



**Interim Report
1 January–31 August 2020**

Vapo Group Interim Report 1 January–31 August 2020

The second third of the year in brief:

May–August 2020:

- Group turnover in May–August 2020 was EUR 146.9 million (EUR 134.2 million)
- The operating margin (EBITDA) was EUR 14.0 million (EUR 18.4 million), or 9.5% (13.7%) of turnover
- The operating result (EBIT) was EUR -5.5 million (EUR -5.3 million), or -3.8% (-4.0%) of turnover, including EUR -0.4 million (EUR 4.3 million) in non-recurring items
- Earnings per share were EUR -387 (EUR -267)
- Free cash flow before taxes was EUR 25.2 million (EUR 14.7 million).
- Gross investments totalled EUR 22.6 million (EUR 11.2 million), with the most significant individual investment being made in the Ilomantsi activated carbon production facility

January–August 2020:

- Group turnover in January–August 2020 was EUR 382.8 million (EUR 370.1 million)
- The operating margin (EBITDA) was EUR 58.1 million (EUR 60.3 million), or 15.2% (16.3%) of turnover
- The operating result (EBIT) was EUR 26.2 million (EUR 23.8 million), or 6.8% (6.4%) of turnover, including EUR -3.0 million (EUR 5.8 million) in non-recurring items
- Earnings per share were EUR 310 (EUR 387)
- Return on invested capital (ROIC) was -1.3% (5.9%)
- Free cash flow before taxes was EUR 54.9 million (EUR 10.8 million).
- Gross investments were EUR 43.4 million (EUR 48.2 million)
- The equity ratio on 31 August 2020 was 41.8% (48.8%)
- The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) on 31 August 2020 was 3.9 (3.5)

CEO Vesa Tempakka:

“Kekkilä-BVB’s strong sales compensated for the significant decline in fuel sales”

“January–August was an exceptionally mixed period for Vapo Group. The sales of energy peat declined very sharply, but the strong growth in the sales of Kekkilä-BVB’s consumer products – accelerated by the COVID-19 pandemic – compensated for the drop in fuel sales.

Overall, the Grow&Care division performed very well in January–August. The professional grower segment initially suffered from the COVID-19 pandemic to some extent, mainly due to global logistics challenges and a temporary halt in the demand for cut flowers, for example. On the consumer side, however, the demand for gardening products grew thanks to the early spring and, in particular, people spending more time at home during the pandemic. Consumers’ spending on making their homes more pleasant and attractive was reflected in an exceptional uptick in demand in all markets.

The demand for unrefined raw material for growing media was also higher than in the comparison period.

The sales of energy peat declined by nearly 20 per cent year-on-year. The warm weather reduced the demand for wood fuels and the decreased price of natural gas reduced the demand for pellets. While the warm weather also had an unfavourable impact on Nevel's sales, its profitability improved year-on-year thanks to efficiency improvement measures.

In the New Businesses division, COVID-19 has delayed the construction of the activated carbon production facility and the pandemic-related travel restrictions created difficulties in international product development and testing activities.

Vapo has previously estimated that the use of energy peat will be halved in Finland by 2025, but it now seems that the change is happening even faster. Feedback received from customers indicates that the use of energy peat will decline at a substantially faster rate by 2025. In light of this development, the decision made in the Finnish Government's budget proposal negotiations to nearly double the energy taxes on peat effective from 1 January 2021 will directly and indirectly complicate Vapo's business environment to a very significant degree.

The controlled reduction of the use of energy peat appears to have changed to an uncontrolled decline, which will unfortunately be manifested in growing challenges in the subcontractor network. For Vapo Group, this rapid change is very challenging with regard to the sustainability of the Group's cash flow and balance sheet in circumstances where the goal is to achieve a controlled reduction in the dependence on energy peat while simultaneously investing in higher added-value products made from peat."

Good sales development driven by growing media and fair profitability in a challenging operating environment

The Group's turnover in the second third of the financial year (May–August 2020) amounted to EUR 146.9 million (EUR 134.2 million). The positive development of sales was mainly attributable to the Grow&Care division, which achieved significant growth in sales to retail channels in particular.

