# Interim Report
# 1 May–31 August 2019

Board of Directors, 1 November 2019

# VAPO GROUP INTERIM REPORT 1 MAY–31 AUGUST 2019

## Good strategic growth and profitability improvement

### May–August 2019 (compared with May–August 2018):

- Group turnover in May–August was EUR 134.2 million (EUR 90.8 million)
- The operating margin (EBITDA) was EUR 18.4 million (EUR 7.3 million), or 13.7% (8.1%) of turnover
- The operating loss was EUR -5.3 million (EUR -10.6 million), or -4.0% (-11.6%) of turnover, including EUR 4.3 million (EUR -0.4 million) in non-recurring items
- Free cash flow before taxes was EUR 14.7 million (EUR -26.5 million).
- Gross investments were EUR 11.2 million (EUR 10.6 million).
- Earnings per share were EUR -267 (EUR -282)
- The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) was 3.5 (3.7)
- The equity ratio was 48.8% (50.4%)
- Return on invested capital % (ROIC, previous 12 months) 5.9 (4.3)

The Group’s turnover for the first third of the financial year amounted to EUR 134.2 million (EUR 90.8 million). The good development of sales was mainly attributable to the Grow&Care division, which nearly doubled its sales compared to the previous year, primarily due to the BVB Substrates acquisition. The Energy division also improved its sales slightly year-on-year in the first reporting period of the financial year, mainly due to increased heating deliveries.

In terms of profit performance, the summer season was loss-making in the energy business, as expected. During the summer season, operations are focused on fuel production in a period when customers’ heating demand is at its lowest. The Grow&Care divisions operating result was also slightly below the comparison period due to the tighter competitive situation. The Group’s operating loss for the first third of the financial year was EUR -5.3 million (EUR -10.6 million). The comparable operating result showed a slight year-on-year improvement at EUR -9.6 million (EUR -10.2 million), and the reported operating result was improved by a significant positive recognition of revenue related to previous businesses. The operating margin also improved significantly, amounting to EUR 18.4 million (EUR 7.3 million). This includes a positive effect of EUR 2.5 million arising from the adoption of the new IFRS 16 standard effective from 1 May 2019.

The Group’s cash flow during the reporting period amounted to EUR 14.7 million (EUR -26.5 million). The positive development of cash flow was mainly due to efficiency improvement measures with regard to the turnover of fixed assets as well as the improved operating margin.

CEO Vesa Tempakka:

**The progress of the new strategy is transforming Vapo into an international biomass conglomerate – as much as 2/3 of the Group's turnover in the first third of the year came from the Grow&Care division**

Vapo's new business strategy has now been successfully implemented for 16 months. The new strategy reduces the significance of energy peat to the Group and pursues growth in the international professional growing media markets while also creating new biomass-based higher added value products for new uses.

Kekkilä-BVB, which started its operations at the beginning of 2019, is the leading European operator in the growing media market and its products are exported to more than 100 countries. This is aimed at increasingly transforming Vapo, which is known as an energy company, into a versatile international refiner of peat and other types of peatland biomass.

The Kekkilä-BVB merger is already clearly reflected in Vapo Group's figures for the first third of the financial year. Turnover was 48% higher than in the comparison period, operating margin increased by 152% and the reported operating result was EUR -5.3 million, compared to EUR -10.6 million in the corresponding period last year. The first third of the financial year is typically loss-making for Vapo due to the recognition of expenses for the production season during a time when energy and fuel sales volumes are at their lowest. The first third of the financial year is a high sales season for Kekkilä-BVB.

The first third of the financial year was strong in terms of cash flow, which increased by EUR 41.2 million year-on-year. The higher cash flow was particularly due to the improved operating margin and the measures already taken to increase the turnover of working capital.

The transformation of the Group's business is illustrated by the fact that the Grow&Care division's turnover now represented 67% of the Group's turnover, compared to 51% in the corresponding period last year. Another strategically significant event during the reporting period was the start of construction on Vapo's first activated carbon production facility in Ilomantsi in July. Production at the plant is scheduled to begin in autumn 2020.

The Group's peat production went as planned in all of the production countries. We now have reserves of high-quality peat to satisfy the demand of nearly one and a half seasons, which means that we can meet our customers' needs even under exceptional circumstances.

Vapo is transforming in accordance with our strategy but, together with our customers, we need a sufficiently long transition period as we move toward a carbon-neutral Finland. The company supports the Finnish government's energy and climate policy, according to which the use of energy peat should be halved by 2030. Vapo has set a target of halving the CO2 emissions of its own facilities by the same year. The rising price of emission rights effectively guides the use of peat in the direction targeted by the Finnish government.

Energy peat generates approximately 20% of the Group's annual turnover, but its significance is still more significant with regard to cash flow and the operating margin. The company's goal is to make the New Businesses division a significant third source of positive cash flow and operating result for the Group.

During the financial year, Vapo has continued to make significant investments in improving occupational safety in all of its operating locations in various countries.

## Developments by business segment

The reporting segments comprise the Group's divisions in accordance with Vapo's new management model. Effective from 1 May 2018, Vapo Group's reporting segments are Energy, Grow&Care, New Businesses and other activities.

