FISKARS GROUP

2018

Financial Statements

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Report by the Board of Directors for the year 2018

Fiskars Group is a leading consumer goods company, building a family of iconic lifestyle brands. Fiskars Group's vision is to create a positive, lasting impact on the quality of life we live – making the everyday extraordinary.

Fiskars Group's business is based on putting the consumer at the core of everything. A profound insight and understanding of the consumer forms the starting point for the brands as well as product and portfolio development and marketing activities. Consumer insight is critical in order to provide a true omni-channel experience across all channels and platforms, both physical and digital.

The brand, marketing, and product development are ensuring that the offering is relevant to the consumer and represents the uniqueness of Fiskars Group's brands. In addition, the brand's purpose, marketing concepts and activities are defined by brand and marketing in order to present the offering in the most relevant way across all markets and consumer touchpoints.

Striving for quality, cost efficiency and sustainability, the supply chain plays a critical role in manufacturing, sourcing and logistics. Fiskars Group has own manufacturing units in Asia, Europe and North America, which are complemented by a network of suppliers. The supply chain focuses on ensuring that the product quality, production methods and all the social and environmental aspects live up to the requirements of sustainable ways of working.

The key element in the company's business model, sales and distribution, is going through a fundamental change all over the world. Traditional channels are facing challenges, new digital platforms are emerging and the roles of various players are shifting. For Fiskars Group, own retail is growing in importance and interaction directly with consumers happens more often.

At the same time, Fiskars Group works closely together with customers (e.g. department stores and DIY chains) to develop the offering and consumer relevance of the categories where Fiskars Group is present.

Fiskars Group depends on talented people who contribute to the success of the company, and cultivates a culture of collaboration, innovation and creativity. Developing employees' competences, whether in the field of brand development, R&D, sales, manufacturing or business development, is critical in creating long-term value for stakeholders.

Global megatrends are shaping Fiskars Group's position in the consumer goods business. Digitalization, resource scarcity, and urbanization are transforming the operating environment, creating new opportunities and challenges alike.

Year 2018 in brief: Increased comparable EBITA, improved cash flow and decreased comparable net sales

Fiskars Group's comparable EBITA increased in 2018, despite the decrease in comparable net sales. The improvement was driven by a strong last quarter of the year. This performance reflects the company's capability to deliver results even in challenging market conditions. Good progress was made in increasing the efficiency through a number of transformation programs and in the execution of strategic initiatives. The company continues to see potential in further improving the ways of working, acting as one company to leverage the strengths and benefit from shared skills.

The full-year performance of the Functional segment was positive, as the comparable EBITA increased clearly. This is notable, as the comparable net sales remained at the previous year's level, primarily due to the cold spring during the first quarter. Functional EMEA performed well and the comparable EBITA increased also during the fourth quarter. The Outdoor business has been making excellent progress during the year and the fourth quarter was no exception.

The Living segment ended the year on a positive note as well, as the comparable EBITA increased during this important quarter. The entire year was challenging for both businesses in the Living segment. In October, Fiskars Group launched the Transformation program in the Living business, focusing primarily on the English & Crystal Living business. With this program, the company aims to increase efficiency, reduce complexity and accelerate long-term strategic development during 2018–2021.

In November, Fiskars Group updated the long-term financial targets regarding profitability, and now aims to reach an EBITA margin of 12%. At the same time, the company updated its strategic priorities, to further improve the performance. The company works to find growth in the core markets and categories and seek opportunities in new areas.

As a result of the increased uncertainty in the trade environment and possible increased tariffs, Fiskars Group's earnings will come under some pressure in 2019. The company will continue delivering on the strategic priorities and in 2019, expects comparable net sales and comparable EBITA to be at the same level as in 2018. The outlook is influenced by the company's investments in growth initiatives that are expected to add sustainable value in the long-term. In addition, there are material risks relating to changes in the operating environment, e.g. Brexit and the U.S. tariffs. An unfavorable outcome of these risks might have a significant impact on the comparable net sales and comparable EBITA. Furthermore, fluctuations in currency rates might also have a considerable impact on comparable EBITA.

During 2018, cash flow from operating activities before financial items and taxes amounted to EUR 136.8 million (130.5). Earnings per share were EUR 1.00 (2.04, comparable figure 0.98).