In terms of profit performance, the second third of the year was good in our Grow&Care business but weak in our Energy business due to the low demand for heating. Growth in gardening saw the Grow&Care division's operating margin improve substantially year-on-year. In the Energy division, only Nevel improved its profitability compared to the previous year. In the Energy division's fuel business, however, the operating margin was weakened by a significant decline in demand and the corresponding adjustments made to production.

The Group's reported operating margin decreased year-on-year and amounted to EUR 14.0 million (EUR 18.4 million). The comparable operating margin improved slightly and was EUR 14.4 million (EUR 14.1 million). Non-recurring items during the reporting period totalled EUR -0.4 million (EUR 4.3 million). The most significant item in the comparison period was a non-recurring income item of EUR 5.0 million related to the recognition of profit from previously discontinued businesses.

The Group's reported operating result for the second third of the financial year (May–August) was EUR -5.5 million (EUR -5.3 million). The comparable operating result showed a substantial year-on-year improvement at EUR -5.1 million (EUR -9.6 million).

The Group's cash flow during the reporting period amounted to EUR 25.2 million (EUR 14.7 million). The positive development of cash flow was mainly attributable to the successful sales of land as well as the improvement of working capital efficiency through a supplier financing program and receivables factoring.

The Group's turnover for the first two thirds of the financial year (January–August 2020) amounted to EUR 382.8 million (EUR 370.1 million). The turnover growth was attributable to the Grow&Care division. At the same time, the Energy division's sales during the first two reporting periods of the financial year were substantially weaker than in the comparison period, mainly due to the lower demand for heating and the declining demand for energy peat.

The Group's reported operating margin decreased year-on-year and amounted to EUR 58.1 million (EUR 60.3 million). The comparable operating margin improved and was EUR 58.4 million (EUR 54.5 million). Non-recurring items during the reporting period totalled EUR -0.3 million (EUR 5.8 million).

The Group's reported operating result for the first two thirds of the financial year (January–August) amounted to EUR 26.2 million (EUR 23.8 million). The comparable operating result showed a substantial year-on-year improvement at EUR 26.5 million (EUR 18.0 million).

The Group's free cash flow during the reporting period improved significantly from the comparison period and amounted to EUR 54.9 million (EUR 10.8 million). The positive development of cash flow was attributable to the improvement of working capital efficiency through a supplier financing programme and factoring as well as successful sales of land.

Developments by business segment

The reporting segments comprise the Group's divisions in accordance with Vapo's management model. 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 130 heating plants. We supply our consumer customers with district heating in about 40 district heating networks. We serve our pellet customers through our own sales service as well as our online store. Approximately half of the division's turnover comes from renewable biofuels and energy solutions. Vapo's heat and power business began operating under the Nevel brand in the autumn of 2019. Effective from 1 January 2020, the division's two separate business units are Nevel and Fuels.

Turnover in the second third of the financial year (May–August) was EUR 41.1 million (EUR 45.1 million). The operating margin for the reporting period was EUR 3.6 million (EUR 5.0 million) and the operating result was EUR -8.4 million (EUR -11.4 million), while gross investments totalled EUR 9.9 million (EUR 4.8 million).

The cumulative turnover for the financial year to date (January–August) was EUR 161.8 million (EUR 187.2 million). The operating result for the reporting period was EUR 13.0 million (EUR 15.6 million).

Profitability during the second third of the financial year was negatively affected by the year-on-year reduction in the demand for heating, the significant decline in demand in the Fuels business and production adjustments. The decline in the demand for energy peat continued, with sales being nearly 20 per cent lower than in the comparison period. The warm weather and lower price of natural gas reduced the demand for wood chips and pellets. The year-on-year decrease in total fuel deliveries was approximately 20 per cent in the second third of the year and 16 per cent in January–August.

In June, Vapo began to map out strategic options for the heat and power businesses incorporated as Nevel Oy. Nevel Group's business was in line with expectations. While heating deliveries decreased by about 3 per cent year-on-year, efficiency improvement measures led to an improvement in profitability compared to the previous year.

