Other	16.8	19.2	93.5
Total net sales	50.0	54.7	233.6

Net sales by group (M€)

	1–3/2021	1–3/2020	1–12/2020
Sales of goods	49.5	54.3	231.8
Sales of services	0.3	0.3	1.1
Royalties	0.2	0.2	0.7
Total net sales	50.0	54.7	233.6

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

In the period of 1 January – 30 March 2021 and in 2020, there were no acquired businesses.

Discontinued operations and assets held for sale

In the period of 1 January – 31 March 2021 and in 2020, there were no discontinued operations and assets for sale.

TANGIBLE RIGHT-OF-USE ASSETS (M€)

	31.3.2021	31.3.2020	31.12.2020
Acquisition cost at the beginning of the period	317.9	293.8	293.8
Translation differences	0.1	-0.4	-0.4
Additions, includes additions made in accordance with the IFRS 16 standard	6.3	5.4	27.4
Decrease	-	0.0	-2.8
Acquisition cost at the end of the period	324.3	298.8	317.9
Accumulated depreciation and impairment at the beginning of the period	244.8	242.7	242.7
Translation differences	0.1	-0.3	-0.4
Decrease and transfers	-	0.0	-2.7
Depreciations and impairment for the period	1.3	1.3	5.2
Accumulated depreciation and impairment at the end of the period	246.2	243.7	244.8
Book value at the end of the period	78.2	55.2	73.1

LEASED RIGHT-OF-USE ASSETS (M€)

	31.3.2021	31.3.2020	31.12.2020
Acquisition cost at the beginning of the period	11.7	2.1	2.1
Translation differences	0.0	0.0	0.0
Increase	3.3	-	9.9
Divestment and other decreases	-	-	-0.3
Acquisition cost at the end of the period	14.9	2.0	11.7
Accumulated depreciation and impairment at the beginning of the period	-1.5	-1.0	-1.0
Translation differences	0.0	0.0	0.0
Accumulated depreciation of decrease and transfers	-	-	0.4
Depreciation for the financial period	-0.2	-0.2	-0.8
Accumulated depreciation and impairment at the end of the period	-1.7	-1.2	-1.5
Book value at the beginning of the period	10.2	1.1	1.1
Book value at the end of the period	13.2	0.9	10.2

The increases to the right-of-use assets during the review period include EUR 3.1 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€)

	31.3.2021	31.3.2020	31.12.2020
Rental income	0.2	0.2	0.6
Depreciations for right-of-use assets	-0.2	-0.2	-0.7
Costs of short-term and low-value leases	0.0	0.0	0.0
Interest expenses related to leases	0.0	0.0	0.0
Total	0.0	0.0	-0.2
Outgoing cash flow resulting from leases	0.2	0.2	0.8

LEASE LIABILITIES (M€)

	31.3.2021	31.3.2020	31.12.2020
Non-current lease liabilities	10.2	1.1	1.1
Translation difference	0.0	0.0	0.0
Increase in lease liabilities	3.3	-	9.9
Payments related to decrease of lease liabilities	-0.2	-0.2	-0.8
Total	13.3	0.9	10.2
Non-current lease liabilities at the beginning of period	9.5	0.3	0.3
Non-current lease liabilities at the end of period	12.7	0.1	9.5
Current lease liabilities at the beginning of period	0.6	0.8	0.8
Current lease liabilities at the end of period	0.6	0.8	0.6

The increases to lease liabilities during the review period include EUR 3.1 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 9,4 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€)

	31.3.2021	31.3.2020	31.12.2020
At the beginning of the period	-	1.2	1.2
Translation differences	-	0.0	-0.1
Provisions used	-	-	-1.1
At the end of the period	-	1.1	0.0

RELATED PARTY TRANSACTIONS (M€)

	31.3.2021	31.3.2020	31.12.2020
Sales to key employees in management	0.3	0.2	1.0
Purchases from key employees in management	0.3	0.2	0.9
Receivables from the key persons in the management	0.1	0.1	0.1
Payables to key management personnel	0.1	0.1	0.1

CONTINGENT LIABILITIES (M€)

	31.3.2021	31.3.2020	31.12.2020
Contingent off-balance sheet liabilities			
Other liabilities	0.3	7.0	0.7
Guarantee liabilities on the Group companies' commitments	6.1	1.2	2.2
Commitment to investment payments	0.5	27.4	5.7
Commitment to right-of-use assets	9.4	-	12.1
Contingent off-balance sheet assets			
Damages receivables based on an arbitration award	-	-	2.9