Proposal for distribution of dividend

The Board of Directors proposes to the Annual General Meeting 2019 an authorization for the Board of Directors to resolve on the distribution of the shares held by Fiskars in Wärtsilä Corporation as an extra dividend to Fiskars' shareholders. The Board of Directors currently expects to resolve on the share dividend distribution of all or substantially all of Fiskars' shares in Wärtsilä, subject to the authorization, in its meeting scheduled for June 6, 2019.

In addition, the Board of Directors proposes to the Annual General Meeting that a cash dividend of up to a total of EUR 0.54 per share shall be paid to the shareholders. According to the proposal, the cash dividend would be divided into two parts, i.e. the Annual General Meeting would resolve on a cash dividend of EUR 0.27 per share paid to shareholders after the Annual General Meeting in March 2019 and, further, the Board of Director proposes that the Annual General Meeting resolves to authorize the Board of Directors to resolve, in its discretion, on the distribution of an additional cash dividend up to EUR 0.27 per share. The Board of Directors expects to resolve on the additional cash dividend of EUR 0.27, subject to the authorization, in its meeting scheduled for September 5, 2019.

Group performance

In 2018, Fiskars Group's organization featured two Strategic Business Units, Living and Functional. The group has three reporting segments: Living, Functional, and Other. The Living segment consists of the English & Crystal Living business, including brands such as Waterford, Wedgwood, Royal Albert, and Royal Doulton, and the Scandinavian Living business, including brands such as Iittala, Royal Copenhagen, Rörstrand, and Arabia. The Functional segment consists of Functional Americas, Functional EMEA and Outdoor businesses, and includes brands such as Fiskars, Gerber, and Gilmour. Fiskars Group's Other segment contains the Group's investment portfolio, the real estate unit, corporate headquarters, and shared services.

NET SALES

EUR MILLION	2018	2017	CHANGE	COMPARABLE CHANGE*
Group	**1,118.5**	1,185.5	-5.6%	-2.4%
Living	**529.6**	573.9	-7.7%	-5.4%
Functional	**585.2**	607.8	-3.7%	0.5%
Other	**3.8**	3.8	-1.3%	-1.3%

* Using comparable exchange rates

Fiskars Group's consolidated net sales decreased by 5.6% to EUR 1,118.5 million (2017: 1,185.5, which included EUR 1.7 million from divested businesses). Comparable net sales decreased by 2.4%. Comparable net sales in the Functional segment remained at last year's level, where the positive development in the Outdoor and Functional Americas businesses was subdued by the lost sales in Functional EMEA during the cold spring. Comparable net sales decreased in the Living segment, impacted by the decline in the English & Crystal Living business, which has faced challenges in several markets and channels throughout the year.

COMPARABLE EBITA

EUR MILLION	2018	2017	CHANGE
Group	**121.7**	119.0	2%
Living	**57.0**	70.7	-19%
Functional	**75.5**	59.7	27%
Other	**-10.8**	-11.5	6%

Comparable EBITA (excluding items affecting comparability) increased by 2% to EUR 121.7 million (119.0). In 2018, changes in foreign exchange rates negatively impacted comparable EBITA by EUR -4.2 million. In the Functional segment, the comparable EBITA increased during the period. In the Living segment, however, the comparable EBITA decreased. Items affecting comparability in EBITA amounted to EUR -9.2 million (-5.8) and mainly consisted of the Living transformation program, the Alignment program and the proposed divestment of the Leborgne business. Fiskars Group's EBITA totaled EUR 112.5 million (113.2) in 2018, resulting in an EBITA margin of 10.1% (9.5%).

Operating environment in 2018

The operating environment was mixed throughout the year. In the U.S., economic growth was robust despite a slow first quarter. Overall, consumer confidence in the U.S. remained at a good level throughout the year, with some weaker periods impacted by e.g. concerns over escalating international trade issues. During the first quarter, the cold weather had a major impact in demand in the gardening category and reduced traffic in stores both in the U.S. and Europe.

In Europe, both consumer confidence and retail sales kicked off 2018 at a high level but declined throughout the year. The challenges were particularly visible in the UK. In the Nordics, however, the operating environment remained relatively favorable.

In Japan, the market situation has varied throughout the year. 2018 started off well with high consumer confidence, which however eroded throughout the year. For retail sales, the third quarter was positive, but the rest of the year more challenging. The Australian market was challenging for most of the year but started to improve towards the end.