Energy	5–8/2020	5–8/2019	Change	1–8/2020	1–8/2019	Change	1/2019–12/2019
Turnover (EUR million)	41.1	45.1	-8.9%	161.8	187.2	-13.6%	291.3
Operating margin (EUR million)	3.6	5.0	-27.9%	31.6	41.0	-23.0%	22.3
Operating profit (EUR million)	-8.4	-11.4	26.2%	13.0	15.6	-16.4%	-11.6
Investments (EUR million)	9.9	4.8	106.0%	13.0	11.0	18.5%	56.8
Number of employees	386	380	1.4%	375	370	1.3%	365
Energy sales, peat (GWh)	1,020	1,261	-19.1%	4,916	5,981	-17.8%	9,140
Energy sales, other fuels (GWh)	523	655	-20.1%	2,174	2,472	-12.0%	3,691
Heat and steam sales (GWh)	362	371	-2.5%	976	1,031	-5.3%	1,419

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 sustainability is an integral part of our operations.

The division's well-known brands, Kekkilä Garden and Hasselfors Garden, offer products to home gardeners and landscapers in the Nordic countries and Estonia. In Central European markets, we supply private label products as well as products under the brands Jardino and Veenbaas. 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.

The Grow&Care division's operating profit improved significantly compared to the second third of the previous financial year. The weather conditions in the spring and summer supported the consumer and landscaping businesses, and the COVID-19 pandemic changed consumer demand favourably for our business. As consumers have spent more time at home, they have increased their spending on making their home pleasant and attractive by buying gardening products. The demand for peat sold as raw material was also higher than in the comparison period. The negative impacts of COVID-19 were the largest in the professional grower segment but, so far, the losses have been less dramatic than we anticipated. However, the second wave of the pandemic is estimated to increase the risk level during the remainder of the year.

Turnover in the second third of the financial year (May–August) was EUR 107.3 million (EUR 90.0 million). Sales growth was 19 %. The operating result was EUR 7.7 million (EUR 4.2 million) and the operating margin was EUR 14.5 million (EUR 10.8 million). The growth rates were 35 % and 84 % respectively. Gross investments were EUR 6.3 million (EUR 2.8 million). The year-on-year increase was 128 %.

The cumulative turnover for the financial year to date (January–August) was EUR 222.8 million (EUR 190.2 million). The operating result was EUR 20.0 million (EUR 11.8 million). The division's gross investments were EUR 14.6 million (EUR 5.5 million)

Grow&Care	5–8/2020	5–8/2019	Change	1–8/2020	1–8/2019	Change	1/2019–12/2019
Turnover (EUR million)	107.3	90.0	19.3%	222.8	190.2	17.1%	250.2
Operating margin (EUR million)	14.5	10.8	34.6%	31.9	21.9	45.6%	23.1
Operating profit (EUR million)	7.7	4.2	84.3%	20.0	11.8	70.3%	7.0
Investments (EUR million)	6.3	2.8	128.1%	14.6	5.5	166.1%	14.0
Number of employees	564	571	-1.2%	547	576	-5.0%	559

New Businesses

The New Businesses division creates new products and innovations based on the Group's competencies and raw material resources as well as emerging customer needs. The goal is to produce sustainable new business that will increase our shareholder value in the long run. Vapo Ventures also coordinates the Group's innovation and IPR activities. Vapo's multi-year Refinery product development programme was granted significant financial support by Business Finland at the start of the year. The funding enables Vapo to allocate additional research resources to the chemical refining of organic wetland biomass to produce humic acids, waxes, resins and other valuable materials. The humus project targeted at the biostimulant market progressed to the development of commercial products and test cultivation in cooperation with customers.

In the Carbons business, construction began in spring 2019 in Ilomantsi on production facility to process activated carbon, which is a strategically significant project for Vapo Group. The production facility, which is the first of its kind, is scheduled to be mechanically completed by the end of 2020 and ready for commercial production in early 2021. The employment effect of the construction stage

is more than 100 person-years and the constant employment effect of the first stage of the facility, including the supply and production chain, is roughly 50 persons. Once the first activated carbon production facility is operational, Vapo will continue to implement its strategy by pursuing the expansion of activated carbon production by opening new production facilities as well as other facilities for producing higher added-value products from organic wetland biomass.

The operating result for the second third of the financial year was EUR -1.2 million (EUR -0.8 million). Gross investments were EUR 8.1 million (EUR 1.7 million).