## Energy

The Energy division is responsible for the energy and fuel solutions provided by Vapo Group in Finland, Sweden and Estonia. We provide energy producers with peat, wood and pellet fuels as well as the most advanced remote operation services in the industry. For our industrial and municipal customers, we produce heat and steam as a service at six power plants and approximately 150 heating plants. We supply our consumer customers with district heating in more than 35 district heating networks. We serve our pellet customers through our own sales service as well as our online store. The division's turnover for the financial year that ended in April 2019 amounted to EUR 289 million, with renewable biofuels and energy solutions representing approximately half of this total.

Turnover in the first third of the financial year (May–August) amounted to EUR 45.1 million (EUR 44.6 million). The operating loss for the reporting period was EUR -11.4 million (EUR -11.0 million) and the operating margin was EUR 5.0 million (EUR 3.3 million). The operating result includes non-recurring items in the amount of EUR 0.3 million (EUR 1.1 million). Gross investments were EUR 4.8 million (EUR 9.0 million).

During the first third of the financial year, the cooler summer compared to the corresponding period last year increased the demand for heating. Heating deliveries in showed a year-on-year increase of 14%. Deliveries of renewable biofuels increased year-on-year, but the high price of emission rights contributed to lower demand for energy peat and, overall, fuel deliveries were 9% lower than in the corresponding period last year.

Peat extraction took place in normal circumstances during the summer 2019 production season, and the production conditions did not have a significant impact on profit and loss compared to the same period in the previous year. The current fuel reserves are sufficient to ensure fuel deliveries to customers.

| Energy | 5–8/2019 | 5–8/2018 | Change | 5/2018–4/2019 |
|---|---|---|---|---|
| Turnover (EUR million) | 45.1 | 44.6 | 1.2% | 289.4 |
| Turnover (EUR million) | 5.0 | 3.3 | 52.8% | 64.3 |
| Operating profit (EUR million) | -11.4 | -11.0 | -3.1% | 33.2 |
| Investments (EUR million) | 4.8 | 9.0 | -47.0% | 27.3 |
| Number of employees | 380 | 403 | -5.7% | 369.8 |

| | | | | |
|---|---|---|---|---|
| **Energy sales, peat (GWh)** | **1261** | **1509** | **-16.4%** | **9708** |
| **Energy sales, other fuels (GWh)** | **655** | **613** | **6.9%** | **3691** |
| **Heat and steam sales (GWh)** | **261** | **229** | **14.0%** | **1639** |

## Grow&Care

The Grow&Care division's Kekkilä-BVB is Europe's leading and most versatile growing media operator in the professional grower and consumer segments. We specialise in the development, production and marketing of high-quality growing media, mulches and fertilisers for landscapers, professional growers, distributors and home gardeners. Peat is also supplied as bedding peat to horse farms, cattle farms, pig farms and poultry producers. As the world's largest producer of agricultural peat, we supply agricultural peat as a raw material for further processing around the world, and responsibility is an integral part of everything we do.

The division's well-known brands, Kekkilä Garden and Hasselfors Garden, offer products to home gardeners and landscapers in the Nordic countries and Estonia. The BVB Substrates acquisition saw the product range expand to the Central European markets under the Jardino and Veenbaas brands. In the professional growing media business, the BVB Substrates and Kekkilä Professional brands are focused not only on the home markets, but also the global markets with exports to more than 100 countries.

Turnover in the first third of the financial year (May–August) amounted to EUR 90.2 million (EUR 46.7 million). The operating profit was EUR 4.1 million (EUR 4.8 million) and the operating margin was EUR 10.7 million (EUR 8.0 million). Gross investments were EUR 2.8 million (EUR 1.0 million).

The Grow&Care division's operating profit declined compared to the first third of the previous financial year. Good peat production in the previous year has increased competition and the good availability of peat has created cost pressure in the international market. The unfavourable development of profit performance was also influenced by higher logistics costs, which could not be fully passed on to the selling prices.

| **Grow&Care** | **5–8/2019** | **5–8/2018** | **Change** | **5/2018–4/2019** |
|---|---|---|---|---|
| **Turnover (EUR million)** | **90.2** | **46.7** | **93.1%** | **179.0** |
| **Turnover (EUR million)** | **10.7** | **8.0** | **32.8%** | **22.0** |
| **Operating profit (EUR million)** | **4.1** | **4.8** | **-16.0%** | **13.0** |
| **Investments (EUR million)** | **2.8** | **1.0** | **189.1%** | **4.2** |
| **Number of employees** | **571** | **293** | **94.6%** | **380** |

## New Businesses

The New Businesses division comprises the Carbons and Ventures units. It creates new products and innovations based on the Group's raw material resources. Product development requires resources and the goal of the New Businesses division is to produce sustainable new business that will increase our shareholder value in the future. Vapo Ventures is also responsible for developing and managing the Group's shared innovation activities and managing the company's IPR assets.
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The operating loss for the period was EUR -0.8 million (EUR -0.7 million) and the operating margin was EUR -0.8 million (EUR -0.7 million). Gross investments were EUR 1.7 million (EUR 0.3 million). The investments and construction phase of the Active Carbon Ilomantsi plant are progressing according to plan and on schedule. The plant is scheduled to become operational in 2020.