DERIVATIVE CONTRACTS (M€)

	31.3.2021	31.3.2020	31.12.2020
Nominal values of derivative contracts			
Currency forward contracts	39.2	35.7	34.5
Currency option	25.5	-	25.5

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 31.3.2021	Fair value 31.3.2021	Carrying amount 31.12.2020	Fair value 31.12.2020
Financial assets				
Equity investments*)	2.4	2.4	2.8	2.8
Accounts receivables and other receivables	30.4	30.4	26.9	26.9
Investments recorded at fair value through profit or loss*)	66.7	66.7	71.7	71.7
Liquid funds	27.2	27.2	21.5	21.5
Derivatives*)	-	-	0.1	0.1
Financial liabilities				
Other loans	0.0	0.0	0.0	0.0
Lease liabilities	13.3	13.3	10.2	10.2
Accounts payable and other liabilities	20.9	20.9	20.2	20.2
Derivatives*)	1.1	1.1	0.3	0.3

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

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

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

	1–3/2021	1–3/2020	1–12/2020
Capital gains and losses of fixed assets	-	-	-0.1
Costs of share rewards	0.3	0.2	0.6
Provisions	-	-	-1.1
Other	0.0	0.0	0.0
Total adjustments in cash flow statement	0.2	0.3	-0.6

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€)

	1–3/2021	1–3/2020	1–12/2020
Acquisitions of fixed assets in total	-6.5	-5.7	-28.5
Payments for investments of earlier financial periods (change in liabilities)	3.5	0.0	4.5
Contract on financing for investments from earlier years	-	-	3.9
Investments funded by lease commitments or other interest-bearing debt	-0.2	-0.2	-0.8
Fixed asset acquisitions funded by cash payments	-3.2	-5.9	-20.9
Capital gain and loss on fixed assets in the income statement	0.4	0.3	0.4
Balance sheet value of disposed asset	0.0	0.2	0.3
Consideration received from fixed asset divestments in the cash flow statement	0.4	0.5	0.7

Reconciliation of liabilities related to financing activities (M€)

	31.12.2020	Non cash flow influenced changes			31.3.2021
		Cash flows	IFRS 16	Changes in exchange rates	
Non-current liabilities	0.0	-	-	-	0.0
Lease liability	10.2	-0.2	3.3	0.0	13.3
Total liabilities for financing activities	10.2	-0.2	3.3	0.0	13.3

RECONCILIATIONS OF ALTERNATIVE KEY FIGURES
Items affecting comparable EBIT

		1–3/2021	1–3/2020	1–12/2020
Comparable EBIT		4.7	6.6	27.7
+ Provision concerned to the discontinued business	M€	-	-	1.1
+ Other income from the sale of the company's receivable	M€	2.8	-	-
Items affecting comparability, in total	M€	2.8	-	1.1
EBIT	M€	7.5	6.6	28.9

Items affecting comparable EBITDA

		1–3/2021	1–3/2020	1–12/2020
Comparable EBITDA		6.2	8.1	33.9
+/- Items affecting EBIT	M€	2.8	-	1.1
Items affecting comparability, in total	M€	2.8	-	1.1
EBITDA	M€	9.0	8.1	35.1
+/- Impairment	M€	-	-	0.0
+/- Depreciations	M€	-1.5	-1.6	-6.2
EBIT	M€	7.5	6.6	28.9

QUARTERLY EARNINGS (M€)

	1–3/ 2021	10–12/ 2020	7–9/ 2020	4–6/ 2020	1–3/ 2020
Net sales by segment					
Healthy Food	34.4	33.9	32.5	31.6	37.3
Healthy Ingredients	22.3	26.4	39.2	34.3	25.6
Other operations	0.4	0.5	0.3	0.3	0.4
Interdivisional net sales	-7.1	-6.9	-7.0	-6.4	-8.6
Total net sales	50.0	53.9	65.1	59.9	54.7
EBIT by segment					
Healthy Food	4.8	4.2	5.1	4.0	5.3
Healthy Ingredients	3.5	1.8	4.8	3.7	2.2
Other operations	-0.8	-0.5	-0.1	-0.8	-0.9
Total EBIT	7.5	5.5	9.8	7.0	6.6
Financial income and expenses, net	0.3	1.1	0.8	2.5	-3.9
Result before taxes	7.8	6.7	10.6	9.5	2.7
Income taxes	-1.6	-1.1	-2.2	-2.1	-0.6
Result for the period	6.2	5.6	8.4	7.4	2.1