The operating result for January–August was EUR -2.3 million (EUR -1.5 million). Gross investments were EUR 13.6 million (EUR 4.0 million).

New Businesses	5–8/2020	5–8/2019	Change	1–8/2020	1–8/2019	Change	1/2019–12/2019
Turnover (EUR million)	0.0	0.0	-	0.0	0.0	-	0.0
Operating margin (EUR million)	-1.2	-0.8	-50.8%	-2.2	-1.5	-47.6%	-2.4
Operating profit (EUR million)	-1.2	-0.8	-54.1%	-2.3	-1.5	-49.0%	-2.4
Investments (EUR million)	8.1	1.7	376.8%	13.6	4.0	243.3%	9.4
Number of employees	27	19	45.3%	24	17	43.4%	18

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 and strategic activities as well as support functions.

The other activities segment's effect on the operating result in May–August was EUR -3.2 million (EUR 2.7 million).

The other activities segment's effect on the operating result in January–August was EUR -4.2 million (EUR 4.7 million).

The comparison figure was significantly affected by the non-recurring recognition of income related to previously discontinued businesses in the amount of EUR 5.0 million.

Other	5–8/2020	5–8/2019	Change	1–8/2020	1–8/2019	Change	1/2019–12/2019
Turnover (EUR million)	0.0	0.0	13.8%	0.1	0.1	9.3%	0.1
Operating profit (EUR million)	-3.2	2.7	-218.2%	-4.2	4.7	-188.9%	2.4
Number of employees	89	120	-26.0%	91	113	-19.3%	113

Cash flow, investments and financing

The Group's free cash flow before taxes was EUR 54.9 million (EUR 10.8 million). The successful sale of land released from production, restricted investments and working capital efficiency measures freed up working capital compared to the previous year. Working capital affected cash flow by EUR 29.6 million (EUR -9.2 million). The operating margin (EBITDA) was EUR 58.1 million (EUR 60.3 million).

Gross investments in the reporting period amounted to EUR 43.4 million (EUR 48.2 million), or 135.0 per cent (135.2%) of the amount of depreciation.

At the end of the reporting period, interest-bearing net debt stood at EUR 298.4 million (EUR 299.9 million). The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) on 31 August 2020 was 3.9 (3.5). Short-term interest-bearing debt amounted to EUR 23.7 million (EUR 115.0 million). Of the Group's long-term interest-bearing debt, 20.4% 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.

Hybrid bonds were redeemed in June in the amount of EUR 20.1 million by means of a repurchase offer.

The equity ratio at the end of August was 41.8% (48.8%) and the gearing ratio was 90.1% (75.7%). The year-on-year change in both of these ratios was negatively affected by write-downs recognised in December 2019. The consolidated balance sheet total was EUR 805.5 million (EUR 824.6 million). The Group's net financing items were EUR -7.3 million (EUR -4.8 million). Net financing items were -1.9% (-1.3%) of turnover. Unlike in the comparison period, no value increases related to emission rights have been recognised during this financial year.

Natural seasonal fluctuation in activities

Seasonal fluctuations in the demand for energy caused by heating requirements and the peat production season taking place almost entirely in the second third of the year create significant cyclicity in the Group's business.

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. The success of the peat production season also plays a central role in Kekkilä-BVB's business.

Number of employees

The Group employed an average of 1,066 (1,090) people in the second third of the financial year.

Employees by segment, average

	5-8/2020	5-8/2019	1-8/2020	1-8/2019	1/2019- 12/2019
Energy	386	380	375	370	365
Grow&Care	564	571	547	576	559
New Businesses	27	19	24	17	18
Other	89	120	91	113	113
Total	1,066	1,090	1,037	1,076	1,054

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 strategy, the HR and training plan as well as business reviews by the heads of the divisions.

Near-term risks to businesses

The competitiveness of energy peat compared to alternative energy sources continues to decline. The development of the price of emission rights and energy peat taxes have a very significant impact on the demand for energy peat used in heating production. The comprehensive reform of energy taxation in Finland was postponed to autumn 2020 and, in the state budget for 2021, the decision was made to increase taxes on energy peat by +90%, from EUR 3.0/MWh to EUR 5.7/MWh. There is now a clear risk of pulpwood — in addition to fuel wood — quickly replacing energy peat in energy production.

