

FISKARS  
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GROUP



Fiskars Group

# Half-year financial report 2020

January–June 2020

# HALF-YEAR FINANCIAL REPORT JANUARY–JUNE 2020

Highly volatile market situation with demand improving towards the end of the second quarter, significant uncertainties remain for the rest of the year

## SECOND QUARTER 2020 IN BRIEF:

- Net sales increased by 5.6% to EUR 280.0 million (Q2 2019: 265.1)
- Comparable net sales<sup>1</sup> increased by 5.7% to EUR 280.0 million (265.0)
- EBITA increased by 102.3% to EUR 27.5 million (13.6)
- Comparable<sup>2</sup> EBITA increased by 77.3% to EUR 28.6 million (16.1)
- Cash flow from operating activities before financial items and taxes increased to EUR 55.8 million (48.1)
- Earnings per share (EPS) were EUR 0.14 (0.12)

## JANUARY-JUNE 2020 IN BRIEF:

- Net sales increased by 0.5% to EUR 536.2 million (Q1-Q2 2019: 533.7)
- Comparable net sales<sup>1</sup> increased by 0.4% to EUR 536.2 million (533.9)
- EBITA increased by 16.9% to EUR 39.4 million (33.7)
- Comparable<sup>2</sup> EBITA increased by 13.0% to EUR 47.6 million (42.1)
- Cash flow from operating activities before financial items and taxes decreased to EUR 18.3 million (22.3)
- Earnings per share (EPS) were EUR 0.20 (0.33)

## OUTLOOK FOR 2020 WITHDRAWN ON MARCH 19, 2020:

Fiskars Corporation has withdrawn its guidance on the outlook for 2020, which was issued on February 5, 2020. Due to the COVID-19 outbreak, the comparable EBITA is unlikely to increase in 2020. The situation continues to evolve rapidly, at this time it is not possible to make reasoned estimates on the potential impact for the full year. Fiskars expects to guide the outlook for the full year 2020, once a more reliable estimate can be made. More detailed discussion on potential risks and uncertainties, in particular related to the COVID-19 situation, can be found in the Risks and business uncertainties -section of this half-year financial report.

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1) Comparable net sales excludes the impact of exchange rates, acquisitions and divestments

2) Items affecting comparability in EBITA include items such as restructuring costs, impairment or provisions charges and releases, integration related costs, and gain and loss from the sale of businesses



## CEO'S REVIEW

The performance during the second quarter was highly mixed, in terms of categories and channels as well as regions and brands. The COVID-19 pandemic continued to hit our business hard in the beginning of the quarter, reducing visibility and increasing uncertainty with stores closing and traffic decreasing. Despite the challenging business environment, we managed to increase our comparable net sales and comparable EBITA during the second quarter. The comparable EBITA improved clearly, largely due to our quick and decisive actions to handle the situation, as we reduced spending and implemented other temporary cost saving measures.

Following a difficult April with a significant decrease in net sales and comparable EBITA, the situation improved clearly towards the end of the quarter. The Business Areas Terra and Crea posted robust figures driven by strong demand especially in the Americas and Germany. For Terra, the second quarter is typically the most important one with the gardening season hitting its peak. The favorable weather in the Americas contributed to the good performance in the gardening and watering categories. While these BA's performed well, Vita's net sales suffered significantly from the impact of COVID-19, due to lockdowns and store closures.

We saw growth in the wholesale and direct e-commerce channels, with the latter channel more than doubling sales from the previous year's level. The growth was driven by the changes in consumer behavior due to COVID-19, as well as the renewal and expansion of our own e-commerce sites. Due to lockdowns and temporary store closures, net sales in the entire direct channel decreased during the second quarter. In April, a significant amount of our own stores were closed, and only gradually started to open in May and a few remained closed at the end of June.

The achievements during the second quarter have required a lot from the entire team. I extend my sincere thanks to our employees who have worked under difficult conditions during the pandemic, midst furloughs and other savings measures, and who have delivered such positive results.

We are now sharpening our focus on two areas, the Vita transformation and the development of digital capabilities. The execution of the ongoing Vita Transformation program has helped us improve our efficiency and continues as planned. We have made good progress in renewing and expanding our e-commerce reach and capabilities, and we see considerable opportunities to improve further in the digital space, as the world around us is changing rapidly. To support both focus areas, we will also review our brand strategy, including the positioning and markets for each brand as well as the allocation of resources between brands.

Due to the pandemic, significant risks in our operating environment prevail and visibility is weaker than normal. The fourth quarter of the year is seasonally important for the company, and for BA Vita in particular. We continue to vigorously manage our spending and we are focusing our presence on the channels in which the consumers are present.



**SARI POHJONEN**  
Interim CEO

**Sari Pohjonen**  
Interim CEO

# GROUP KEY FIGURES

EUR million	Q2 2020	Q2 2019	Change	Q1-Q2 2020	Q1-Q2 2019	Change	2019
Net sales	280.0	265.1	5.6%	536.2	533.7	0.5%	1,090.4
Comparable net sales <sup>1)</sup>	280.0	265.0	5.7%	536.2	533.9	0.4%	1,085.5
EBITA	27.5	13.6	102.3%	39.4	33.7	16.9%	72.9
Items affecting comparability in EBITA <sup>2)</sup>	-1.1	-2.6	-55.5%	-8.2	-8.4	2.6%	-17.7
Comparable EBITA	28.6	16.1	77.3%	47.6	42.1	13.0%	90.6
Operating profit (EBIT)	20.8	10.5	97.4%	29.1	27.4	6.4%	60.1
Profit before taxes	16.3	11.8	38.0%	24.8	34.5	-28.2%	63.2
Profit for the period	11.1	9.9	12.3%	16.2	27.4	-41.0%	52.4
Net change in the fair value of investment portfolio		-36.3			-20.3		-20.4
Earnings/share, EUR	0.14	0.12	14.0%	0.20	0.33	-40.8%	0.63
Equity per share, EUR				9.23	9.29		9.34
Cash flow from operating activities before financial items and taxes	55.8	48.1	16.1%	18.3	22.3	-17.8%	117.5
Equity ratio, %				49 %	56 %		56 %
Net gearing, %				38 %	37 %		34 %
Capital expenditure	6.7	10.4	-35.7%	11.7	18.5	-36.5%	40.0
Personnel (FTE), average	6,021	6,927	-13.1%	6,197	6,980	-11.2%	6,840

1) Using comparable exchange rates and excluding the Leborgne divestment.

2) In Q2 2020, items affecting comparability consisted mainly of items related to the transformation and restructuring programs.

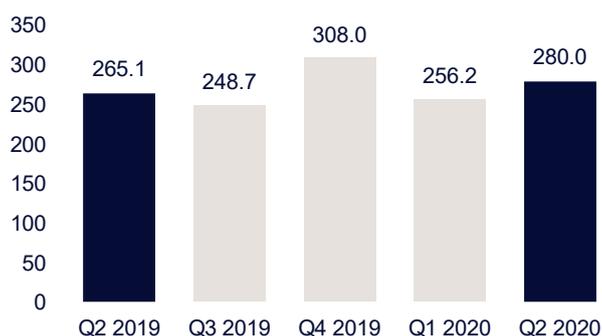


# GROUP PERFORMANCE

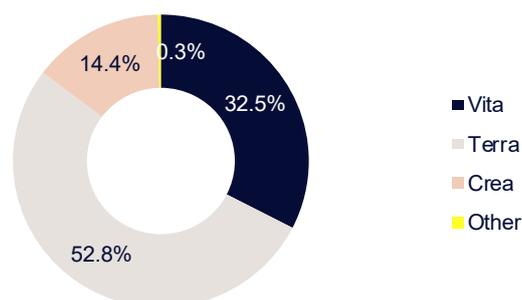
EUR million	Q2 2020	Q2 2019	Change	Comparable change*	Q1-Q2 2020	Q1-Q2 2019	Change	Comparable change*	2019
<b>Net sales</b>									
Group	280.0	265.1	5.6%	5.7%	536.2	533.7	0.5%	0.4%	1,090.4
Vita	80.9	101.3	-20.2%	-20.1%	174.5	211.5	-17.5%	-18.0%	500.8
Terra	153.7	124.5	23.4%	23.6%	283.0	252.1	12.3%	13.0%	442.9
Crea	44.8	38.5	16.3%	15.6%	77.0	68.4	12.6%	11.4%	142.9
Other	0.7	0.8	-6.6%	-6.6%	1.7	1.7	3.6%	3.6%	3.9
<b>Comparable EBITA</b>									
Group	28.6	16.1	77.3%		47.6	42.1	13.0%		90.6
Vita	-7.9	-0.5			-11.5	2.5			38.8
Terra	27.1	11.4	138.7%		46.5	33.3	39.7%		36.2
Crea	12.7	9.4	35.9%		18.3	13.7	34.3%		28.0
Other	-3.3	-4.0	18.1%		-5.8	-7.3	20.9%		-12.5

\*Using comparable exchange rates and excluding the Leborgne divestment.

## NET SALES, EUR MILLION



## NET SALES SPLIT BY SEGMENT, Q1-Q2 2020



## FISKARS GROUP'S NET SALES IN Q2 2020

Fiskars Group's consolidated net sales increased by 5.6% to EUR 280.0 million (Q2 2019: 265.1). Comparable net sales increased by 5.7%. The increase was driven by the Terra and Crea segments, where demand improved significantly towards the end of the quarter and stores remained mostly open. The Vita segment faced challenges, as the COVID-19 pandemic impacted the business and comparable net sales decreased.