| New Businesses | 5–8/2019 | 5–8/2018 | Change | 5/2018–4/2019 |
|---|---|---|---|---|
| Turnover (EUR million) | 0.0 | 0.0 | - | 0.0 |
| Turnover (EUR million) | -0.8 | -0.7 | -9.2% | -2.1 |
| Operating profit (EUR million) | -0.8 | -0.7 | -9.0% | -2.2 |
| Investments (EUR million) | 1.7 | 0.3 | 462.7% | 3.1 |
| Number of employees | 19 | 18 | 4.2% | 16 |

## Other activities

The other activities segment consists of costs that are not allocated to the Vapo Group's business units. These costs are related to the Group's administrative activities, supply chain management, M&A activities and other support functions.

The other activities segment's effect on the operating result in May–August was EUR 2.7 million (EUR -3.7 million). This was significantly affected by the recognition of non-recurring revenue of EUR 4.9 million related to terminated business operations. The item in question arose from a deed of arrangement received in relation to a hybrid bond.

| Other | 5–8/2019 | 5–8/2018 | Change | 5/2018–4/2019 |
|---|---|---|---|---|
| Turnover (EUR million) | 0.0 | 0.1 | -42.2% | 0.2 |
| Operating profit (EUR million) | 2.7 | -3.7 | 174.8% | -4.2 |
| Number of employees | 120 | 90 | 33.3% | 103 |

## Cash flow, investments and financing

The Group's free cash flow before taxes was EUR 14.7 million (EUR -26.5 million). The improved operating margin and working capital efficiency measures freed up working capital compared to the previous year. The change in working capital improved cash flow by EUR 4.1 million (EUR -25.2 million). The operating margin (EBITDA) was EUR 18.4 million (EUR 7.3 million).

Gross investments in the reporting period amounted to EUR 11.2 million (EUR 10.6 million), or 50.2 per cent (64.2%) of the amount of depreciation.

At the end of the reporting period, interest-bearing net debt stood at EUR 299.9 million (EUR 233.9 million). The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) on 31 August 2019 was 3.5 (3.7). Short-term interest-bearing debt amounted to EUR 115.0 million (EUR 15.8 million). Of the Group's long-term interest-bearing debt, 36.7 per cent is covered by a covenant related to the company's equity ratio. The terms of the covenant were met at the end of the review period.

The equity ratio at the end of August was 48.8 per cent (50.4%) and the gearing ratio was 75.7 per cent (70.8%). Both were affected by the adoption of IFRS 16 effective from 1 May 2019. The consolidated balance sheet total was EUR 824.5 million (EUR 680.8 million). The Group's net financing items were EUR -2.3 million (EUR 0.4 million). Net financing items were 1.7 per cent (0.4%) of turnover.

## Natural seasonal fluctuation in activities

The Group's energy business is cyclical due to seasonal variation in the demand for heating and peat production operations primarily taking place in the first third of the financial year. During the recently concluded first third of the financial year, the focus was on fuel production and acquisition. Extended periods of no rain are essential for successful peat production in terms of both quality and quantity. The past summer provided reasonably good conditions in the Group's production countries and we achieved the production targets set for the summer season. The temperatures in the upcoming autumn months will have a significant impact on the company's result for this shortened financial year.

The Grow&Care division's gardening business is also sensitive to seasonal fluctuations, with demand peaking in late spring but also continuing through the summer and autumn. Peat production also plays a key role in Kekkilä-BVB's operations in the first third of the financial year. The company achieved its production target during this year's production season.

## Number of employees

The Group employed an average of 1,089 (804) persons in the first third of the financial year.

Employees by segment, average

| | 5–8/2019 | 5–8/2018 | 5/2018–4/2019 |
|---|---|---|---|
| Energy | 380 | 403 | 370 |
| Grow&Care | 571 | 293 | 380 |
| New Businesses | 19 | 18 | 16 |
| Other | 120 | 90 | 103 |
| **Total** | **1,089** | **803** | **869** |

The year-on-year increase in the number of employees was mainly due to the acquisition of the Netherlands-based BVB Substrates effective from the beginning of 2019.

In accordance with the new structure, the joint codetermination committee of Vapo Group's Finnish operations met once during the reporting period. The agenda for the meeting included the Group's financial performance, the progress of the implementation of the new strategy, the HR and training plan as well as business reviews by the heads of the divisions.

## Near-term risks to businesses

The profitability of using energy peat is continuing to decline. The price of emission rights is now approximately EUR 25 per tonne of CO2. The price of emission rights and the peat tax of EUR 3 per MWh in heating production are leading to a situation where pulpwood is becoming a cheaper fuel than energy peat.

The declining demand for energy peat also affects the valuation of Vapos peat assets on the balance sheet. The value is assessed regularly by means of impairment testing and, in line with its strategy, the Group seeks to create higher value-added uses for its peat assets.