Reporting segments and geographies

LIVING SEGMENT IN 2018

EUR MILLION	2018	2017	CHANGE
Net sales*	**529.6**	573.9	-7.7%
Comparable EBITA	**57.0**	70.7	-19%
Capital expenditure	**23.8**	14.0	71%

* Using comparable exchange rates, net sales in the Living segment decreased by 5.4% in 2018.

Net sales in the Living segment decreased year-on-year and amounted to EUR 529.6 million (2017: 573.9). Comparable net sales decreased by 5.4%, impacted mainly by the English & Crystal Living business. The business has faced challenges during the year, mainly in the UK, the U.S. and Australia as well as in the hospitality channel. This has overshadowed the positive development in Asia.

Comparable net sales in Scandinavian Living decreased, mainly as a result of challenges in Scandinavia during the second and third quarters. Net sales increased in the Asia-Pacific region.

Comparable EBITA for the Living segment decreased by 19.0% and amounted to EUR 57.0 million (70.7). The decrease was a result of lower volumes in the English & Crystal Living business. Comparable EBITA decreased in the Scandinavian Living business as well, as the focus on own retail and expansion of distribution weighted on the profitability.

FUNCTIONAL SEGMENT IN 2018

EUR MILLION	2018	2017	CHANGE
Net sales*	**585.2**	607.8	-3.7%
Comparable EBITA	**75.5**	59.7	27%
Capital expenditure	**18.9**	19.4	-2.6%

* Using comparable exchange rates and excluding the net sales of the divested container gardening business in Europe (in December 2016), net sales in the Functional segment increased by 0.5% in 2018.

Net sales in the Functional segment decreased year-on-year and amounted to EUR 585.2 million (2017: 607.8). Comparable net sales remained close to the previous year's level. Comparable net sales increased most notably in the Outdoor business, supported by government sales, the multitool category and the launch of products in the fishing category. In the Functional Americas business the comparable net sales increased as well, as the business has gained new distribution.

Comparable net sales decreased in Functional EMEA, where the second quarter development in the gardening category did not fully compensate for the shortfall in the first quarter. During the second half of the year, the rationalization of the distribution network in Eastern Europe had a negative short-term impact.

Comparable EBITA for the Functional segment increased during the year and amounted to EUR 75.5 million (59.7). In addition to improved operational efficiencies, the increase was mainly supported by the increased net sales in the Outdoor business. Comparable EBITA increased in Functional EMEA as well, but decreased in Functional Americas, as a result of changes in foreign exchange rates and an unfavorable sales mix.

OTHER SEGMENT IN 2018

EUR MILLION	2018	2017	CHANGE
Net sales	**3.8**	3.8	-1.3%
Comparable EBITA	**-10.8**	-11.5	6%
Capital expenditure	**3.5**	2.0	75%

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

Net sales in the Other segment remained stable year-on-year and amounted to EUR 3.8 million (2017: 3.8), consisting of timber sales and rental income. The comparable EBITA for the Other segment amounted to EUR -10.8 million (-11.5).

At the end of the period, the market value of Fiskars Group's active investments was EUR 453.6 million (December 31, 2017: 572.4). This consisted of shares in Wärtsilä, with a closing price of EUR 13.90 (EUR 52.60 at the end of 2017, before the 2:1 split in March).

The net change in fair value of investments recorded in the consolidated statement of comprehensive income during 2018 amounted to EUR -95.0 million (107.9, recorded in the profit and loss statement).

NET SALES BY GEOGRAPHY IN 2018

EUR MILLION	2018	2017	CHANGE	COMPARABLE CHANGE*
Europe	**531.2**	568.5	-6.6%	-5.0%
Americas	**444.4**	463.0	-4.0%	1.3%
Asia-Pacific	**141.7**	152.8	-7.3%	-3.2%
Unallocated**	**1.3**	1.2	1.%	5%

* Using comparable exchange rates, excluding the divested container gardening business in Europe (in December 2016).
** Geographically unallocated exchange rate differences.

Net sales in Europe decreased by 6.6% and amounted to EUR 531.2 million (2017: 568.5). Comparable net sales decreased by 5.0%, impacted by the Functional EMEA, English & Crystal Living and Scandinavian Living businesses. The majority of the net sales in the hospitality channel is incorporated in the English & Crystal Living business in Europe, which contributed to the decrease.