## FISKARS GROUP'S NET SALES IN Q1-Q2 2020

Fiskars Group's consolidated net sales increased by 0.5% to EUR 536.2 million (Q1-Q2 2019: 533.7). Comparable net sales increased by 0.4%. Comparable net sales increased in both the Terra and Crea segments, driven by strong demand and increased distribution. The increase was subdued by the challenges in the Vita segment, as the COVID-19 pandemic impacted the business and comparable net sales decreased.



## FISKARS GROUP'S COMPARABLE EBITA, EUR MILLION



## FISKARS GROUP'S COMPARABLE EBITA MARGIN AND EBITA MARGIN



### FISKARS GROUP'S COMPARABLE EBITA IN Q2 2020

Fiskars Group's comparable EBITA increased by 77.3% to EUR 28.6 million (Q2 2019: 16.1). The comparable EBITA increased in the Terra and Crea segments. It was supported by the significant temporary cost-cutting measures implemented during the quarter, including furloughs throughout the organization. Additionally, the new organizational structure, which was implemented in the beginning of the second quarter, contributed to the reduction in costs.

Comparable EBITA decreased in the Vita segment, weighed down by decreased sales volumes, while temporary cost-cutting measures helped to mitigate a part of the negative impact.

In the Terra segment, comparable EBITA increased, driven by increased sales volumes and temporary cost-cutting measures.

In the Crea segment, comparable EBITA increased, supported by increased volumes and temporary cost-cutting measures, which were partly offset by a weaker product mix.

### FISKARS GROUP'S COMPARABLE EBITA IN Q1-Q2 2020

Fiskars Group's comparable EBITA increased by 13.0% to EUR 47.6 million (Q1-Q2 2019: 42.1). The comparable EBITA increased in the Terra and Crea segments. The increase was supported by the significant temporary cost-cutting measures implemented during the second quarter. Additionally, the cost savings were supported by the new organizational structure, which was implemented in the beginning of the second quarter.

Comparable EBITA decreased in the Vita segment, weighed down by decreased sales volumes, while temporary cost-cutting measures helped to mitigate a part of the negative impact.

In the Terra segment, comparable EBITA increased, supported by increased sales volumes and temporary cost-cutting measures.

In the Crea segment, comparable EBITA increased, supported by increased volumes and temporary cost-cutting measures.



## OPERATING ENVIRONMENT IN Q2 2020

There were significant fluctuations in the operating environment during the second quarter, with clear differences by market.

The negative impact from the COVID-19 -pandemic increased towards the end of the first quarter and continued into the second quarter. Overall, April was the most difficult month during the first half of the year. The situation started to ease first in the Asia-Pacific region in the beginning of the second quarter. In most other relevant markets, the situation improved towards the end of the second quarter. Overall, the operating environment during the quarter was highly volatile.

The importance of e-commerce increased, as brick-and-mortar stores were temporarily closed in many markets and movement was restricted. In the retail space, many department store chains have come under renewed pressure resulting from the pandemic. Consequently, the situation has accelerated the shift from traditional players to e-commerce.

Within the gardening and DIY channels, stores in many markets were kept open. Demand in these channels improved during the quarter, supported by consumers' increased interest towards the gardening and watering categories, as they spent more time at their home.

## REPORTING SEGMENTS

This half-year financial report reflects Fiskars Group's organizational structure, which features three Business Areas (BA): Vita, Terra and Crea. Fiskars Group's four primary reporting segments are Vita, Terra, Crea and Other. In addition, Fiskars Group reports net sales for three geographical areas: Europe, Americas and Asia-Pacific. Segment financial figures for the year 2019 have been restated for the new primary reporting segments. The restated figures have not been audited.

BA Vita offers premium and luxury products for the tableware, drinkware and interior categories. It consists of brands such as Iittala, Royal Copenhagen, Waterford and Wedgwood.

BA Terra consists of the gardening, watering, and outdoor categories. The brands include Fiskars, Gerber and Gilmour.

BA Crea consists of the scissors and creating as well as the cooking categories, mainly with the Fiskars brand.

The Other segment contains the Group's investment portfolio, the real estate unit, corporate headquarters and shared services.

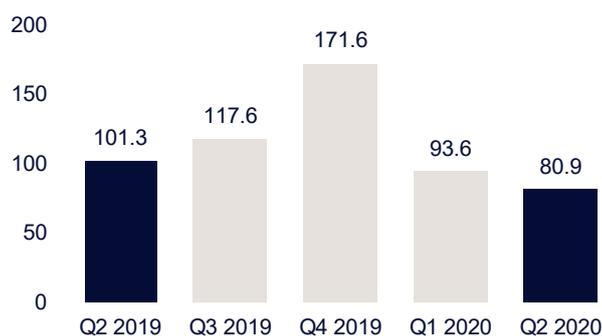


# VITA SEGMENT

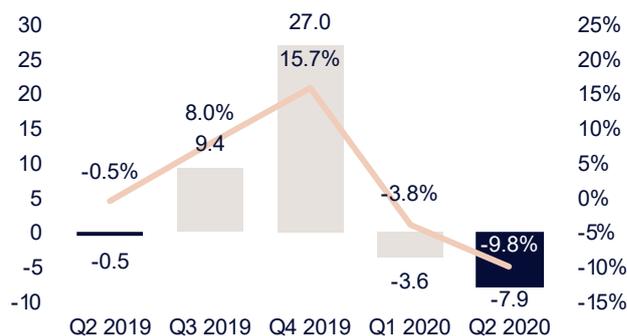
EUR million	Q2 2020	Q2 2019	Change	Q1-Q2 2020	Q1-Q2 2019	Change	2019
Net sales*	80.9	101.3	-20.2%	174.5	211.5	-17.5%	500.8
Comparable EBITA	-7.9	-0.5		-11.5	2.5		38.8
Capital expenditure	3.6	4.8	-24.6%	5.6	8.8	-36.7%	18.3

\*Using comparable exchange rates, net sales decreased by 20.1% in Q2 2020 and by 18.0% in Q1-Q2 2020.

## NET SALES, EUR MILLION



## COMPARABLE EBITA (EUR MILLION) AND COMPARABLE EBITA MARGIN



## VITA SEGMENT IN Q2 2020

Net sales in the Vita segment decreased year-on-year by 20.2% to EUR 80.9 million (Q2 2019: 101.3). Comparable net sales decreased by 20.1%.

The COVID-19 pandemic has hit Vita's business significantly. Net sales decreased in all channels, with the exception of direct e-commerce. Stores were temporarily closed in many markets and the wholesale channel limited replenishment orders. Net sales decreased during the quarter, and started to increase in June, as the lifting of restrictions begun. The hospitality channel has been severely hit by the pandemic. Net sales in the Asia-Pacific region increased during the quarter, as the COVID-19 situation eased in some markets and the China growth plan proceeded.

On a brand level, net sales decreased for all brands except for Royal Doulton. Waterford and Iittala were impacted most severely.

Comparable EBITA in the Vita segment decreased during the quarter and amounted to EUR -7.9 million (-0.5). The comparable EBITA was mainly weighed down by the decreased sales volumes. Temporary cost-cutting measures have supported the performance; however, they have not offset the impact from decreased net sales.

## VITA SEGMENT IN Q1-Q2 2020

Net sales in the Vita segment decreased year-on-year by 17.5% to EUR 174.5 million (Q1-Q2 2019: 211.5). Comparable net sales decreased by 18.0%.

In January-February, net sales were at the previous year's level, despite the fact that the COVID-19 -pandemic was already impacting the business in Asia. Starting in March, the pandemic had a material negative impact on net sales in all markets, as stores were closed and replenishment orders and demand from hospitality ceased. The impact started to ease in June.

Net sales decreased in all channels, with the exception of direct e-commerce. It decreased in all markets, except Asia. However, net sales decreased in Japan. On a brand level, net sales decreased most for Waterford, Wedgwood and Iittala, while net sales increased for Royal Doulton.

Comparable EBITA in the Vita segment decreased during the period and amounted to EUR -11.5 million (2.5). The comparable EBITA was mainly weighed down by the decreased sales volumes. Cost-cutting partly offset the impact from decreased net sales.



## MARKETING HIGHLIGHTS IN Q2 2020

During the quarter, the rollout of new e-commerce sites continued, as the renewed sites for Wedgwood and Royal Doulton were launched. The redefinition of both brands was completed during the first quarter of 2020, and the new brand images were introduced to the new sites as well. More launches are scheduled for the second half of 2020.

Iittala launched several new products. Building on previous trials with recycled glass, the brand launched a collection made entirely of waste glass from the Iittala Glass Factory. The collection includes iconic design pieces, such as the Aalto vase and tealight candleholder, the Kastehelmi tumbler and tealight candleholder as well as the Raami tumbler.

Additionally, Iittala extended other series as well. The Raami tableware series was expanded with six new products, which will be available in August. Iittala also introduced textiles to the Taika series, which have been made available in Finland and Sweden.

Royal Copenhagen opened its new e-commerce site on Tmall in China in May. This is a step forward in the China expansion plan, which is being executed with the Wedgwood and Royal Copenhagen brands.