The Government Programme states: “We will establish a broad-based peat industry working group to explore how we can direct the use of peat away from incineration and increase its use in innovative, high added-value products. The working group will present means to ensure that the change occurs in a way that is fair at the regional and social levels and that does not jeopardise the security of electricity and heat in Finland.

The comprehensive reform of energy taxation is also about to begin and it will continue until spring 2020. The preparation of the budget for 2021 involves pressure to increase peat taxes. If this were to happen, the aforementioned risk of pulpwood — in addition to fuel wood — quickly replacing energy peat in energy production could materialise.

In September 2019, an international group of researchers stated that forest biomass energy should no longer be considered carbon neutral. According to the group, only forest industry waste (sawdust, bark) is carbon neutral.

**Events after the review period**

Vapo Oy’s Annual General Meeting was held in Helsinki on 5 September 2019. The AGM adopted the financial statements and consolidated financial statements for the financial year 1 May 2018–30 April 2019 and discharged the members of the Supervisory Board, the Board of Directors and the CEO from liability. The AGM resolved to distribute a dividend for the financial year ended 30 April 2019 amounting to EUR 410.00 per share, or EUR 12.3 million in total. The dividend payment date was 9 September 2019.

The AGM confirmed the number of members of the Supervisory Board as ten. Johanna Ojala-Niemelä, Heikki Miilumäki, Markku Eestilä, Hanna Halmeenpää, Lea Mäkipää, Hannu Hoskonen, Eero Kubin, Esko Kurvinen, Tommi Lunttila and Tiina Snicker were re-elected to the Supervisory Board.

The AGM confirmed the number of members of the Board of Directors as eight. Jan Lång continues as Chairman, with Markus Tykkyläinen as Vice Chairman. Tuomas Hyyryläinen, Juhani Järvelä, Risto Kantola, Kirsi Puntila and Minna Smedsten were re-elected to the Board of Directors. Maija Strandberg was elected to the Board of Directors as a new member.

The audit firm KPMG Oy Ab was elected as the auditor.

On 30 September 2019, Vapo Oy issued a senior unsecured bond in the aggregate nominal amount of EUR 100 million. The bond matures in October 2025 and it bears interest at a fixed rate of 2.125 per cent per annum. The net proceeds of the issuance will be used for growth investments, refinancing and the Group’s general financing needs.

**Outlook for the remainder of the financial year, to 31 December 2019**

Due to the upcoming change in the financial year, Vapo Group does not issue an outlook statement for this exceptionally short financial year of eight months, which will end on 31 December 2019, as previously announced.

Vantaa, 1 November 2019

Vapo Oy
Board of Directors

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## Consolidated key figures

| MEUR | 5–8/2019 | 5–8/2018 | 5/2018–4/2019 | 5/2017–4/2018 |
|---|---|---|---|---|
| Turnover | 134.2 | 90.8 | 460.8 | 419.8 |
| Operating profit (EBIT) | -5.3 | -10.6 | 33.3 | 26.3 |
| % of turnover | -4.0 | -11.6 | 7.2 | 6.3 |
| Operating profit (EBIT) before impairments | -5.3 | -10.6 | 33.5 | 27.2 |
| % of turnover | -4.0 | -11.6 | 7.3 | 6.5 |
| Profit/loss for the period | -7.9 | -8.5 | 25.2 | 17.6 |
| | | | | |
| Operating margin (EBITDA) | 18.4 | 7.3 | 74.1 | 61.1 |
| +/- Change in working capital | 4.1 | -25.2 | -45.7 | 37.6 |
| - Net investments | -7.8 | -8.6 | -50.7 | -25.0 |
| Free cash flow before taxes | 14.7 | -26.5 | -22.3 | 73.6 |
| Gross investments | 11.2 | 10.6 | 62.7 | 31.3 |
| Return on invested capital % * | 5.9 | 4.3 | 5.4 | 4.3 |
| Return on invested capital % before impairments * | 5.9 | 4.4 | 5.4 | 4.4 |
| Return on equity % * | 6.9 | 5.6 | 7.0 | 5.2 |
| | | | | |
| Balance sheet total | 824.6 | 680.8 | 805.8 | 697.5 |
| Shareholders’ equity | 396.0 | 330.3 | 404.0 | 347.9 |
| Interest-bearing net debt | 299.9 | 233.9 | 265.6 | 206.2 |
| Equity ratio % | 48.8 | 50.4 | 51.3 | 51.2 |
| Interest-bearing net debt/operating margin | 3.5 | 3.7 | 3.6 | 3.4 |
| Gearing % | 75.7 | 70.8 | 65.8 | 59.3 |
| | | | | |
| Average number of employees | 1,089 | 803 | 869 | 758 |

*) Previous 12 months
**) In calculating the equity ratio, the capital loan on the balance sheet was calculated as shareholders’ equity

## Interim Report Tables

Complying with IFRS standards in the preparation of an Interim Report requires Group management to make estimates and assumptions. These estimates and assumptions have a bearing on the value of balance sheet items, the disclosure of contingent assets and liabilities, and the amounts of reported revenues and expenses. Although the estimates are accurate to the best of management's knowledge, actual results may differ from the estimates. The estimates used in this Interim Report are the same as those used in the financial statements for the financial year 1 May 2018–30 April 2019.