The declining demand for energy peat also has a significant impact on the valuation of Vapo's balance sheet assets related to energy peat. 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. Impairment testing calculations are currently being updated based on market analysis and their results and impact will be seen in the final third (T3) of the financial year.

Examples of the higher value-added uses of peat include activated carbon and growing media products. Vapo's first activated carbon production facility in Ilomantsi is scheduled to reach mechanical readiness by the end of the year and start commercial operations early next year. However, this involves the typical risks associated with the start-up of a production plant.

Political and geopolitical risks

Potential restrictions on international trade may restrict our operating conditions when it comes to exports to China and the U.S., for instance. In addition, the pandemic risk has been clearly at the forefront during the first two thirds of the year. The impact of the pandemic on the Group's business has, however, been low thus far. Nevertheless, if it were to continue — and especially if it were to recur — the COVID-19 pandemic could complicate nearly all of the Group's businesses.

Resolutions by the Annual General Meeting

Vapo Oy's Annual General Meeting was held in Helsinki on 19 March 2020. The AGM adopted the financial statements and consolidated financial statements for the financial year 1 May 2019–31 December 2019 and discharged the Supervisory Board, the Board of Directors and the CEO from liability. The AGM resolved to distribute a dividend for the financial year ended 31 December 2019 amounting to EUR 133.00 per share, or EUR 3.99 million in total. Half of the dividend was paid on 27 March 2020 and the Board of Directors was authorised to decide on the payment date of the second half of the dividend at its meeting in June. The second half of the dividend was paid on 18 June 2020 following a decision by the Board of Directors.

The AGM confirmed the number of members of the Supervisory Board as ten. Juha Sipilä was elected as Chairman, with Heikki Miilumäki as Vice Chairman. Antti Häkkänen, Eero Kubin, Esko Kurvinen, Tommi Lunttila, Mauri Peltokangas, Jenni Pitko, Piritta Rantanen and Tiina Snicker were elected as members.

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, Kirsi Punttila, Minna Smedsten and Maija Strandberg were re-elected to the Board of Directors. Stefan Damlin and Vesa Hätilä were elected to the Board of Directors as new members.

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

Events after the review period

On 1 September 2020, Vapo published a press release on a circular economy professorship created in partnership between the University of Jyväskylä and Vapo Oy.

On 10 September 2020, Vapo Oy published a release announcing that the Group seeks more than EUR 100 in business from new high added-value products. This coincided with the launch of Vapo's activated carbon brand, Novactor, and a virtual presentation of the operations of the first activated carbon production facility in Ilomantsi.

Outlook for the remainder of the financial year, to 31 December 2020

Vapo Group does not issue a profit guidance for the financial year 2020 due to the significant changes in the operating environment. In June, Vapo also announced it is mapping out strategic options for its heat and power businesses incorporated as Nevel.

Vantaa, 16 October 2020

Vapo Oy

Board of Directors

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Consolidated key figures

MEUR	5–8/2020	5–8/2019	1–8/2020	5–12/2019
Turnover	146.9	134.2	382.8	297.7
Operating profit (EBIT)	-5.5	-5.3	26.2	-40.4
% of turnover	-3.8	-4.0	6.8	-13.6
Operating profit (EBIT) before impairment	-5.5	-5.3	26.3	-1.5
% of turnover	-3.7	-4.0	6.9	-0.5
Profit/loss for the period	-10.3	-7.9	13.6	-40.2
Operating margin (EBITDA)	14.0	18.4	58.1	37.0
+/- Change in working capital	28.7	4.1	29.6	10.3
- Net investments	-17.5	-7.8	-32.7	-26.3
Free cash flow before taxes	25.2	14.7	54.9	21.0
Gross investments	-22.6	-11.2	-43.4	-42.8
Return on invested capital % *		5.9	-1.3	-1.7
Return on invested capital % before impairment *		5.9	4.4	4.1
Return on equity % *		6.9	-5.2	-5.1
Balance sheet total		824.6	805.5	828.5
Shareholders' equity		396.0	331.0	348.5
Interest-bearing net debt		299.9	298.4	315.2
Equity ratio %**		48.8	41.8	42.9
Interest-bearing net debt/operating margin		3.5	3.9	4.0
Gearing %		75.7	90.1	90.4
Average number of employees		1,089	1,037	1,050