### Recycled glass Aalto vase



### Raami extension

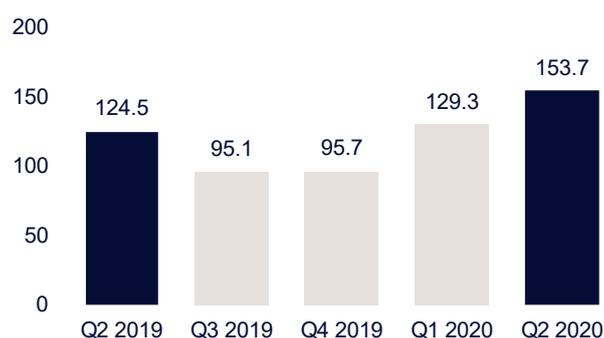


# TERRA SEGMENT

EUR million	Q2 2020	Q2 2019	Change	Q1-Q2 2020	Q1-Q2 2019	Change	2019
Net sales*	153.7	124.5	23.4%	283.0	252.1	12.3%	442.9
Comparable EBITA	27.1	11.4	138.7%	46.5	33.3	39.7%	36.2
Capital expenditure	2.2	3.8	-43.5%	4.3	6.7	-35.8%	16.6

\*Using comparable exchange rates and excluding the Leborgne divestment, net sales increased by 23.6% in Q2 2020 and by 13.0% in Q1-Q2 2020.

## NET SALES, EUR MILLION



## COMPARABLE EBITA (EUR MILLION) AND COMPARABLE EBITA MARGIN



## TERRA SEGMENT IN Q2 2020

Net sales in the Terra segment increased year-on-year by 23.4% to EUR 153.7 million (Q2 2019: 124.5).

Comparable net sales increased by 23.6%.

Net sales increased in the gardening and watering categories, where growth was driven by strong demand and increased distribution in the Americas and Central Europe. Net sales increased in all categories except outdoor, where growth in the direct channel was overshadowed by decreasing government orders.

The overall demand was strong in most markets and was supported by two factors. The COVID-19 pandemic increased consumers' interest in the gardening and watering categories and most retailers were open despite the pandemic. The pandemic-related store closures negatively impacted net sales mostly in Finland and France. Several actions were taken to improve the availability of Fiskars' products, both in e-commerce and in stores. Additionally, the weather conditions were mostly favorable during this seasonally important quarter.

Comparable EBITA in the Terra segment increased during the quarter and amounted to EUR 27.1 million (11.4). The increased sales volumes supported profitability, along with temporary cost-cutting measures during the quarter.

## TERRA SEGMENT IN Q1-Q2 2020

Net sales in the Terra segment increased year-on-year by 12.3% to EUR 283.0 million (Q1-Q2 2019: 252.1).

Comparable net sales increased by 13.0%.

Net sales increased in the watering and gardening categories, both of which developed positively in the Americas and Central Europe. In the Nordics and Baltics net sales development was subdued by store closures and the mild winter conditions during the first quarter, which weighed on snow tool sales. Overall, the COVID-19 pandemic has increased consumers interest towards Terra's categories.

In the outdoor category net sales decreased, weighed down by a decline in government orders. The decrease was partly mitigated by increased net sales in the direct channel.

Comparable EBITA in the Terra segment increased during the period and amounted to EUR 46.5 million (33.3). The increase in comparable EBITA was driven by increased sales volumes and temporary cost-cutting measures.

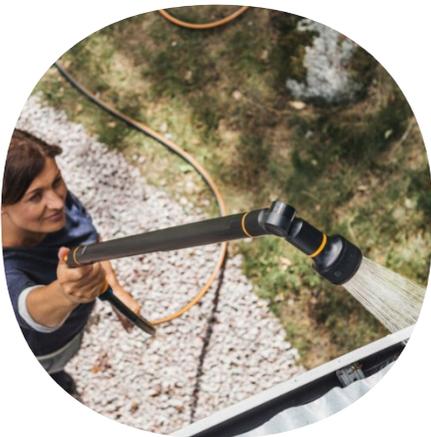


## MARKETING HIGHLIGHTS IN Q2 2020

The Fiskars brand gained exceptional international recognition, as it was rewarded the “Red Dot: Design Team of the Year 2020” title. Since 1988, the title has been given every year to a design team with consistently strong achievements. Relating to the award, an exhibition showcasing the vast design history of the brand opened at the Red Dot Design Museum Essen, in Germany in June. Additionally, Fiskars’ watering nozzles and wands won the “Red Dot: Best of the Best” Design Award.

Gerber published its first two direct-to-consumer catalogs in line with the strategy to grow direct revenue and build consumer relationships. The catalogs are targeted to prospects and core consumers with seasonally relevant products and long-form stories that promote brand affinity.

### Award-winning watering products



### Gerber’s direct-to-consumers catalogs

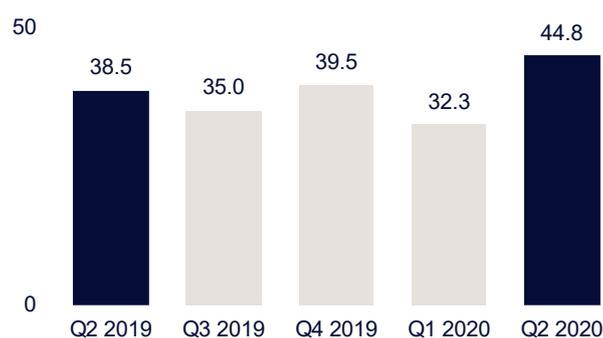


# CREA SEGMENT

EUR million	Q2 2020	Q2 2019	Change	Q1-Q2 2020	Q1-Q2 2019	Change	2019
Net sales*	44.8	38.5	16.3%	77.0	68.4	12.6%	142.9
Comparable EBITA	12.7	9.4	35.9%	18.3	13.7	34.3%	28.0
Capital expenditure	0.6	0.2		0.8	0.3	141.5%	0.9

\*Using comparable exchange rates, net sales increased by 15.6% in Q2 2020 and by 11.4% in Q1-Q2 2020.

## NET SALES, EUR MILLION



## COMPARABLE EBITA (EUR MILLION) AND COMPARABLE EBITA MARGIN



### CREA SEGMENT IN Q2 2020

Net sales in the Crea segment increased year-on-year by 16.3% to EUR 44.8 million (Q2 2019: 38.5). Comparable net sales increased by 15.6%.

Net sales grew primarily in the Americas, supported by strong demand for scissors and sewing products in particular. In Europe, there were significant differences by market, reflecting the lockdowns as well as the channel split. This adversely impacted the cooking category in particular. The market situation improved towards the end of the quarter.

Overall, net sales in the direct channel decreased, as many stores were temporarily closed. Growth in e-commerce was not able to offset a decrease in net sales.

Comparable EBITA in the Crea segment increased during the quarter and amounted to EUR 12.7 million (9.4). The comparable EBITA was mainly supported by increased volumes and temporary cost-cutting measures, which were partly offset by a weaker product mix.

### CREA SEGMENT IN Q1-Q2 2020

Net sales in the Crea segment increased year-on-year by 12.6% to EUR 77.0 million (Q1-Q2 2019: 68.4). Comparable net sales increased by 11.4%.

Overall, the net sales performance was positive in January-February both in own stores as well as in wholesale. In March, net sales weakened clearly due to the pandemic, and started to recover towards the end of the second quarter.

The increase in net sales was driven by the strong demand in the Americas. In Europe, net sales decreased due to the pandemic, with significant differences by market.

Comparable EBITA in the Crea segment increased during the period and amounted to EUR 18.3 million (13.7). The comparable EBITA was mainly supported by increased volumes and temporary cost-cutting measures.



## MARKETING HIGHLIGHTS IN Q2 2020

Iittala and Fiskars partnered with WWF Finland to support nature biodiversity in Finland. “Design, recycled” introduces the next generation of classic products made from recycled materials, including Fiskars Recycled Scissors and Iittala Design Recycled glass collection. This is in line with one of the Group’s sustainability commitments, which is designing circular products. During the partnership, part of the business-to-business sales of the editions will be donated to WWF Finland, with deliveries beginning in the autumn of 2020.

### Fiskars recycled scissors



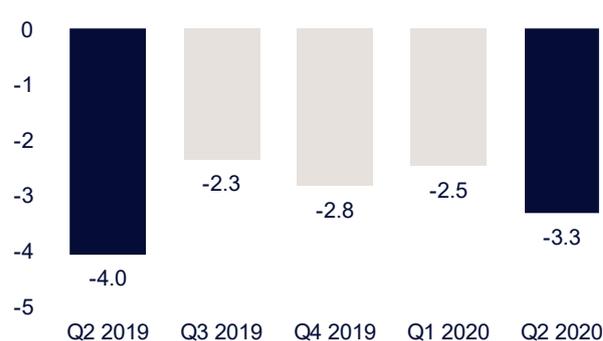
# OTHER SEGMENT

EUR million	Q2 2020	Q2 2019	Change	Q1-Q2 2020	Q1-Q2 2019	Change	2019
Net sales	0.7	0.8	-6.6%	1.7	1.7	3.6%	3.9
Comparable EBITA	-3.3	-4.0	18.1%	-5.8	-7.3	20.9%	-12.5
Capital expenditure	0.3	1.6	-82.9%	1.0	2.6	-60.7%	4.2

## NET SALES, EUR MILLION



## COMPARABLE EBITA (EUR MILLION) AND COMPARABLE EBITA MARGIN



## OTHER SEGMENT IN Q2 2020

Net sales in the Other segment amounted to EUR 0.7 million (Q2 2019: 0.8), consisting of timber sales and rental income. The comparable EBITA for the Other segment amounted to EUR -3.3 million (-4.0).