Net sales in the Americas decreased by 4.0% to EUR 444.4 million (463.0). Comparable net sales increased by 1.3%. Comparable net sales increased in the Functional Americas and the Outdoor businesses, partly offset by the decrease in the English & Crystal Living business.

Net sales in Asia-Pacific decreased by 7.3% and amounted to EUR 141.7 million (152.8). Comparable net sales decreased by 3.2%, impacted by the English & Crystal Living business.

Research and development

The Group's research and development expenditure totaled EUR 18.4 million (2017: 18.8), equivalent to 1.6% (1.6%) of net sales.

Personnel

At the end of 2018, the Group employed 7,615 (7,932) employees, of whom 1,125 (1,126) were in Finland. The year-on-year change was mainly related to unified definitions among retail and manufacturing personnel and the Alignment program.

In 2018, the average number of full-time equivalent employees (FTE) in Fiskars Group was 7,094 (2017: 7,709). In the Functional segment, the FTE number was 2,147 (2,289), in the Living segment 4,865 (5,379) and in the Other segment 82 (41) in 2018.

Living transformation program

In October 2018, Fiskars launched a Transformation program in its Living business 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 2.5 million had been recorded by the end of 2018. The costs are recorded as items affecting comparability (IAC).

The proposed changes will involve optimization of global retail, distribution and supply networks as well as organizational structure, and will focus primarily on the English & Crystal Living business, to improve its profitability. As the planning progresses, Fiskars Group will engage and work closely with its employees and employee representatives to ensure that they are fully informed and consulted about our proposals. Processes and timelines will vary from one country to another.

Financial items and net result

The share ownership in the Wärtsilä Corporation is no longer treated as a financial asset at fair value through profit or loss. At the end of the 2018, Fiskars Group owned 32,645,343 shares in Wärtsilä, representing 5.52% of Wärtsilä's share capital.

The net change in the fair value of investments through other comprehensive income, consisting of the company's holdings in Wärtsilä, amounted to EUR -118.8 million (2017: 107.9) during 2018. The closing share price of Wärtsilä was EUR 13.90 (52.60, not directly comparable due to the issue of two new shares for each existing share) at the end of the year.

Other financial income and expenses amounted to EUR 9.4 million (11.4) for the full year 2018, including amongst others -0.7 million (0.6) of foreign exchange differences and 15.0 million (14.1) of the dividends received on Wärtsilä shares. The first instalment of the Wärtsilä dividend was received in March 2018 and the second in September 2018.

Profit before taxes for 2018 was EUR 103.0 million (217.8). Income taxes for the year were EUR -21.1 million (-50.8). The difference is primarily due to the change in the recording of the fair value in the Wärtsilä holding. Earnings per share were EUR 1.00 (0.98). Earnings per share do not include net changes in the fair value of the investment portfolio. The comparable figure for 2017 has been adjusted accordingly.

Cash flow, balance sheet and financing

For the whole year cash flow from operating activities before financial items and taxes was EUR 136.8 million (2017: 130.5). Cash flow from financial items and taxes amounted to EUR -30.9 million (-26.7). Cash flow from investing activities was EUR -28.0 million (-12.4), including EUR -46.2 million of capital expenditure on fixed assets, EUR 2.7 million of proceeds from sale of fixed assets and EUR 15.0 million from dividends received. Cash flow from financing activities was EUR -84.6 million (-78.0), including EUR -12.8 million of change in current debt, EUR 20.0 million of change in current receivables, EUR -30.3 million of repayment of non-current debt and EUR -59.5 million of dividends paid. The comparison figure from 2017 included positive cash flow of EUR 22.0 million from money market investments, EUR -87.0 million payment of dividends and EUR 53.0 million from change in current debt.

Capital expenditure for the year totaled EUR 46.2 million (35.4), primarily relating to facility expansions and efficiency investments. Depreciation, amortization and impairment were EUR 43.8 million (38.8) for the full year.

Fiskars Group's working capital totaled EUR 197.1 million (195.9) at the end of December. The equity ratio was 70% (69%) and net gearing was 11% (12%).

Cash and cash equivalents at the end of the period totaled EUR 24.2 million (31.1). Net interest-bearing debt amounted to EUR 135.4 million (147.7). The shares in Wärtsilä were valued at EUR 453.6 million (572.4) at the end of the period.

Short-term borrowing totaled EUR 9.6 million (48.5) and long-term borrowing totaled EUR 151.3 million (151.4). Short-term borrowing mainly consisted of commercial papers. In addition, Fiskars Group had EUR 300.0 million (300.0) in unused, long-term, committed credit facilities with Nordic banks.