	10–12/ 2019	7–9/ 2019	4–6/ 2019	1–3/ 2019
Net sales by segment				
Healthy Food	35.0	33.6	34.2	34.7
Healthy Ingredients	25.7	42.3	34.7	21.8
Other operations	0.5	0.3	0.3	0.4
Interdivisional net sales	-6.7	-7.0	-6.5	-7.0
Total net sales	54.5	69.2	62.7	49.9
EBIT by segment				
Healthy Food	4.1	5.6	4.5	4.0
Healthy Ingredients	1.8	5.4	3.9	1.3
Other operations	-1.6	-0.3	-1.2	-0.3
Total EBIT	4.3	10.7	7.3	5.0
Financial income and expenses, net	-0.2	0.6	0.6	0.3
Result before taxes	4.0	11.3	7.8	5.3
Income taxes	-0.1	-2.3	0.6	-1.1
Result for the period	4.0	9.0	8.4	4.1

KEY FIGURES

	31.3.2021	31.3.2020	31.12.2020
Net sales, M€	50.0	54.7	233.6
Change of net sales, %	-8.7	9.7	-1.2
Operating margin, M€	9.0	8.1	35.1
Comparable operating margin, M€	6.2	8.1	33.9
Depreciation and impairment, M€	1.5	1.6	6.2
EBIT, M€	7.5	6.6	28.9
% of net sales	15.0	12.0	12.4
Comparable EBIT, M€	4.7	6.6	27.7
% of net sales	9.4	12.0	11.9
Result before taxes, M€	7.8	2.7	29.4
% of net sales	15.6	4.9	12.6
Return on equity, %	8.7	3.1	8.7
Return on investment ROIC, %	11.6	4.4	11.7
Comparable return on investment ROIC, %	6.3	4.4	11.1
Interest-bearing financial liabilities at end of period, M€	13.3	0.9	10.2
Net interest-bearing financial liabilities at end of period, M€	-80.6	-92.8	-83.0
Working capital	40.3	40.6	36.8
Equity ratio, %	84.9	87.0	85.7
Net gearing, %	-28.8	-34.3	-30.8
Gross investments, M€	6.5	5.7	28.5
% of net sales	13.1	10.4	12.2
R & D expenses, M€	1.0	1.1	4.3
% of net sales	2.0	2.0	1.9
Average personnel	349	332	348
Earnings/share, €	0.04	0.01	0.15
Comparable earnings/share, €	0.02	0.01	0.14
Cash flow from operations, M€	3.2	3.9	34.7
Cash flow from operations/share, €	0.02	0.02	0.22
Equity/share, €	1.78	1.72	1.71
Average number of shares during the period, in 1,000s			
Free shares	126 215	126 114	126 180
Restricted shares	31 231	31 240	31 236
Total *	157 446	157 354	157 416
Average number of shares at end of period, in 1,000s			
Free shares	126 393	126 117	126 213
Restricted shares	31 053	31 237	31 233
Total *	157 446	157 354	157 446
Market capitalisation of shares at end of period, M€			
Free shares	495.5	392.2	402.6
Restricted shares	120.8	96.8	101.5
Total *	616.3	489.1	504.1 *
Share price at end of period			
Free shares	3.92	3.11	3.19
Restricted shares	3.89	3.10	3.25

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

FORMULAS FOR KEY FIGURES

Earnings per share	Result for the year of parent company shareholders
	Average number of shares for the year, adjusted for share issue
Earnings per share shows the company's earnings per one share	

Formulas for alternative key figure calculation

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

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

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

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

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

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

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

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

Equity ratio, %	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total} - \text{advances received}} \times 100$
The equity ratio is a key figure in the financial structure, which shows the share of equity of the capital tied up in the operations. The figure represents the Group's financial structure.	
Net working capital	$\text{Sales receivables and other receivables} + \text{inventories} - \text{accounts payable} - \text{other liabilities}$
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	$\text{Interest-bearing financial liabilities} - \text{liquid funds and liquid financial assets at fair value through profit or loss}$
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	$\text{Closing price, adjusted for issue} \times \text{number of shares without company shares at the end of the period}$
The figure represents the value of the Group's share capital on the stock market.	