## OTHER SEGMENT IN Q1-Q2 2020

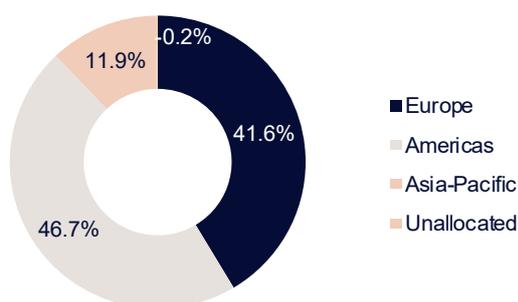
Net sales in the Other segment amounted to EUR 1.7 million (Q1-Q2 2019: 1.7), consisting of timber sales and rental income. The comparable EBITA for the Other segment amounted to EUR -5.8 million (-7.3).



# NET SALES BY GEOGRAPHY

EUR million	Q2 2020	Q2 2019	Change	Comparable change*	Q1-Q2 2020	Q1-Q2 2019	Change	Comparable change*	2019
Europe	104.0	120.8	-13.8%	-12.3%	223.1	250.9	-11.1%	-10.3%	518.9
Americas	142.4	116.2	22.6%	20.4%	250.4	220.6	13.5%	10.7%	427.5
Asia-Pacific	33.3	28.6	16.1%	16.2%	63.9	62.1	2.9%	2.0%	143.6
Unallocated	0.3	-0.5			-1.2	0.1			0.3

## FISKARS GROUP'S NET SALES SPLIT BY GEOGRAPHY, Q1-Q2 2020



### NET SALES IN Q2 2020

Net sales in Europe decreased by 13.8%, and amounted to EUR 104.0 million (Q2 2019: 120.8). Comparable net sales decreased by 12.3%, weighed down by the Vita segment. It remained unchanged in the Crea segment and increased in the Terra segment. Overall, net sales increased particularly in Germany and Norway. It decreased in most markets, with Finland, UK and Ireland weighing on the performance.

Net sales in the Americas increased by 22.6% to EUR 142.4 million (116.2). Comparable net sales increased by 20.4%, driven by the Terra and Crea segments, whereas it decreased in the Vita segment.

Net sales in Asia-Pacific increased by 16.1% to EUR 33.3 million (28.6). Comparable net sales increased by 16.2%, driven by most markets in the region. Japan was an exception, as the pandemic caused significant lockdowns.

### NET SALES IN Q1-Q2 2020

Net sales in Europe decreased by 11.1% and amounted to EUR 223.1 million (Q1-Q2 2019: 250.9). Comparable net sales decreased by 10.3%, weighed down by the Vita segment. It remained unchanged in the Crea segment and increased in the Terra segment. Overall, net sales increased particularly in Germany. It decreased in most markets, with Finland, UK and Ireland weighing on the performance in particular.

Net sales in the Americas increased by 13.5% to EUR 250.4 million (220.6). Comparable net sales increased by 10.7%, driven by the Terra and Crea segments, whereas it decreased in the Vita segment.

Net sales in Asia-Pacific increased by 2.9% to EUR 63.9 million (62.1). Comparable net sales increased by 2.0%, weighted by the Vita segment in Japan.



# IMPACT OF THE COVID-19 PANDEMIC ON FISKARS GROUP DURING THE FIRST HALF OF 2020

## Market situation

The market situation has been highly volatile, with significant changes. The situation was most challenging in March and April, and improved towards the end of the second quarter. There were, however, significant differences by category and market. Overall, consumers have shifted focus to the e-commerce channel due to lockdowns and store closures, which has impacted wholesalers as well.

In Vita's categories, demand has decreased and store closures have negatively impacted the performance. March and April were the most challenging months, with some improvement seen in June. Gifting is an important part of the business, and it has been hit by social distancing and restrictions on holding meetings. Additionally, customers in the hospitality channel (i.e. hotels, cruise lines, airlines) have largely halted investments.

In Terra's and Crea's categories the pandemic has not posed similar challenges. Demand has been strong, especially in June. In particular, the gardening and watering categories have seen increased consumers interest. Also, these categories have not been hit by store closures to the same extent as for Vita. For Crea, mask making can be seen in the increased demand for scissors and sewing products.

## Temporary cost-cutting measures

In the beginning of the pandemic, proactive steps were swiftly taken to lessen the negative impacts of COVID-19 on the operations around the world. The operating environment was severely impacted by the pandemic.

Overall, the actions taken were significant, and played a major role in delivering the financial performance in the second quarter. The actions consisted of temporary layoffs or similar measures in several parts of the business, from factories, distribution centers and stores to offices. In addition, other savings initiatives have been implemented.

## Own stores

The company had to temporarily close stores due to the pandemic, starting in the Asia-Pacific region as early as January. The closures and reopenings varied by country and even by region. The closures reached a high in April, when a significant amount of the group's stores were

closed. At the end of June, a few stores remained closed.

## Own production

The pandemic has impacted most of the production units. Some have been temporarily closed to adjust to the decrease in demand, while others have increased production volumes. In all units there have been new arrangements in order to meet regulations ensuring the health and wellbeing of employees. Production continued to be impacted in selected units at the end of June, relating to the reduced demand.

## Financial position

Actions to secure liquidity were taken already during the first quarter of the year. The cash level was increased with short-term borrowing (mainly by commercial paper issues and bilateral loans from credit institutions). At the end of the period, majority of the company's EUR 400 million commercial paper program was unused. In addition to outstanding loans, Fiskars Group had EUR 300 million of unused long-term committed credit facilities with Nordic banks.

During the COVID-19 pandemic, Fiskars Group has intensely followed up and assessed the credit risks of trade receivables. The existing bad debt provision model for expected credit losses is based on the aging groups of the trade receivables. Bad debt provision is increasing in line with the trade receivables aging, so as the model is followed, the increased credit risk in the form of more mature trade receivable is resulting in a higher bad debt provision. The model is adjusted for forward-looking information. Credit losses have remained at a normal level during the first half of 2020.

## Impact on financial reporting

On the basis of the impairment calculations performed in the second quarter, there has been no need for impairment of goodwill for any CGU for the period ended June 30, 2020. Based on impairment testing calculated on trademarks, the Gingher trademark has been impaired with EUR 1.0 million for the period ended June 30, 2020.

The credit risk of trade receivables, and the amount of bad debt provision has been analyzed at the end of the reporting period, with a conclusion of having a sufficient provision in the books.

## FINANCIAL ITEMS, NET RESULT AND CASH FLOW IN Q2 2020

Other financial income and expenses amounted to EUR -4.7 million (Q2 2019: 1.7). Foreign exchange differences accounted for EUR -0.1 million (0.0) of financial items.

Profit before taxes was EUR 16.3 million (11.8) in the second quarter of 2020. Income taxes for the second quarter were EUR -5.2 million (-1.9). Earnings per share were EUR 0.14 (0.12).

The second quarter cash flow from operating activities before financial items and taxes amounted to EUR 55.8 million (48.1). Cash flow from financial items and taxes amounted to EUR -2.5 million (-3.6).

Cash flow from investing activities was EUR -7.4 million (-9.6), including EUR -6.7 million of capital expenditure on fixed assets. Cash flow from financing activities was EUR 22.3 million (-34.5), including EUR 28.9 million change in current debt and EUR -6.1 million of lease liability payments. The comparison figure from Q2 2019 included EUR -29.8 million of change in current debt and EUR -4.5 million of lease liability payments.

Capital expenditure for the second quarter totaled EUR 6.7 million (10.4), mainly relating to IT solutions and replacements. Depreciation, amortization and impairment amounted to EUR 19.4 million (14.5) in the second quarter.

## FINANCIAL ITEMS, NET RESULT AND CASH FLOW IN Q1-Q2 2020

Other financial income and expenses amounted to EUR -4.8 million (Q1-Q2 2019: 7.0, including EUR 7.8 million of dividends on Wärtsilä shares). Foreign exchange differences accounted for EUR 0.7 million (0.3) of financial items.

Profit before taxes was EUR 24.8 million (34.5) in the first half of 2020. Income taxes for the first half were EUR -8.6 million (-7.1). Earnings per share were EUR 0.20 (0.33).

The cash flow from operating activities before financial items and taxes during the first half of the year amounted to EUR 18.3 million (22.3). Cash flow from financial items and taxes amounted to EUR -6.7 million (-14.8).

Cash flow from investing activities was EUR -11.6 million (-12.1), including EUR -11.7 million of capital expenditure on fixed assets. Cash flow from financing activities was EUR 168.1 million (-9.3), including EUR 163.4 million change in current debt, EUR 40.0 million of change in non-current debt, EUR -22.8 million of dividends paid and EUR -12.2 million of lease liability payments. The comparison figure from Q1-Q2 2019 included EUR 23.6 million of change in current debt, EUR -22.1 million of dividends paid and EUR -10.6 million of lease liability payments.

Capital expenditure for the first half of the year totaled EUR 11.7 million (18.5), mainly relating to IT solutions and replacements. Depreciation, amortization and impairment amounted to EUR 35.0 million (29.4) in the first half of the year.



## BALANCE SHEET AND FINANCING

Fiskars Group's working capital totaled EUR 241.0 million (225.8) at the end of June. The equity ratio was 49% (56%) and net gearing was 38% (37%).