*) Previous 12 months

**) In calculating the equity ratio, the capital loan on the balance sheet was calculated as shareholders' equity
The figures for the previous financial year are for the period 5–12/2019 due to a change in the Group's financial year

Interim Report Tables

This interim report has been prepared in compliance with IFRS recognition and measurement principles and the same accounting policies as applied in the previous annual financial statements, but not all of the requirements of IAS 34 Interim Financial Reporting have been observed in the preparation of this report.

The information presented in this interim report is unaudited.

Consolidated statement of

MEUR	5-8/2020	5-8/2019	Change %	1-8/2020	5-12/2019
TURNOVER	146.9	134.2	9.5%	382.8	297.7
Other operating income	2.8	7.9	-64.5%	6.2	12.7
Share of associates' results	-1.2	-1.3	-6.6%	0.3	0
Operating expenses	-135.7	-123.7	9.7%	-330.9	-273.4
Depreciation	-18.2	-22.3	-18.5%	-32.1	-38.5
Impairment	0	0		-0.1	-38.9
OPERATING PROFIT	-5.5	-5.3	-3.0%	26.2	-40.4
Financial income	2.1	0.1	1,517.0%	2.1	0.3
Financial expenses	-5.2	-2.4	117.8%	-9.4	-8.1
PROFIT/LOSS BEFORE TAXES	-8.6	-7.6	-12.6%	18.9	-48.2
Income taxes	-1.7	-0.3	402.7%	-5.3	8.0
PROFIT/LOSS FOR THE PERIOD	-10.3	-7.9	-29.3%	13.6	-40.2
OTHER COMPREHENSIVE INCOME ITEMS:					
Remeasurement of defined benefit plans	0	0		0	0.3
Translation differences from foreign units	0.6	-0.4		0.3	0.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-9.6	-8.3		13.9	-39.5
Distribution of profit for the period:					
To parent company shareholders	-11.6	-8.0		9.3	-39.6
To non-controlling shareholders	1.3	0.1		4.3	-0.6
	-10.3	-7.9		13.6	-40.2
Distribution of comprehensive income for the period:					
To parent company shareholders	-11.0	-8.3		9.6	-39.0
To non-controlling shareholders	1.4	0		4.3	-0.5
	-9.6	-8.3		13.9	-39.5
Earnings per share calculated from profits due to parent company shareholders					
Earnings/share, EUR	-387	-267		310	-1,320
Average number of shares	30,000	30,000		30,000	30,000

Consolidated balance sheet

MEUR	31 August 2020	31 August 2019	31 December 2019
ASSETS			
LONG-TERM ASSETS			
Intangible assets	35.1	78.5	35.7
Goodwill	25.1	26.5	24.5
Land and water areas	43.2	35.8	46.1
Buildings and structures	62.9	38.2	65.6
Machinery and equipment	136.0	133.5	129.6
Other tangible assets	166.4	210.8	188.6
Investments in progress	46.4	24.1	24.7
Investments	23.4	21.1	22.4
Long-term receivables	3.3	3.2	3.3
Deferred tax asset	0.2	-0.1	0.4
LONG-TERM ASSETS	542.0	571.6	540.9
CURRENT ASSETS			
Inventories	188.0	183.1	190.3
Sales and other receivables	70.1	65.0	91.0
Cash on hand and in the bank	5.5	4.9	6.3
CURRENT ASSETS	263.5	253.0	287.6
ASSETS	805.5	824.6	828.5
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Parent company shareholders' share of shareholders' equity	288.5	358.2	307.8
Non-controlling shareholders	42.5	37.8	40.6
SHAREHOLDERS' EQUITY	331.0	396.0	348.5
LONG-TERM LIABILITIES			
Deferred tax liability	17.7	11.5	10.5
Long-term interest-bearing liabilities	284.5	193.3	278.4
Long-term non-interest-bearing liabilities	8.3	8.4	8.2
Long-term provisions	7.9	7.4	7.7
Pension liabilities	5.0	4.8	5.0
LONG-TERM LIABILITIES	323.4	225.4	309.7
CURRENT LIABILITIES			
Current interest-bearing liabilities	23.7	115.0	46.5
Current non-interest-bearing liabilities	127.4	88.2	123.8
CURRENT LIABILITIES	151.1	203.2	170.3
SHAREHOLDERS' EQUITY AND LIABILITIES	805.5	824.6	828.5