Reporting on non-financial information

Environment

The responsible and reduced use of natural resources, and the careful re-usage and recycling of materials is central to Fiskars Group's supply chain strategy. Fiskars Group' environmental and energy approach is guided by two main principles: supporting long-term competitiveness and reducing negative impacts.

New business models around circular economy, such as extending material cycles, provide opportunities to create value and support Fiskars Group in reducing the use of non-renewable materials. Fiskars Group is committed to promoting efficiency and identifying new solutions throughout the value chain.

Policies and commitments

Fiskars Group published its Environmental Policy for the Supply Chain in 2017 to highlight the common targets and to align the ways of working across the company's own manufacturing units. The Fiskars Group Supplier Code of Conduct outlines the expectations regarding suppliers' environmental conditions, and every supplier must sign and commit to it in order to do business with Fiskars Group.

Targets & actions

International standards and guidelines, such as ISO 14001, create an important foundation for Fiskars Group's approach to environmental management. The long-term targets for 2027, set in 2017, have driven many improvement initiatives in Fiskars Group's manufacturing units and distribution centers. The base year for the long-term targets has been set as 2017 and 2018 was the first year to track the progress against the targets.

During 2018 Fiskars Group further developed its global reporting platform and implemented a new simplified global platform to gather environmental data from the manufacturing units and distribution centers. Fiskars Group reports in accordance with the GRI Standards, and the KPIs are aligned with the GRI.

Target 2027: We reduce Group-wide energy consumption by 30%

Fiskars Group implemented many energy and emission saving activities in 2018. Overall energy consumption decreased to 1069 TJ (1121 TJ) while energy intensity (MWh/net sales) remained almost at the same level: 265 (262). Savings in energy consumption was achieved through energy saving actions and changes in the production mix in some manufacturing units. Energy saving actions in 2018 included initiatives such as installing of LED lighting, investment to a new compressor in our ceramics factory in Indonesia and investment to a new furnace in our glass factory in Finland.

ENERGY

GRI 302-1 Energy consumption within the organization, TJ

EUR MILLION	2018	2017
Direct energy consumption: non-renewable	**726**	774
Direct energy consumption: renewable	**6**	6
Indirect energy consumption	**336**	340
Total energy consumption	**1,069**	1,121

1 TJ = 277,777 MWh

Targets 2027: We reduce Group-wide CO_2 emissions of our own production by 50% We reduce emissions (scope 3) by 30%

In 2018, Group-wide CO_2 emissions decreased by 22% compared to previous year, which is the baseline for our long-term targets. Direct (scope 1) and location based (scope 2) emissions remained at the same level than in previous year. Market based (scope 2) emissions decreased by 35% from the 2017 level to 28,000 t CO_2 (43,000 t CO_2) as a result from the investments in renewable electricity in Finland and Slovenia.

In 2018 a system was developed to report Fiskars Group's emissions from the scope 3, inbound and outbound emissions as well as business travel. Fiskars Group travel policy guides employees to make sustainable choices and consider the necessity of travelling. The logistics team is continuously optimizing the routes and volumetric efficiency with the logistic partners.

EMISSIONS

GRI 305-1 Direct (Scope 1) GHG emissions, 1,000 t CO_2

EUR MILLION	2018	2017
Scope 1 emissions	**40**	43

GRI 305-2 Energy indirect (Scope 2) GHG emissions, 1,000 t CO_2

EUR MILLION	2018	2017
Scope 2 emissions		
Market based	**28**	43
Location based	**34**	34

GRI 305-3 Other indirect (Scope 3) GHG Emissions, 1,000 t CO_2

EUR MILLION	2018
Scope 3 emissions	
Business travel	**5**
Upstream and downstream transportation	**26**

Target 2027: 100% of the waste generated within manufacturing facilities are recovered or recycled – no waste to landfill

Fiskars Group's target for 2027 is to send zero waste to landfill by 2027. Fiskars Group has consistently worked to reduce waste to landfill for many years. During 2018 there were several initiatives implemented in Fiskars Group's manufacturing units to recycle or recover the waste that was previously sent to landfill, such as ceramics recycled in Fiskars Group's manufacturing unit in Thailand. In 2018 the amount of waste to landfill was reduced by 52% with a total amount of 1,899 tonnes (2017: 3,955 tonnes).