Cash and cash equivalents at the end of the period totaled EUR 177.4 million (10.6). Net interest-bearing debt amounted to EUR 289.5 million (278.0), of which leases classified as interest-bearing debt under IFRS 16 accounted for EUR 107.1 million (104.4).

Excluding leasing debt, short-term borrowing totaled EUR 169.3 million (33.9) and long-term borrowing EUR 191.2 million (151.4). Short-term borrowing consisted mainly of commercial papers issued and bilateral loans from credit institutions maturing within 12 months.

New bilateral loans issued during the first half of the year amount to EUR 110 million, of which EUR 50 million were during the second quarter.

Loans excluding leasing debt are due as follows:

- EUR 118 million in 2020,
- EUR 190 million in 2021 and
- EUR 50 million in 2022.

EUR 98.0 million (30.0) of the company's EUR 400 million commercial paper program was in use at the end of the period. In addition to outstanding loans, Fiskars Group had EUR 300 million of unused long-term committed credit facilities with Nordic banks.



## RESTRUCTURING PROGRAM

During the first half of 2020, Fiskars Group changed its organizational structure and simplified the organization to continue to build one company with a common purpose, strategy and values.

The company also launched a company-wide Restructuring Program, announced in December 2019, aimed at reducing costs. The savings are expected to come from a wide range of areas, including the removal of overlaps in the organization, simplified processes and ways of working, and reduction of workforce. As part of the program, the company is looking for synergies and efficiencies in the selling and administrative spending. In addition, the company is evaluating the entire supply and distribution network for efficiency improvements.

The program will target annual net cost savings of approximately EUR 20 million, subject to the full implementation of the program. The targeted cost savings are expected to be achieved gradually, and the majority of the savings are expected to materialize in the Group's results during the program, which is estimated to be completed by the end of 2021.

The total costs of the program are expected to be approximately EUR 30 million by the end of 2021, of which EUR 8.1 million had been recorded by the end of June 2020. They will be recorded as items affecting comparability (IAC) and have a cash flow impact. At the same time, Fiskars Group continues investments in growth initiatives that are expected to add sustainable value in the long-term, e.g., in e-commerce and new business opportunities.

## TRANSFORMATION PROGRAM

In October 2018, Fiskars Group launched a Transformation program in its former Living segment aimed at increasing efficiency, reducing complexity and accelerating long-term strategic development.

The program will target annual cost savings of approximately EUR 17 million, subject to the full implementation of the program. The targeted cost savings are expected to be achieved gradually, and the majority of the savings are expected to materialize in the Group's results after the program is completed, which is estimated to be by the end of 2021.

The total costs of the program are approximately EUR 40 million in 2018–2021, of which EUR 20.2 million had been recorded by the end of the second quarter of 2020. The costs are recorded as items affecting comparability (IAC).



## RISKS AND BUSINESS UNCERTAINTIES

Fiskars Group's business, net sales, and financial performance may be affected by several uncertainties. Fiskars Group has detailed the overall business risks and risk management in its Annual Report and on the company's website at [www.fiskarsgroup.com/investors](http://www.fiskarsgroup.com/investors).

The COVID-19 pandemic continues to impact societies around the world. The development of the situation varies by country, and visibility is low. Restrictions of movement have been lifted in many countries, and the risk for new waves of the pandemic may increase. In particular, the development of the pandemic and its consequences to the U.S. market is considered material, as it is the single largest market for Fiskars Group.

The pandemic can impact the financial performance of the company in various ways, including lockdowns, store closures, social distancing, a decrease in gifting and an overall change in consumer confidence. As the situation evolves rapidly, the seasonality of the categories plays a role. For example, the interest in the gardening and watering categories in the Terra segment increased during the second quarter, which is seasonally the most important quarter for these categories. For Vita, the fourth quarter is the most important quarter both in terms of net sales and comparable EBITA.

There are important seasons, such as back-to-school and the holiday season, during the second half of the year. As the market conditions can be volatile going forward, unforeseen opportunities that the company can benefit from might arise. Additionally, in the absence of an escalation of the pandemic in the company's key markets, consumer confidence can strengthen and demand surge.

Fiskars Group imports and exports products from/to the UK. The UK's expected withdrawal from the EU, may have an adverse impact on Fiskars Group's comparable net sales and comparable EBITA in 2020. It can be assumed that failure to reach a second deal by the end of 2020 would lead to increased costs, additional workload on both sides, and trade disruptions in the form of tariffs and regulatory barriers. The long-term effect of changes in laws, regulations, taxes and other implications following the withdrawal and results of the upcoming deal negotiations as well as any possible impact on consumer confidence are difficult to estimate.

A considerable part of Fiskars Group's business is in the U.S. The increasing uncertainty regarding trade in the form of for example tariffs might have an impact on the company's business, as part of the product portfolio sold in the country is imported. Based on the information available at the moment, a further increase in tariffs might have a significant impact on the comparable EBITA in 2020.

Demand for some of the Group's products is dependent on the weather, particularly garden tools and watering products during the spring and snow tools during the winter. Unfavorable weather conditions such as cold and rainy weather during the spring or no snow in the winter can have a negative impact on the sale of these products. The sale of homeware products is heavily geared towards the last quarter of the year, and any negative issues related to product availability or demand during this quarter could affect the full-year result of this business significantly.

Fiskars Group operates globally, with a considerable part of its business in the U.S. and in other countries outside of the euro zone. Weakening of the U.S. dollar or other currencies relative to the euro may have a material impact on the reported financial figures due to the translation exposure. Less than 20% of Fiskars Group's commercial cash flows are exposed to fluctuations in foreign exchange rates.

Fiskars Group entities are subject to tax audits in several countries. It is possible that tax audits may lead to a reassessment of taxes. The tax reassessment claim raised by the Finnish Large Taxpayers' Office in 2016, was appealed to the Administrative Court, which maintained the decision that obligated the company to pay a total of EUR 28.3 million in additional tax, interest expenses and punitive tax increases. Fiskars Group has sought further appeal from the Supreme Administrative Court, and the process may take years. The dispute concerns intra-group loans forgiven by the company in 2003 and their tax treatment in subsequent tax years.



## RESEARCH AND DEVELOPMENT

The Group's research and development expenditure in the second quarter of 2020 totaled EUR 3.7 million (Q2 2019: 4.5), equivalent to 1.3% (1.7%) of net sales. During the first half of the year, research and development expenses totaled EUR 8.6 million (Q1–Q2 2019: 8.8), equivalent to 1.6% (1.7%) of net sales.

## PERSONNEL

The average number of full-time equivalent employees (FTE) was 6,021 (Q2 2019: 6,927) in the second quarter. At the end of the quarter, the Group employed 6,466 (7,465) employees, of whom 1,005 (1,169) were in Finland. The main drivers for the change were the Transformation and Restructuring programs.

## CHANGES IN ORGANIZATION AND MANAGEMENT

On April 21, 2020, Fiskars Group announced the resignation of President and CEO Jaana Tuominen. CFO Sari Pohjonen was appointed interim CEO. On July 10, the company announced the appointment of M.Sc. (Tech.) Nathalie Ahlström (born 1974) as President and Chief Executive Officer of Fiskars Corporation. She will start in the position at the latest in January 2021, at which point she will step down from the Board of Directors at Fiskars. She has been a member of the Fiskars Board of Directors since March 2020.

On April 8, 2020, Fiskars Group announced the appointment of James Brouillard as Executive Vice President, Business Area Terra and member of the Fiskars Group Leadership Team. He started in his position on April 20, 2020, and reports to the Group's Interim CEO Sari Pohjonen.

## OTHER SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

In the beginning of April, Fiskars Group's new organizational structure became effective, as the organization was simplified in line with the announcement on December 4, 2019.

The new organizational design was expected to lead to a net reduction of approximately 220 employees in office roles globally. Employee consultations in Finland started on January 20, 2020 and covered altogether 476 employees in office roles. The possible reduction of

employees was estimated to affect a maximum 60 employees in Finland. The changes resulted in a total net reduction of 220 positions in office roles globally, of which 31 were in Finland.

### Tax decision by the Administrative Court

On April 9, 2020, Fiskars Corporation received a tax decision from the Helsinki Administrative Court, which maintained the decision that obliged the company to pay EUR 28.3 million in additional tax, interest and punitive increases as a result of a tax audit carried out in 2014. The decision concerns intra-group loans forgiven by the company in 2003 and their tax treatment in subsequent tax years.

Fiskars Corporation considers the decision unfounded and has appealed further from the Supreme Administrative Court.

The reassessment decision had a negative effect of EUR 28.3 million on the cash flow during the third quarter of 2016. Fiskars Corporation has disclosed the ongoing tax appeal process in the earlier Annual Reports and Interim Reports. The company and its external advisors continue to consider the decision unfounded and do not recognize the related taxes and other costs in the income statement.

### Fiskars Group President and CEO Jaana Tuominen stepped down, CFO Sari Pohjonen appointed interim CEO

On April 21, 2020, Jaana Tuominen resigned from her position as President and CEO of Fiskars Group. CFO Sari Pohjonen was appointed interim CEO.

## SHARES AND SHAREHOLDERS

Fiskars Corporation has one share series (FSKRS). All shares carry one vote and equal rights. The number of shares in the Corporation totals 81,905,242. Fiskars Corporation held 433,677 of its own shares at the end of the quarter. The share capital remained unchanged at EUR 77,510,200.