## IFRS 16 Leases

The new IFRS 16 Leases standard has been applied effective from 1 May 2019. Following the adoption of the new standard, the majority of Vapo Group's leases are recognised on the balance sheet. The adoption of IFRS 16 has led to an increase in Vapo's assets and liabilities. The right-of-use assets recognised under assets on the balance sheet include land, real estate, machinery and equipment. The increased liabilities on the balance sheet do not, however, affect the calculation of financial covenants, as they are subject to the IFRS standards that were in effect previously. Following the entry into effect of IFRS 16, other operating expenses no longer include lease expenses. Instead, depreciation and interest expenses are recognised on the income statement, which has led to changes in key figures such as the operating margin (EBITDA).

The adoption of the new standard also influences the presentation of the cash flow statement. Paid lease expenses have been moved from the net operating cash flow to net financing cash flow, where the payments are presented as repayments of lease liabilities. The reduction of principal is recognised in cash flow from financing activities, while interest is treated in the same way as other interest. The new standard does not affect the bottom line of the cash flow statement, only where the payments related to lease expenses are presented in the cash flow statement. The comparison figures have not been adjusted.

Vapo has applied the simplified approach in the adoption of IFRS 16 (adapted retrospective approach), according to which the comparison figures are not adjusted.

Under IFRS 16, lease liabilities are measured by discounting future lease payments. Vapo measures lease liabilities at present value, taking into account the future lease payments for the lease term. The lease payments are based on leases and the payment plans of contracts. Non-lease components, such as maintenance charges and other variable components, have been separated from the lease liability and recognised as expenses. The management estimates leases with an indefinite validity and the potential options to extend lease terms based on the available information: for example, the date of termination of a lease with indefinite validity is estimated to be the date on which the lease is most likely to be terminated, and the extension options on leases have been taken into account in determining the lease liability if the extension option is likely to be exercised. Right-of-use assets are initially measured at the same amount as the lease liability and adjusted if contractual lease payments are made in advance or if the agreement involves direct initial expenses.

Right-of-use assets are tested for impairment (IAS 36) if there are indications of impairment. Lease payments are discounted by using the internal rate of interest of the lease agreement, if available, or otherwise by applying the lessee's incremental borrowing rate. The interest rate consists of the reference rate and the credit risk margin on incremental borrowing. The incremental borrowing rate is influenced by factors such as the duration of the agreement as well as any currency or country risk premiums.
After the lease term has commenced, the lease liability is amortised by the paid lease payments; the lease is divided between amortisation and interest and the liability is regularly re-evaluated to ensure that the lease liability reflects the future payments. After the lease term has commenced, depreciation and, potentially, write-downs are recognised on right-of-use assets.

Vapo applies the existing exemptions, such as the exemption that leases that have a term of less than 12 months, leases for which the underlying asset is of low value and contracts concerning intangible assets are not recognised on the balance sheet. Short-term leases, leases for which the underlying asset is of low value and variable lease payments that are not included in lease liabilities are presented, as in previous years, on the income statement under other operating expenses.

| **MEUR** | **30 April 2019** | **IFRS 16 adjustment** | **1 May 2019** |
|---|---|---|---|
| Intangible assets & goodwill | 63.9 | | 63.9 |
| Tangible assets | 432.7 | 44.6 | 477.3 |
| Investments and long-term receivables | 47.6 | | 47.6 |
| **LONG-TERM ASSETS** | 544.2 | 44.6 | 588.8 |
| | | | |
| Inventories | 146.0 | | 146.0 |
| Short-term receivables and cash and cash equivalents | 115.6 | | 115.6 |
| **CURRENT ASSETS** | 261.6 | 0.0 | 261.6 |
| | | | |
| **ASSETS TOTAL** | **805.8** | **44.6** | **850.4** |
| | | | |
| **SHAREHOLDERS' EQUITY** | 404.0 | | 404.0 |
| | | | |
| Long-term interest-bearing liabilities | 198.8 | 38.4 | 237.2 |
| Long-term non-interest-bearing liabilities | 31.9 | | 31.9 |
| **LONG-TERM LIABILITIES** | 230.7 | 38.4 | 269.1 |
| | | | |
| Current interest-bearing liabilities | 78.2 | 6.2 | 84.4 |
| Current non-interest-bearing liabilities | 92.9 | | 92.9 |
| **CURRENT LIABILITIES** | 171.1 | 6.2 | 177.3 |
| | | | |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | **805.8** | **44.6** | **850.4** |

The information presented in this Interim Report is unaudited.