Condensed consolidated cash flow

MEUR	1-8/2020	5-8/2019	5-12/2019
<u>Cash flow from operating activities</u>			
Profit/loss for the period	13.6	-7.9	-40.2
Adjustments to the result for the period	40.4	20.5	65.5
Change in working capital	24.2	3.5	4.0
Cash flow from operating activities before financial items and taxes	78.2	16.1	29.3
Interest received from operating activities	0.1	0	0.1
Interest paid from operating activities	-6.1	-3.5	-3.8
Other financial items from operating activities	-2.2	1.2	-0.8
Taxes paid on operating activities	-1.3	-1.7	-3.0
Cash flow from operating activities	68.6	12.2	21.8
<u>Cash flow from investing activities</u>			
Investments in tangible and intangible assets	-41.1	-11.4	-48.9
Proceeds from disposal of tangible and intangible assets	16.7	4.3	16.4
Associates' shares bought	-0.4	-1.7	-1.7
Other investments	-0.1	0	1.7
Changes in loans receivable	0	0	0.1
Cash flow from investing activities	-24.9	-8.8	-32.4
Cash flow before financing	43.7	3.3	-10.6
<u>Cash flow from financing activities</u>			
Capital investment by non-controlling interests	-0.2	0	0
Change in long-term loans and other financing items	-19.9	-6.4	24.6
Dividends paid	-4.3	0	-12.4
Interest paid/hybrid bond	0	0	-3.3
Repayments of hybrid bond	-20.1	0	0
Cash flow from financing activities	-44.5	-6.4	8.9
Change in cash and cash equivalents	-0.8	-3.0	-1.6
Cash and cash equivalents opening balance	6.3	8.0	8.0
Change in cash and cash equivalents	-0.8	-3.0	-1.6
Cash and cash equivalents at end of period	5.5	4.9	6.3

Consolidated statement of changes in shareholders' equity

MEUR	Share capital	Share premium reserve	Other funds	Translation difference	Retained earnings	Hybrid bond	Total	Non-controlling shareholders	Total
SHAREHOLDERS' EQUITY 1 JAN.	50.5		28.9	-4.2	182.7	50.0	307.9	40.6	348.5
Changes in shareholders' equity									
Dividend distribution					-4.0		-4.0		-4.0
Transfers between items			0.1		0.2		0.3	0	0.3
Total comprehensive income				-0.3	9.3		9.0	4.3	13.3
Other changes									
Other changes			0	0.6	-5.3	-20.1	-24.8	-2.1	-26.9
Changes in holdings in subsidiaries								-0.2	-0.2
SHAREHOLDERS' EQUITY 31 AUGUST 2020	50.5		29.1	-3.9	182.9	29.9	288.4	42.5	331.0

MEUR	Share capital	Share premium reserve	Other funds	Translation difference	Retained earnings	Hybrid bond	Total	Non-controlling shareholders	Total
SHAREHOLDERS' EQUITY 1 MAY 2019	50.5		30.5	-4.5	236.7	50.0	363.2	40.8	404.0
Changes in shareholders' equity									
Dividend distribution					-15.6		-15.6	-0.1	-15.7
Transfers between items			-1.6		1.0		-0.6	0.2	-0.4
Total comprehensive income			0	0.3	-39.6		-39.3	-0.6	-39.9
Other changes									
Other changes			0		0.5		0.4	0	0.5
Changes in holdings in subsidiaries					-0.3		-0.3	0.3	
SHAREHOLDERS' EQUITY 31 DEC. 2019	50.5		28.9	-4.2	182.7	50.0	307.9	40.6	348.5