Fiskars shares are traded in the Large Cap segment of Nasdaq Helsinki. The volume-weighted average share price during the second quarter was EUR 10.03 (Q2 2019: 18.35). At the end of June, the closing price was EUR 10.24 (EUR 14.40) per share and Fiskars had a market capitalization of EUR 834.3 million (1,174.2). The number of shares traded on Nasdaq Helsinki and in alternative marketplaces from April to June was 1.3 million (2.0),



which represents 1.6% (2.4%) of the total number of shares. The total number of shareholders was 25,414 (22,462) at the end of June 2020.

### **Flagging notifications**

Fiskars was not informed of any significant changes among its shareholders during the year.

## **EVENTS AFTER THE REPORTING PERIOD**

### **Nathalie Ahlström appointed President and CEO of Fiskars Corporation**

On July 10, 2020, Fiskars announced that the Board of Directors has appointed M.Sc. (Tech.) Nathalie Ahlström (born 1974) as President and Chief Executive Officer of Fiskars Corporation. She will start in the position in January 2021, at the latest. At the start she will step down from the Board of Directors at Fiskars. She has been a member of the Fiskars Board of Directors since March 2020.

Nathalie Ahlström has more than 20 years of experience in international business. She joins Fiskars from Fazer Group where she has been working since 2018 as EVP, Fazer Confectionery and member of the Fazer Group Management Team. Prior to that, she held several leadership positions at Amcor Ltd., a global consumer packaging company, and was based both in Asia and Europe. She is a member of the Board of Directors at Ahlstrom-Munksjö Oyj.

Sari Pohjonen has acted as the Interim President and CEO since April 2020 and will continue in this role until Nathalie Ahlström assumes her duties as CEO. After this, Sari Pohjonen will continue as the Chief Financial Officer, deputy to the CEO, and member of the Group Leadership Team.

## **OUTLOOK FOR 2020 WITHDRAWN ON MARCH 19, 2020**

Fiskars Corporation has withdrawn its guidance on the outlook for 2020, which was issued on February 5, 2020. Due to the COVID-19 outbreak, the comparable EBITA is unlikely to increase in 2020. The situation continues to evolve rapidly, at this time it is not possible to make reasoned estimates on the potential impact for the full year. Fiskars expects to guide the outlook for the full year 2020, once a more reliable estimate can be made. More detailed discussion on potential risks and uncertainties, in

particular related to the COVID-19 situation, can be found in the Risks and business uncertainties -section of this half-year financial report.

Helsinki, Finland, July 29, 2020

### **FISKARS CORPORATION**

Board of Directors



# CONSOLIDATED INCOME STATEMENT

EUR million	Q2 2020	Q2 2019	Change %	Q1-Q2 2020	Q1-Q2 2019	Change %	2019
<b>Net sales</b>	280.0	265.1	6	<b>536.2</b>	<b>533.7</b>	<b>0</b>	<b>1,090.4</b>
Cost of goods sold	-173.3	-156.7	-11	-324.9	-313.1	-4	-643.1
<b>Gross profit</b>	<b>106.7</b>	<b>108.3</b>	<b>-1</b>	<b>211.4</b>	<b>220.6</b>	<b>-4</b>	<b>447.3</b>
Other operating income	0.4	0.3	21	0.9	0.7	23	2.0
Sales and marketing expenses	-58.3	-72.2	19	-126.2	-141.9	11	-284.3
Administration expenses	-23.0	-22.2	-4	-47.0	-43.3	-8	-86.2
Research and development costs	-3.7	-4.5	17	-8.6	-8.8	2	-18.4
Goodwill and trademark amortization and impairment	-1.0			-1.0			
Other operating expenses	-0.2	0.7		-0.3	0.2		-0.3
<b>Operating profit (EBIT)*</b>	<b>20.8</b>	<b>10.5</b>	<b>97</b>	<b>29.1</b>	<b>27.4</b>	<b>6</b>	<b>60.1</b>
Change in fair value of biological assets	0.3	-0.4		0.4	0.1		-0.2
Other financial income and expenses	-4.7	1.7		-4.8	7.0		3.4
<b>Profit before taxes</b>	<b>16.3</b>	<b>11.8</b>	<b>38</b>	<b>24.8</b>	<b>34.5</b>	<b>-28</b>	<b>63.2</b>
Income taxes	-5.2	-1.9		-8.6	-7.1	21	-10.8
<b>Profit for the period</b>	<b>11.1</b>	<b>9.9</b>	<b>12</b>	<b>16.2</b>	<b>27.4</b>	<b>-41</b>	<b>52.4</b>
Attributable to:							
Equity holders of the parent company	11.1	9.7	14	16.0	27.0	-41	51.7
Non-controlling interest	0.0	0.1	-91	0.2	0.4	-49	0.7
Earnings for equity holders of the parent company per share, euro (basic and diluted)	0.14	0.12	14	0.20	0.33	-41	0.63
*Comparable EBITA (detailed in notes)	28.6	16.1	77	47.6	42.1	13	90.6

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q2 2020	Q2 2019	Q1-Q2 2020	Q1-Q2 2019	2019
<b>Profit for the period</b>	<b>11.1</b>	<b>9.9</b>	<b>16.2</b>	<b>27.4</b>	<b>52.4</b>
<b>Other comprehensive income for the period</b>					
Items that may be reclassified subsequently to profit or loss					
Translation differences	-1.0	10.8	-2.8	10.2	9.3
Cash flow hedges	0.2	0.1	0.3	0.0	0.2
Items that will not be reclassified to profit or loss					
Net change of investments at fair value through comprehensive income, net of tax		-43.5		-24.3	-24.3
Defined benefit plan, actuarial gains (losses) net of tax	-0.1	0.1	-0.1	-0.1	2.0
Other comprehensive income for the period net of tax total	-0.9	-32.5	-2.6	-14.2	-12.9
<b>Total comprehensive income for the period</b>	<b>10.2</b>	<b>-22.6</b>	<b>13.6</b>	<b>13.2</b>	<b>39.5</b>
Attributable to:					
Equity holders of the parent company	10.2	-22.9	13.7	12.7	38.5
Non-controlling interest	0.0	0.2	-0.1	0.5	1.0



# CONSOLIDATED BALANCE SHEET

EUR million	Jun 30 2020	Jun 30 2019	Change %	2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	218.1	217.7	0	219.6
Other intangible assets	282.5	285.4	-1	288.7
Property, plant & equipment	154.1	159.7	-3	162.2
Right-of-use assets	102.9	102.1	1	108.6
Biological assets	43.8	43.7	0	43.4
Investment property	4.1	3.7	10	3.6
Financial assets				
Financial assets at fair value through profit or loss	24.0	28.9	-17	28.9
Other investments	8.5	8.6	0	7.9
Deferred tax assets	27.0	22.2	22	27.9
<b>Non-current assets total</b>	<b>865.0</b>	<b>871.9</b>	<b>-1</b>	<b>890.7</b>
<b>Current assets</b>				
Inventories	214.6	240.9	-11	232.1
Trade and other receivables	247.2	202.6	22	203.2
Income tax receivables	33.3	35.2	-5	28.8
Interest-bearing receivables	0.0	0.0	-35	0.0
Investments at fair value through other comprehensive income	0.0	0.4	-100	0.0
Cash and cash equivalents	177.4	10.6		9.4
<b>Current assets total</b>	<b>672.5</b>	<b>489.7</b>	<b>37</b>	<b>473.5</b>
<b>Assets total</b>	<b>1,537.5</b>	<b>1,361.6</b>	<b>13</b>	<b>1,364.3</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity attributable to the equity holders of the parent company	752.2	757.4	-1	760.9
Non-controlling interest	3.5	3.1	13	3.6
<b>Equity total</b>	<b>755.7</b>	<b>760.5</b>	<b>-1</b>	<b>764.5</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	191.2	151.4	26	51.4
Lease liabilities	83.7	83.5	0	88.4
Other liabilities	4.3	4.2	4	4.4
Deferred tax liabilities	32.7	33.7	-3	32.8
Pension liability	13.2	12.2	9	13.2
Provisions	3.6	4.3	-17	4.1
<b>Non-current liabilities total</b>	<b>328.8</b>	<b>289.4</b>	<b>14</b>	<b>194.3</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	169.3	33.9		108.7
Lease liabilities	23.4	20.8	12	22.9
Trade and other payables	246.9	247.7	0	267.7
Income tax liabilities	7.2	5.2	39	2.1
Provisions	6.3	4.1	52	4.1
<b>Current liabilities total</b>	<b>453.0</b>	<b>311.7</b>	<b>45</b>	<b>405.5</b>
<b>Equity and liabilities total</b>	<b>1,537.5</b>	<b>1,361.6</b>	<b>13</b>	<b>1,364.3</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q2 2020	Q2 2019	Q1-Q2 2020	Q1-Q2 2019	2019
<b>Cash flow from operating activities</b>					
Profit before taxes	16.3	11.8	24.8	34.5	63.2
Adjustments for					
Depreciation, amortization and impairment	19.4	14.5	35.0	29.4	59.6
Gain/loss on sale and loss on scrap of non-current assets	-0.2	-0.2	-0.3	-0.2	-0.2
Other financial items	4.8	-1.4	4.8	-6.7	-4.0
Change in fair value of biological assets	-0.3	0.4	-0.4	-0.1	0.2
Change in provisions and other non-cash items	-0.7	-3.8	7.2	-2.9	-4.7
<b>Cash flow before changes in working capital</b>	<b>39.3</b>	<b>21.2</b>	<b>71.1</b>	<b>53.9</b>	<b>114.1</b>
Changes in working capital					
Change in current assets, non-interest-bearing	-39.1	28.8	-49.5	19.7	23.0
Change in inventories	24.4	-8.3	12.8	-20.6	-6.6
Change in current liabilities, non-interest-bearing	31.2	6.3	-16.1	-30.8	-12.9
<b>Cash flow from operating activities before financial items and taxes</b>	<b>55.8</b>	<b>48.1</b>	<b>18.3</b>	<b>22.3</b>	<b>117.5</b>
Financial income received and costs paid	-1.7	-1.2	0.2	-2.6	-2.5
Taxes paid	-0.8	-2.4	-6.9	-12.2	-18.4
<b>Cash flow from operating activities (A)</b>	<b>53.3</b>	<b>44.5</b>	<b>11.6</b>	<b>7.5</b>	<b>96.5</b>
<b>Cash flow from investing activities</b>					
Investments in financial assets	-1.3	-0.2	-1.3	-2.5	-8.2
Capital expenditure on fixed assets	-6.7	-10.4	-11.7	-18.5	-40.0
Proceeds from sale of fixed assets	0.5	1.1	0.1	0.9	0.9
Proceeds from sale of investments at fair value through other comprehensive income	0.0	0.0	0.0	0.0	0.5
Other dividends received				7.8	7.8
Cash flow from other investments	0.0	-0.1	1.3	0.1	1.9
<b>Cash flow from investing activities (B)</b>	<b>-7.4</b>	<b>-9.6</b>	<b>-11.6</b>	<b>-12.1</b>	<b>-37.0</b>
<b>Cash flow from financing activities</b>					
Purchase of treasury shares	0.0	0.0	-0.3	-0.6	-1.1
Change in current receivables	0.0	0.0	0.0	0.0	0.0
Change in non-current debt	0.1	0.1	40.0	0.2	0.8
Change in current debt	28.9	-29.8	163.4	23.6	-2.2
Payment of lease liabilities	-6.1	-4.5	-12.2	-10.6	-21.6
Cash flow from other financing items	-0.5	-0.3	0.1	0.3	0.7
Dividends paid	0.0	-0.1	-22.8	-22.1	-51.0
<b>Cash flow from financing activities (C)</b>	<b>22.3</b>	<b>-34.5</b>	<b>168.1</b>	<b>-9.3</b>	<b>-74.5</b>
<b>Change in cash and cash equivalent (A+B+C)</b>	<b>68.2</b>	<b>0.4</b>	<b>168.1</b>	<b>-13.8</b>	<b>-15.1</b>
Cash and cash equivalent at beginning of period	109.3	11.0	9.4	24.4	24.4
Translation difference	-0.1	-0.8	-0.1	0.0	0.0
Cash and cash equivalent at end of period	177.4	10.6	177.4	10.6	9.4