# Consolidated statement of

| MEUR | 5–8/2019 | 5–8/2018 | Change % | 5/2018–4/2019 |
|---|---|---|---|---|
| **TURNOVER** | 134.2 | 90.8 | 47.8% | 460.8 |
| Other operating income | 7.9 | 3.2 | 141.8% | 7.5 |
| Share of associates' results | -1.3 | -1.4 | -0.9% | 0.9 |
| Operating expenses | -123.7 | -86.7 | 42.6% | -394.2 |
| Depreciation | -22.3 | -16.5 | 35.2% | -41.5 |
| Impairment | 0 | 0 | | -0.2 |
| **OPERATING PROFIT** | -5.3 | -10.6 | 49.3% | 33.3 |
| Financial income | 0.1 | 3.1 | -95.7% | 4.2 |
| Financial expenses | -2.4 | -2.8 | -13.6% | -7.1 |
| **PROFIT/LOSS BEFORE TAXES** | -7.6 | -10.2 | 25.4% | 30.5 |
| Income taxes | -0.3 | 1.7 | -119.6% | -5.3 |
| **PROFIT/LOSS FOR THE PERIOD** | -7.9 | -8.5 | 6.1% | 25.2 |
| | | | | |
| **OTHER COMPREHENSIVE INCOME ITEMS:** | | | | |
| Translation differences from foreign units | -0.4 | -0.2 | | 0.6 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | -8.3 | -8.6 | | 25.8 |
| | | | | |
| **Distribution of profit for the period:** | | | | |
| To parent company shareholders | -8.0 | -8.5 | | 25.2 |
| To non-controlling shareholders | 0.1 | 0 | | -0.1 |
| | -7.9 | -8.5 | | 25.2 |
| | | | | |
| **Distribution of comprehensive income for the period:** | | | | |
| To parent company shareholders | -8.3 | -8.6 | | 25.9 |
| To non-controlling shareholders | 0 | 0 | | -0.1 |
| | -8.3 | -8.6 | | 25.8 |
| | | | | |
| Earnings per share calculated from profits due to parent company shareholders | | | | |
| | | | | |
| Earnings/share, EUR | -267 | -282 | | 840 |
| | | | | |
| Average number of shares | 30000 | 30000 | | 30000 |

# Consolidated balance sheet

| MEUR | 31 August 2019 | 31 August 2018 | 30 April 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **LONG-TERM ASSETS** | | | |
| Intangible assets | 78.5 | 12.6 | 37.3 |
| Goodwill | 26.5 | 5.3 | 26.6 |
| Land and water areas | 35.8 | 40.2 | 37.1 |
| Buildings and structures | 38.2 | 35.9 | 39.5 |
| Machinery and equipment | 133.5 | 120.6 | 135.1 |
| Other tangible assets | 210.8 | 217.6 | 221.0 |
| Investments in progress | 24.1 | 30.3 | 23.6 |
| Investments | 21.1 | 16.7 | 20.8 |
| Long-term receivables | 3.1 | 3.2 | 3.2 |
| Deferred tax asset | 0 | 2.3 | 0 |
| **LONG-TERM ASSETS** | 571.6 | 484.7 | 544.2 |
| **CURRENT ASSETS** | | | |
| Inventories | 183.1 | 137.7 | 146.0 |
| Sales and other receivables | 65.0 | 50.2 | 107.6 |
| Cash on hand and in the bank | 4.9 | 8.3 | 8.0 |
| **CURRENT ASSETS** | 253.0 | 196.1 | 261.6 |
| **ASSETS** | 824.5 | 680.8 | 805.8 |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | |
| **SHAREHOLDERS' EQUITY** | | | |
| **Parent company shareholders' share of shareholders' equity** | 358.2 | 329.9 | 366.2 |
| **Non-controlling shareholders** | 37.8 | 0.4 | 37.7 |
| **SHAREHOLDERS' EQUITY** | 396.0 | 330.3 | 404.0 |
| **LONG-TERM LIABILITIES** | | | |
| Deferred tax liability | 11.5 | 16.2 | 11.7 |
| Long-term interest-bearing liabilities | 193.3 | 229.7 | 198.8 |
| Long-term non-interest-bearing liabilities | 8.4 | 6.5 | 7.9 |
| Long-term provisions | 7.4 | 8.1 | 7.5 |
| Pension liabilities | 4.8 | 4.9 | 4.8 |
| **LONG-TERM LIABILITIES** | 225.3 | 265.4 | 230.7 |
| **CURRENT LIABILITIES** | | | |
| Current interest-bearing liabilities | 115.0 | 15.8 | 78.2 |
| Current non-interest-bearing liabilities | 88.2 | 69.2 | 92.9 |
| **CURRENT LIABILITIES** | 203.2 | 85.1 | 171.1 |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | 824.6 | 680.8 | 805.8 |