SEGMENT INFORMATION 1/2020–8/2020

	Energy	Grow&Care	New Businesses	Other	Eliminations	Group total
MEUR						
External turnover	160.1	222.8		0	0	382.9
Internal turnover	1.7	0	0	0	-1.8	
Turnover	161.8	222.8	0	0.1	-1.8	382.9
Segment operating profit/loss	13.0	20.0	-2.3	-4.2	-0.4	26.2
Financial income and expenses				-7.3		-7.3
Appropriations and income taxes				-5.3		-5.3
Result for the period	13.0	20.0	-2.3	-16.8	-0.4	13.6
Segment assets	478.0	267.4	26.7	136.8	-148.0	761.0
Shares in associates	22.7					22.7
Unallocated assets				160.5	-139.0	21.5
Assets total	500.7	267.4	26.7	297.3	-287.0	805.1
Segment debt	58.3	31.4	13.3	4.4	-1.4	105.9
Unallocated debt				501.0	-132.6	368.4
Debt total	58.3	31.4	13.3	505.3	-134.0	474.3
Investments	13.0	14.6	13.6	4.3	-2.1	43.4
Depreciation and impairment	18.8	11.8	0	1.4	0	32.1

SEGMENT INFORMATION 1/2019–8/2019

	Energy	Grow&Care	New Businesses	Other	Eliminations	Group total
MEUR						
External turnover	179.7	190.4		0.1	0	370.1
Internal turnover	7.6	-0.1		0	-7.4	
Turnover	187.2	190.2		0.1	-7.4	370.1
Segment operating profit/loss	15.6	11.8	-1.5	2.7	-4.5	24.0
Financial income and expenses				-7.7		-7.7
Appropriations and income taxes				-10.0		-10.0
Result for the period	15.6	11.8	-1.5	-15.0	-4.5	6.3
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	-183.8	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	11.0	5.5	4.0	113.5	-87.3	46.5
Depreciation and impairment	24.6	10.1	0	0.9		35.7

SEGMENT INFORMATION 1/2019–12/2019

MEUR	Energy	Grow&Care	New Businesses	Other	Eliminations	Group total
External turnover	283.2	250.4		0.1	0	533.7
Internal turnover	8.1	-0.1		0	-8.0	
Turnover	291.3	250.2		0.1	-8.0	533.7
Segment operating profit/loss	-11.6	7.0	-2.4	2.4	-6.5	-11.2
Financial income and expenses					-6.3	-6.3
Appropriations and income taxes					3.3	3.3
Result for the period	-11.6	7.0	-2.4	2.4	-9.5	-14.2
Segment assets	518.7	243.3	13.2	165.4	-147.9	783.6
Shares in associates	21.6					21.6
Unallocated assets				131.6	-108.5	23.1
Assets total	540.3	243.3	13.2	297.0	-256.4	828.3
Segment debt	82.4	21.3	6.9	3.6	-3.5	110.7
Unallocated debt				475.9	-106.7	369.2
Debt total	82.4	21.3	6.9	479.5	-110.2	479.9
Investments	56.8	14.0	9.4	86.4	-88.1	78.4
Depreciation and impairment	34.5	15.3	0	1.7	0	51.5

COLLATERAL, CONTINGENT COMMITMENTS AND OTHER LIABILITIES	31 August 2020	31 August 2019	31 December 2019
EUR 1,000			
Collateral			
Loans with real security			
Loans from financial institutions	6,440	18,301	11,506
Guarantees given on behalf of own commitments			
As collateral for own debt			
Pledged inventories and fixed assets	15,221	18,301	22,577
Liabilities for own commitments			
Guarantees	22,271	15,105	19,617
Total	37,492	33,406	42,194

Contingent commitments on behalf of Group companies

Guarantees	35,799	9,130	38,462
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DERIVATIVE CONTRACTS	31 August 2020	31 August 2019	31 December 2019
EUR 1,000	Nominal value	Nominal value	Nominal value
	Fair value	Fair value	Fair value
Interest rate derivatives	0	10,000	0
	0	-10	0
Currency derivatives	84,662	80,428	86,992
	107	358	153
Commodity derivatives	7,631	7,146	6,182
	1,244	3,323	1,412
Nominal value, total	92,293	97,574	93,174
Fair value, total	1,351	3,671	1,565