# CONSOLIDATED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR million	Attributable to the equity holders of the parent company							Non-controlling interest	Total
	Share capital	Treasury shares	Cumul. transl. diff.	Fair value reserve	Actuarial gains and losses	Financial assets at FVTOCI	Retained earnings		
<b>Opening Balance Jan 1, 2019</b>	<b>77.5</b>	<b>-6.0</b>	<b>11.1</b>	<b>-0.4</b>	<b>-3.9</b>	<b>-95.0</b>	<b>1,223.6</b>	<b>2.7</b>	<b>1,209.7</b>
Total comprehensive income for the period			10.1	0.0	-0.1	-24.3	27.0	0.5	13.2
Purchase and issue of treasury shares		-0.6					0.3		-0.4
Dividend distribution						119.3	-581.2	-0.1	-462.0
Other changes									
<b>Jun 30, 2019</b>	<b>77.5</b>	<b>-6.6</b>	<b>21.2</b>	<b>-0.3</b>	<b>-4.0</b>	<b>0.0</b>	<b>669.7</b>	<b>3.1</b>	<b>760.5</b>
<b>Opening Balance Jan 1, 2020</b>	<b>77.5</b>	<b>-7.1</b>	<b>20.1</b>	<b>-0.2</b>	<b>-1.9</b>	<b>0.0</b>	<b>672.5</b>	<b>3.6</b>	<b>764.5</b>
Total comprehensive income for the period			-2.5	0.3	-0.1		16.0	-0.1	13.6
Purchase and issue of treasury shares		-0.3					0.0		-0.3
Dividend distribution							-22.8		-22.8
Other changes		0.3					0.4		0.7
<b>Jun 30, 2020</b>	<b>77.5</b>	<b>-7.2</b>	<b>17.6</b>	<b>0.1</b>	<b>-2.0</b>	<b>0.0</b>	<b>666.2</b>	<b>3.5</b>	<b>755.7</b>



# NOTES TO THE HALF-YEAR FINANCIAL REPORT

## ACCOUNTING PRINCIPLES

This half-year financial report is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the previous annual financial statements.

Figures presented have been rounded and therefore the sum of individual figures might differ from the presented total figure. Segment financial figures for the year 2019 have been restated for the new primary reporting segments. The restated figures have not been audited.

## GOODWILL AND INTANGIBLE ASSETS

Impairment testing for goodwill and trademarks was performed in Q2 2020 due to the changed market outlook resulting from the COVID-19 pandemic. On the basis of the impairment calculations made, there has been no need for impairment of goodwill for any CGU for the period ended June 30, 2020. Cash generating units (CGUs) of Fiskars Group have been redefined in 2020 due to the organizational change to reflect the new Business Areas Vita, Terra and Crea.

Based on impairment testing calculated on trademarks, the Gingher trademark has been impaired with EUR 1.0 million. After impairment, the carrying amount of the Gingher trademark amounts to EUR 2.3 million.

Customer relationships recognized as intangible assets in the WWRD acquisition in 2015 have been reassessed for their useful life. As a result, the amortization has been accelerated and this generated an additional one-off amortization of EUR 2.5 million in the second quarter.

Goodwill has been allocated to cash-generating units as follows:

EUR million	Jun 30, 2020	Dec 31, 2019
Vita	216.3	217.8
Terra	-	-
Crea	1.8	1.8
<b>Total</b>	<b>218.1</b>	<b>219.6</b>

Key parameters applied in impairment testing

	Jun 30, 2020		Dec 31, 2019	
	Goodwill	Trademarks*	Goodwill	Trademarks*
%				
Increase in net sales on average	2.7	1.5	2.7	1.0
Steady growth rate in projecting terminal value	1.0	1.0	1.0	1.0
Discount rate, pre-tax, average	7.0	8.8	6.4	8.0

\*Used one percentage point higher risk premium than in goodwill testing.



# REPORTING SEGMENTS

EUR million	Q2 2020	Q2 2019	Change %	Q1-Q2 2020	Q1-Q2 2019	Change %	2019
<b>Net sales</b>							
Vita	80.9	101.3	-20	174.5	211.5	-17	500.8
Terra	153.7	124.5	23	283.0	252.1	12	442.9
Crea	44.8	38.5	16	77.0	68.4	13	142.9
Other	0.7	0.8	-7	1.7	1.7	4	3.9
<b>Group total</b>	<b>280.0</b>	<b>265.1</b>	<b>6</b>	<b>536.2</b>	<b>533.7</b>	<b>0</b>	<b>1,090.4</b>
<b>Operating profit (EBIT)</b>							
Vita	-12.9	-4.5		-22.5	-9.0		14.6
Terra	25.5	9.9	157	41.4	30.6	35	31.9
Crea	11.5	9.0	27	16.3	13.0	25	26.7
Other	-3.3	-3.9	-16	-6.1	-7.2	-15	-13.2
<b>Group total</b>	<b>20.8</b>	<b>10.5</b>	<b>97</b>	<b>29.1</b>	<b>27.4</b>	<b>6</b>	<b>60.1</b>
<b>Depreciation, amortization and impairment</b>							
Vita	11.7	8.2	43	21.3	15.3	39	33.1
Terra	4.5	4.6	-1	8.7	9.2	-5	18.4
Crea	1.8	0.8	109	2.8	1.7	60	3.8
Other	1.3	0.9	55	2.2	3.1	-30	4.1
<b>Group total</b>	<b>19.4</b>	<b>14.5</b>	<b>33</b>	<b>35.0</b>	<b>29.4</b>	<b>19</b>	<b>59.6</b>
<b>Capital expenditure</b>							
Vita	3.6	4.8	-25	5.6	8.8	-37	18.3
Terra	2.2	3.8	-43	4.3	6.7	-36	16.6
Crea	0.6	0.2		0.8	0.3	142	0.9
Other	0.3	1.6	-83	1.0	2.6	-61	4.2
<b>Group total</b>	<b>6.7</b>	<b>10.4</b>	<b>-36</b>	<b>11.7</b>	<b>18.5</b>	<b>-36</b>	<b>40.0</b>

# NET SALES BY GEOGRAPHY

EUR million	Q2 2020	Q2 2019	Change %	Q1-Q2 2020	Q1-Q2 2019	Change %	2019
<b>Net sales</b>							
Europe	104.0	120.8	-14	223.1	250.9	-11	518.9
Americas	142.4	116.2	23	250.4	220.6	14	427.5
Asia-Pacific	33.3	28.6	16	63.9	62.1	3	143.6
Unallocated	0.3	-0.5		-1.2	0.1		0.3
<b>Group total</b>	<b>280.0</b>	<b>265.1</b>	<b>6</b>	<b>536.2</b>	<b>533.7</b>	<b>0</b>	<b>1,090.4</b>