## Statement of change in Group shareholders' equity

| MEUR | Share capital | Other funds | Translation differences | Retained earnings | Hybrid bond | Total | Non-controlling shareholders | Total |
|---|---|---|---|---|---|---|---|---|
| **SHAREHOLDERS' EQUITY 1 MAY** | 50.5 | 30.5 | -4.5 | 239.8 | 50.0 | 366.3 | 37.7 | 404.0 |
| **Changes in shareholders' equity** | | | | | | | | |
| Dividend distribution | | | | | | | | |
| Transfers between items | | | | | | | | |
| Total comprehensive income for the | | | -0.6 | -7.7 | | -8.4 | 0.1 | -8.3 |
| Other changes | | | | 0.3 | | 0.3 | | 0.3 |
| **SHAREHOLDERS' EQUITY 31** | **50.5** | **30.5** | **-5.1** | **232.4** | **50.0** | **358.2** | **37.8** | **396.0** |

| MEUR | Share capital | Other funds | Translation differences | Retained earnings | Hybrid bond | Total | Non-controlling shareholders | Total |
|---|---|---|---|---|---|---|---|---|
| **SHAREHOLDERS' EQUITY 1 MAY** | 50.5 | 30.5 | -5.1 | 221.6 | 50.0 | 347.5 | 0.4 | 347.9 |
| **Changes in shareholders' equity** | | | | | | | | |
| Dividend distribution | | | | -9.0 | | -9.0 | | -9.0 |
| Transfers between items | | | | | | | | |
| Total comprehensive income for the | | | -0.4 | -8.5 | | -8.9 | 0 | -8.9 |
| Other changes | | | | | | | | |
| **SHAREHOLDERS' EQUITY 31 AUG.** | **50.5** | **30.5** | **-5.5** | **204.2** | **50.0** | **329.6** | **0.4** | **330.0** |

**Condensed consolidated cash flow statement**

| MEUR | 5–8/2019 | 5–8/2018 | 5/2018–4/2019 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit/loss for the period | -7.9 | -8.5 | 25.2 |
| Adjustments to the result for the period | 20.5 | 13.7 | 46.4 |
| Change in working capital | 3.5 | -25.2 | -43.4 |
| **Cash flow from operating activities before financial** | **16.1** | **-20.0** | **28.1** |
| Interest received from operating activities | 0 | 0.1 | 0.1 |
| Interest paid from operating activities | -3.5 | -1.7 | -5.9 |
| Other financial items from operating activities | 1.2 | 0.9 | 0.1 |
| Taxes paid on operating activities | -1.7 | -2.5 | -6.2 |
| **Cash flow from operating activities** | **12.2** | **-23.2** | **16.2** |
| | | | |
| **Cash flow from investing activities** | | | |
| Investments in tangible and intangible assets | -11.4 | -10.5 | -37.8 |
| Proceeds from disposal of tangible and intangible assets | 4.3 | 3.7 | 14.5 |
| Acquisition of subsidiaries, net of cash | 0 | 0 | -21.4 |
| Associates' shares bought | -1.7 | 0 | -1.8 |
| Other investments | 0 | 0.1 | 0.1 |
| Changes in loans receivable | 0 | 0 | -0.1 |
| Dividends received | 0 | 2.4 | 2.4 |
| **Cash flow from investing activities** | **-8.8** | **-4.2** | **-44.0** |
| | | | |
| **Cash flow before financing** | **3.3** | **-27.5** | **-27.8** |
| | | | |
| **Cash flow from financing activities** | | | |
| Change in long-term loans and other financing items | -6.4 | 2.8 | 15.0 |
| Dividends paid | 0 | 0 | -9.0 |
| Interest paid/hybrid bond | 0 | 0 | -3.3 |
| **Cash flow from financing activities** | **-6.4** | **2.8** | **2.7** |
| | | | |
| **Change in cash and cash equivalents** | **-3.0** | **-24.7** | **-25.1** |
| | | | |
| Cash and cash equivalents opening balance | 8.0 | 33.4 | 33.4 |
| Change in cash and cash equivalents | -3.0 | -24.7 | -25.1 |
| Effect of changes in exchange rates | 0 | -0.4 | -0.4 |
| Cash and cash equivalents at end of period | 4.9 | 8.3 | 7.9 |

**SEGMENT INFORMATION 5/2019–8/2019**

| MEUR | Energy | Grow&Care | New Businesses | Other | Eliminations | Group total |
|---|---|---|---|---|---|---|
| External turnover | 44.2 | 90.0 | | 0 | 0 | 134.2 |
| Internal turnover | 1.0 | 0.3 | | 0 | -1.3 | |
| **Turnover** | **45.1** | **90.2** | | **0** | **-1.3** | **134.2** |
| Segment operating profit/loss | -11.4 | 4.1 | -0.8 | 2.7 | 0 | -5.4 |
| Financial income and expenses | | | | -3.0 | | -3.0 |
| Appropriations and income taxes | | | | -0.3 | | -0.3 |
| **Result for the period** | **-11.4** | **4.1** | **-0.8** | **-0.6** | **0** | **-8.6** |
| Segment assets | 533.1 | 247.8 | 7.8 | 149.3 | -153.2 | 784.9 |
| Shares in associates | 19.7 | 0.4 | | | | 20.1 |
| Unallocated assets | | | | 50.2 | -30.6 | 19.6 |
| **Assets total** | **552.8** | **248.2** | **7.8** | **199.5** | **-183.7** | **824.6** |
| Segment debt | 59.1 | 18.0 | 2.2 | 1.9 | -1.1 | 80.2 |
| Unallocated debt | | | | 390.4 | -41.9 | 348.5 |
| **Debt total** | **59.1** | **18.0** | **2.2** | **392.3** | **-43.0** | **428.7** |
| Investments | 4.8 | 2.8 | 1.7 | 2.0 | 0 | 11.2 |
| Depreciation | 15.0 | 6.6 | 0 | 0.7 | | 22.3 |