WASTE TO LANDFILL

GRI 306-2 Waste by type and disposal method, t

EUR MILLION	2018	2017
Landfill	**1,899**	3,955

Social and employee related matters

Fiskars Group is committed to inspiring and empowering people to learn, develop as professionals, and bring in new ideas, skills, and views. Fiskars Group is building a globally collaborative culture and needs a diverse team to be able to serve consumers in the best possible way. Fiskars Group's long-term target is to attract, develop and retain a diverse team of high-performing people with different backgrounds and cultures.

One of the key priorities in Fiskars Group's operations is to ensure the safety and wellbeing of employees and people involved in the value chain. Fiskars Group promotes a culture of zero harm in order to increase safety and hazard awareness. A continuing focus on reducing incidents and near-misses and promoting the reporting of safety observations, are vital in developing and retaining a team of people engaged and enabled to do their best.

Policies and commitments

Fiskars Group has outlined a set of policies and guidelines related to social and employee related matters, to guide our leadership, employees, and partners in everyday work.

Fiskars Group's Code of Conduct provides a detailed description of Fiskars Group's approach to doing business in an ethical and sustainable manner. Fiskars Group's Supplier Code of Conduct outlines the same expectations for our suppliers.

Fiskars Group has defined its Commitment to Inclusion and Diversity to create a foundation for the efforts in building a globally collaborative culture with people with different background and cultures.

Ensuring the safety and wellbeing of employees and people involved in Fiskars Group's value chain is our key priority. In 2017, Fiskars Group published the Occupational Health and Safety Policy for its supply chain to support creating a culture of zero harm. Fiskars Group Supplier Code of Conduct includes health and safety topics, such as workplace safety, emergency preparedness, and management and communication on health and safety.

Targets & actions

Fiskars Group organizes regular mandatory training sessions to help all employees implement the principles and guidelines outlined in the Code of Conduct in their everyday work. Every second year all employees are trained and in the year between, all new employees. In 2018, the Code of Conduct training level was 98.5%.

Fiskars Group's long-term target is to have zero Lost-Time Accidents. The first global Fiskars Group Safety Day was organized to celebrate the efforts taken to prevent accidents and incidents, and to remind everyone about the shared responsibility to keep everyone safe at work. Safety at work was promoted in Fiskars Group's locations through different activities.

The safety performance is measured to support the efforts of safety management. In 2018 the Lost Time Accident frequency (LTAF) increased to 5.9 (2017: 4.5) also Lost Day Rate (LDR) was higher than last year, 36.9 (28.6). It was a challenging year with a number of accidents in certain sites and the results demonstrate the necessity to further develop safety culture and prevent accidents, in order to to reach the zero Lost Time Accidents.

To ensure the necessary focus and implement the relevant policies, Fiskars Group has set long-term targets for 2027.

Target 2027: to attract, develop and retain a diverse team of high-performing individuals and to prolong the Fiskars Group career path of young talents by 25%

There were no significant changes between 2018 and 2017 in the average length of the career of young professionals. In office and operative environments, the figures were somewhat lower; in retail the average length was somewhat higher in 2018. The average career length for the total workforce is 10.44 years and the career paths of young talents are significantly shorter.

Fiskars Group Employee survey results indicated that in 2018, the intention to remain with Fiskars Group for the long term declined by 2 percentage points, with 24% of new joiners stating in the Employee survey that they plan to leave in less than 2 years.

Retention of young talents is one of the focus areas going forward, as there is a global trend of lower retention among young talents.

THE AVERAGE CAREER LENGTH OF THE YOUNG TALENTS

Fiskars Group topic

			2018			2017
BY GENDER	OFFICE	OPERATIVE	RETAIL	OFFICE	OPERATIVE	RETAIL
Female	**3.8**	**4.5**	**2.6**	3.9	4.7	2.5
Male	**3.8**	**6.4**	**3.0**	4.1	6.8	3.1

DIVERSITY AND EQUAL OPPORTUNITIES

GRI 405-1 Diversity of governance bodies and employees

BOARD OF DIRECTORS	2018	2017
By age group		
<30	**0%**	0%
30–50	**30%**	30%
> 50	**70%**	70%
By gender		
Female	**40%**	40%
Male	**60%**	60%

FISKARS GROUP LEADERSHIP TEAM	2018	2017
By age group		
<30	**0%**	0%
30–50	**63%**	17%
> 50	**37%**	83%
By gender		
Female	**63%**	50%
Male	**37%**	50%

MANAGERS	2018	2017
By age group		
<30	**3%**	2%
30–50	**64%**	66%
> 50	**33%**	32%
By gender		
Female	**45%**	45%
Male	**55%**	55%

Fiskars Group's target 2027:

Women and men working at Fiskars Group are equally enabled and engaged, with women's enablement and engagement improved to the high performing norm level.