# OPERATING PROFIT AND COMPARABLE EBITA

EUR million	Q2 2020	Q2 2019	Change %	Q1-Q2 2020	Q1-Q2 2019	Change %	2019
<b>Operating profit (EBIT)</b>	<b>20.8</b>	<b>10.5</b>	<b>97</b>	<b>29.1</b>	<b>27.4</b>	<b>6</b>	<b>60.1</b>
Amortization	-6.7	-3.1	-119	-10.3	-6.3	-63	-12.9
<b>EBITA</b>	<b>27.5</b>	<b>13.6</b>	<b>102</b>	<b>39.4</b>	<b>33.7</b>	<b>17</b>	<b>72.9</b>
<b>Items affecting comparability in EBITA</b>							
Restructuring Program	0.6	0.0		7.6	0.0		0.4
Alignment program		-0.1			-0.1		-0.2
Transformation program	0.5	2.4		0.8	8.0		17.0
Leborgne divestment		0.3			0.8		0.8
Other adjustments to operating profit	0.0			-0.2	-0.3		-0.3
<b>Total items affecting comparability in EBITA</b>	<b>1.1</b>	<b>2.6</b>	<b>-56</b>	<b>8.2</b>	<b>8.4</b>	<b>-3</b>	<b>17.7</b>
<b>Comparable EBITA</b>	<b>28.6</b>	<b>16.1</b>	<b>77</b>	<b>47.6</b>	<b>42.1</b>	<b>13</b>	<b>90.6</b>

# INTANGIBLE AND TANGIBLE ASSETS

EUR million	Jun 30 2020	Jun 30 2019	Dec 31 2019
<b>Intangible assets and goodwill</b>			
Book value, Jan 1	508.2	497.9	497.9
Currency translation adjustment	-2.2	2.2	10.3
Additions	5.0	6.0	17.6
Amortization and impairment	-10.3	-6.3	-12.7
Decreases and transfers	-0.2	3.3	-4.9
<b>Book value at end of period</b>	<b>500.6</b>	<b>503.1</b>	<b>508.2</b>
Investment commitments for intangible assets	0.1		
<b>Tangible assets and investment property</b>			
Book value, Jan 1	165.9	163.4	163.4
Currency translation adjustment	-3.0	1.6	4.1
Additions	6.6	10.2	23.0
Depreciation and impairment	-11.7	-11.5	-23.8
Decreases and transfers	0.4	-0.4	-0.7
<b>Book value at end of period</b>	<b>158.2</b>	<b>163.4</b>	<b>165.9</b>
Investment commitments for property, plant and equipment	2.1	3.7	2.4
<b>Right-of-use assets</b>			
Book value, Jan 1	108.8	119.3	119.3
Currency translation adjustment	-0.6	0.1	0.7
Additions	8.2	1.5	25.2
Depreciation	-12.7	-11.3	-22.9
Decreases	-0.8	-7.4	-13.7
<b>Book value at end of period</b>	<b>102.9</b>	<b>102.1</b>	<b>108.6</b>



# CONTINGENCIES AND PLEDGED ASSETS

EUR million	Jun 30 2020	Jun 30 2019	Dec 31 2019
<b>As security for own commitments</b>			
Guarantees	11.9	18.3	14.7
Other contingencies*	1.1	9.1	4.3
<b>Contingencies and pledged assets total</b>	<b>12.9</b>	<b>27.4</b>	<b>19.0</b>

\*Other contingencies include a commitment of USD 3 million to invest in private equity funds.

## Tax risks

In April 2020, the Helsinki Administrative Court maintained the decision that obliged the company to pay EUR 28.3 million in additional tax, interest and punitive increases as a result of a tax audit carried out in 2014. The decision concerns intra-group loans forgiven by the company in 2003 and their tax treatment in subsequent tax years.

Fiskars Group has disclosed the ongoing tax appeal in the earlier Annual Reports and Interim Reports. Fiskars appealed against the Administrative Court's decision to the Supreme Administrative Court. The company and its external advisors continue to consider the decision unfounded and do not recognize the related taxes and other costs in the income statement.

# DERIVATIVES

EUR million	Jun 30 2020	Jun 30 2019	Dec 31 2019
<b>Nominal amounts of derivatives</b>			
Foreign exchange forwards and swaps	239.0	220.9	316.6
Interest rate swaps	50.0	50.0	50.0
Electricity forward agreements		0.2	
<b>Fair value of derivatives</b>			
Foreign exchange forwards and swaps	1.1	0.4	-0.4
Interest rate swaps	0.0	-0.5	-0.3
Electricity forward agreements		0.2	

Derivatives have been valued at market value.



# EXCHANGE RATE SENSITIVITY OF THE OPERATIONS

Less than 20% of Fiskars Group's commercial cash flows are exposed to fluctuations in foreign exchange rates. The most significant transaction risks relate to the appreciation of THB and IDR, and depreciation of SEK, AUD and JPY. The following table presents the estimated annual net commercial cash flows in the most significant currencies:

EUR million	THB	SEK	USD	AUD	JPY	IDR	GBP	CAD
Operational currency position	-35.9	19.5	-11.5	15.0	16.7	-13.9	14.1	13.6
Exchange rate sensitivity of the operations*	3.6	-2.0	1.2	-1.5	-1.7	1.4	-1.4	-1.4

\*Illustrates the impact of 10% depreciation of the currency against EUR on the Group's annual profit before taxes had the cash flows not been hedged.

Most of the foreign exchange transaction risks related to the commercial cash flows are hedged primarily through the use of currency forwards and swaps. As Fiskars Group does not apply hedge accounting to these currency derivatives, both the realized and unrealized gains and losses on the derivatives are included in the income statement.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

### Jun 30, 2020

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss			24.0	24.0
Investments at fair value through other comprehensive income	0.0			0.0
Other investments	0.3		8.2	8.5
Derivative assets		1.1		
<b>Total assets</b>	<b>0.3</b>	<b>1.1</b>	<b>32.2</b>	<b>32.5</b>
Derivative liabilities		0.0		0.0
<b>Total liabilities</b>		<b>0.0</b>		<b>0.0</b>

### Jun 30, 2019

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss			28.9	28.9
Investments at fair value through other comprehensive income	0.4			0.4
Other investments	0.4		8.2	8.5
Derivative assets		0.6		0.6
<b>Total assets</b>	<b>0.8</b>	<b>0.6</b>	<b>37.0</b>	<b>38.4</b>
Derivative liabilities		0.5		0.5
<b>Total liabilities</b>		<b>0.5</b>		<b>0.5</b>

### Dec 31, 2019

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss			28.9	28.9
Investments at fair value through other comprehensive income	0.0			0.0
Other investments	0.3		7.6	7.9
Derivative assets				
<b>Total assets</b>	<b>0.3</b>	<b>0.0</b>	<b>36.4</b>	<b>36.7</b>
Derivative liabilities		0.7		0.7
<b>Total liabilities</b>		<b>0.7</b>		<b>0.7</b>



# FAIR VALUE CATEGORIES

Hierarchy level 1 includes financial assets that are publicly quoted in an active market. Level 3 includes financial assets and liabilities measured using non-market observable inputs. The asset classes in this category are unlisted equity investments and funds.

Investments EUR million	FVTOCI	FVTPL	Other		Total
	Level 1	Level 3	Level 1	Level 3	
<b>Book value, Jun 30, 2019</b>	<b>0.4</b>	<b>28.9</b>	<b>0.4</b>	<b>8.2</b>	<b>37.8</b>
Additions		5.9			5.8
Decreases	-0.4	-8.8			-9.2
Change in fair value	0.0	2.9	-0.1	-0.6	2.2
<b>Book value, Dec 31, 2019</b>	<b>0.0</b>	<b>28.9</b>	<b>0.3</b>	<b>7.6</b>	<b>36.6</b>
Additions		1.1			1.1
Decreases		-4.0			-4.0
Change in fair value		-2.0	0.0	0.7	-1.3
<b>Book value, Jun 30, 2020</b>	<b>0.0</b>	<b>24.0</b>	<b>0.3</b>	<b>8.2</b>	<b>32.5</b>

Investments at fair value through other comprehensive income (FVTOCI) consist of holdings in Wärtsilä Corporation and investments at fair value through profit or loss (FVTPL) of unlisted funds. Listed shares have been recognized at their fair value based on quotation at the end of the reporting period (fair value hierarchy level 1). The fair value of unlisted funds is based on the market value reported by the fund (level 3) and changes are recognized in the income statement.

In June 2019 Fiskars distributed 32,614,026 of its Wärtsilä shares as an extra dividend to shareholders. Market value of the shares on the date of distribution was EUR 433.0 million and the change of the value has been reported in other comprehensive income. Fiskars Group no longer holds Wärtsilä shares.

Other financial assets comprise listed and unlisted shares as well as non-current receivables. Listed shares have been recognized at their fair value based on quotation at the end of the reporting period (level 1). Unlisted shares and other investments are measured at the lower of cost and fair value (level 3).

# ACQUISITIONS AND DIVESTMENTS

## Acquisitions and divestments in 2020

There have been no acquisitions or divestments in 2020.

## Acquisitions and divestments in 2019

Fiskars Group sold Leborgne business to MOB MONDELIN on April 1, 2019, consisting of manufacturing and sale of hand tools to construction and gardening customers in France. The transaction was structured as an asset sale and included the Leborgne brand, inventory, fixed assets and personnel working for the business.



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