**SEGMENT INFORMATION 5/2018–8/2018**

| MEUR | Energy | Grow&Care | New Businesses | Other | Eliminations | Group total |
|---|---|---|---|---|---|---|
| External turnover | 44.0 | 46.7 | | 0.1 | 0 | 90.8 |
| Internal turnover | 0.6 | 0 | | 0 | -0.6 | |
| **Turnover** | **44.6** | **46.7** | | **0.1** | **-0.6** | **90.8** |
| Segment operating profit/loss | -11.0 | 4.8 | -0.7 | -3.7 | | -10.6 |
| Financial income and expenses | | | | 0.4 | | 0.4 |
| Appropriations and income taxes | | | | 1.7 | | 1.7 |
| **Result for the period** | **-11.0** | **4.8** | **-0.7** | **-1.5** | **0** | **-8.4** |
| Segment assets | 504.5 | 132.9 | 3.3 | 126.6 | -126.6 | 640.7 |
| Shares in associates | 15.6 | 0.4 | | | 0 | 16.0 |
| Unallocated assets | | | | 81.3 | -58.4 | 23.0 |
| **Assets total** | **520.1** | **133.3** | **3.3** | **207.9** | **-185.0** | **679.6** |
| Segment debt | 47.2 | 11.2 | 0 | 1.9 | -0.8 | 59.4 |
| Unallocated debt | | | | 386.5 | -95.4 | 291.1 |
| **Debt total** | **47.2** | **11.2** | **0** | **388.3** | **-96.2** | **350.5** |
| Investments | 9.0 | 1.0 | 0.3 | 0.4 | | 10.6 |
| Depreciation | 13.0 | 3.2 | 0 | 0.4 | | 16.5 |

**SEGMENT INFORMATION 5/2018–4/2019**

| MEUR | Energy | Grow&Care | New Businesses | Other | Eliminations | Group total |
|---|---|---|---|---|---|---|
| External turnover | 281.7 | 178.9 | | 0.2 | 0 | 460.8 |
| Internal turnover | 7.6 | 0.1 | | 0 | -7.8 | |
| **Turnover** | **289.4** | **179.0** | | **0.2** | **-7.8** | **460.8** |
| Segment operating profit/loss | 33.2 | 13.0 | -2.2 | -4.2 | -6.5 | 33.3 |
| Financial income and expenses | | | | | -2.8 | -2.8 |
| Appropriations and income taxes | | | | | -5.3 | -5.3 |
| **Result for the period** | **33.2** | **13.0** | **-2.2** | **-4.2** | **-14.7** | **25.1** |
| Segment assets | 526.8 | 257.4 | 6.1 | 142.3 | -164.6 | 768.1 |
| Shares in associates | 19.4 | 0.4 | | | 0 | 19.8 |
| Unallocated assets | | | | 47.9 | -30.0 | 17.9 |
| **Assets total** | **546.2** | **257.8** | **6.1** | **190.2** | **-194.6** | **805.8** |
| Segment debt | 41.0 | 28.7 | 1.7 | 2.2 | -1.4 | 72.2 |
| Unallocated debt | | | | 371.1 | -41.7 | 329.4 |
| **Debt total** | **41.0** | **28.7** | **1.7** | **373.3** | **-43.0** | **401.6** |
| Investments | 27.3 | 4.2 | 3.1 | 26.8 | 0.6 | 62.0 |
| Depreciation | 31.7 | 8.9 | 0 | 0.6 | | 41.2 |

| COLLATERAL, CONTINGENT COMMITMENTS AND OTHER LIABILITIES | 31 August 2019 | 31 August 2018 | 30 April 2019 |
|---|---|---|---|
| **EUR THOUSAND** | | | |
| **Collateral** | | | |
| As collateral for own debt | | | |
| Liabilities for own commitments | | | |
| Mortgages | | | |
| Guarantees | 15015 | 20613 | 14438 |
| Total | 15015 | 20613 | 14438 |

**Guarantees given on behalf of others**

**Contingent commitments on behalf of associates**

| DERIVATIVE CONTRACTS | 31 August 2019 | 31 August 2018 | 30 April 2019 |
|---|---|---|---|
| **EUR THOUSAND** | **Nominal value** | **Nominal value** | **Nominal value** |
| | Fair value | Fair value | Fair value |
| Interest rate derivatives | 10000 | 40000 | 10000 |
| | -10 | -331 | -35 |
| Currency derivatives | 80428 | 76890 | 89934 |
| | 358 | -423 | 429 |
| Commodity derivatives | 7146 | 8375 | 7090 |
| | 3323 | 2735 | 3264 |
| Nominal value, total | 97574 | 125265 | 107024 |
| Fair value, total | 3671 | 1981 | 3658 |