The results of the 2018 employee survey indicate that closing the gap between female and male enablement and engagement requires further work. The overall enablement and engagement scores stayed stable, showing resilience to a considerable number of changes during 2018, which is a strength to be further nurtured.

WOMEN AND MEN ENABLEMENT & ENGAGEMENT IN EMPLOYEE SURVEY

FISKARS GROUP TOPIC	2018	2017
Enablement		
Fermale	**67%**	65%
Male	**75%**	73%
Engagement		
Fermale	**70%**	70%
Male	**76%**	75%

Human rights and anti-corruption & bribery

Fiskars Group has an important opportunity to influence people's lives throughout the value chain. Fiskars Group respects human rights and recognizes the equality of people.

Fiskars Group is committed to the highest possible standards of integrity, accountability and honesty in all its activities with employees and third parties. This is in line with the commitment Fiskars Group expects of its employees, and people involved in the value chain, to act impartially and in good faith at all times. Integrity is one of Fiskars Group's four values, and every leader and employee is expected to demonstrate integrity in their everyday work.

Policies and commitments

Fiskars Group's commitment to human rights is deeply ingrained in its values and articulated in Fiskars Group's policies. The Fiskars Group Code of Conduct provides a detailed description of Fiskars Group's approach to doing business in an ethical and sustainable manner, including working conditions, labor rights, anti-corruption and bribery, and safety at work.
Fiskars Group Supplier Code of Conduct outlines the same expectations for our suppliers. Every supplier must sign and commit to Fiskars Group Supplier Code of Conduct in order to do business with Fiskars.

Fiskars Group is a signatory to the United Nations Global Compact, by which Fiskars Group has committed to mitigate adverse human rights and work against corruption and bribery. To support Fiskars Group's commitment, the Fiskars Group Anti-Corruption and Anti-Bribery policy outlines our expectations towards Fiskars Group's employees, and all others that we deal with, to act impartially and in good faith at all times. The policy covers every individual working in or with Fiskars Group, at any level or grade and wherever located. Fiskars Group also expects that all of its business partners should be governed by the same or similar principles stipulated in this Policy. Fiskars Group expects all business partners ensure that those principles are communicated to their employees and sub-contractors.

Targets & actions

Fiskars Group's approach to human rights and anti-corruption and bribery is defined in Fiskars Group's policies, which are also the foundation for the implementation and targets. Fiskars Group has set long-term targets for 2027 and created short-term targets and action plans for 2017–2020 to support our efforts in enforcing human rights and anti-corruption and bribery throughout our value chain.

Fiskars Group is currently measuring the awareness and commitment to human rights and anti-corruption and bribery by measuring the percentage of employees that have participated in Code of Conduct training. Every second year all employees trained and in the year between, all new employees. In 2018, the Code of Conduct training level was 98.5%.

The new Ethics and Compliance Helpline was introduced in 2018. The third party provided platform is a confidential and anonymous channel for all employees to report any workplace-related issues and complaints or suspected violations of the Code of Conduct. All suspected violations and occurrences of misconduct are handled confidentially by our Compliance Officer and Ethics Advisory Group.

During 2018 in total eight complaints or suspected violations were reported through the Ethics and Compliance Helpline. Overall, Fiskars Group's internal audit investigated 18 cases of suspected violations. The cases were related to claims against the reorganization process, misuse of company funds, stealing products, violation of safety instructions, misuse of personnel benefits, data security breach, sexual harassment and management practices. 14 of the cases were investigated, resolved, and closed during 2018. Four of the cases are still under investigation or being followed up.

The performance of Fiskars Group's suppliers is followed through regular audits, and Fiskars Group supports their development through training sessions and workshops. In addition, Fiskars Group has organized training sessions on the Supplier Code of Conduct and the process of managing suppliers' sustainability in order to raise awareness among Fiskars Group employees across different functions.

The Fiskars Group Audit Program is a key tool to track suppliers' performance in human rights. During 2018 44% (2017: 32%) of all active finished goods suppliers under global sourcing were audited. In total 85 audits were conducted, including finished goods suppliers, follow-up audits, and audits to second tier suppliers.

Risks

The overall objective of Fiskars Group's risk management is to identify, evaluate, and manage risks that may threaten the achievement of Fiskars Group's business goals. The foregoing topics are screened through and the most material risks for Fiskars Group have been identified. Fiskars Group has several management processes in place to manage risks, such as supplier risk management process and strategic initiatives to lower our emissions and reduce our energy consumption.

Climate change, resource scarcity, and changing consumer preferences bring many new strategic, operative, and financial risks as well as opportunities for Fiskars Group. Cost of emissions, non-renewable materials, and waste is expected to increase in the future. Consumers are increasingly interested in new business and service models around circular economy, such as renting and take-back concepts.

Human rights and anti-corruption & bribery related risks are mainly seen as financial, compliance and reputational risks, but Fiskars Group also sees them as an operative risk. The main risks for us are incompliant management of our suppliers and the ability to cover also their suppliers, health and safety throughout our value chain and ensuring the zero tolerance in corruption and bribery.

Changes in organization and management

On January 11, 2018, the renewal and expansion of the Fiskars Group Leadership Team (FGLT) was announced. At the same time, Fiskars discontinued the Extended Leadership Team and the Corporate Office to simplify its leadership structure. Fiskars appointed Ulla Lettijeff (M.Sc.Tech) as President, SBU Living and a member of the Fiskars Group Leadership Team. The following new members were also appointed to the Group Leadership Team: Chief Supply Chain Officer Risto Gaggl (M.Sc.Tech), General Counsel Päivi Timonen (LL.M.) and VP, Corporate Communications and Sustainability Maija Taimi (M.Sc.Econ). Fiskars also appointed CFO Sari Pohjonen as the Deputy to the CEO.

On March 15, 2018, Fiskars announced the appointment of Niklas Lindholm (Ph.D. Econ and M.Sc. Econ) as Chief Human Resources Officer and member of the FGLT. He joined the company on August 1, 2018, and reports to the Group's President and CEO, Jaana Tuominen.

On June 11, 2018, Fiskars announced that President, SBU Functional Paul Tonnesen has decided to leave the company. Fiskars has started the recruitment process for a successor. In addition to her role as the President and CEO, Jaana Tuominen has acted as the interim President, SBU Functional.

On June 12, 2018, Fiskars announced the appointment of Tuomas Hyyryläinen (M.Sc.Econ) as Chief Growth Officer and member of the FGLT from September 1, 2018. He reports to the Group's President and CEO Jaana Tuominen.

Following these changes, the FGLT consists of nine members:

- Jaana Tuominen, President and CEO
- Sari Pohjonen, Chief Financial Officer and Deputy to the CEO
- Risto Gaggl, Chief Supply Chain Officer
- Tuomas Hyyryläinen, Chief Growth Officer
- Ulla Lettijeff, President, SBU Living
- Niklas Lindholm, Chief Human Resources Officer
- Maija Taimi, VP, Corporate Communications and Sustainability
- Päivi Timonen, General Counsel
- President, SBU Functional, to be appointed later

Other significant events during the reporting period

New share-based Long-term Incentive Plan for Fiskars Group's key employees

On February 7, 2018, Fiskars Group announced that the Board of Directors of Fiskars Corporation had decided on a new share-based Long-term Incentive Plan for the FGLT and other key employees. The plan will form a part of Fiskars Group's remuneration program for its key employees, and the aim of the plan is to support the implementation of the company's strategy and to align the objectives of key employees with those of shareholders to increase the value of the company.

The Long-term Incentive Plan has three performance periods of three calendar years each, 2018–2020, 2019–2021 and 2020–2022. The Board of Directors will decide separately for each performance period the participants in the incentive plan and the minimum, target and maximum rewards for each participant, as well as the performance criteria and related targets.

The amount of the reward paid to a key employee depends on achieving the pre-established targets. No reward will be paid if targets are not met or if the participant's employment or service ends before reward payment. For the first performance period, the plan has 48 participants at most and the targets for the Long-term Incentive Plan relate to the company's total shareholder return, Group EBITA and net sales.

If the targets of the plan are reached, rewards will be paid to participants after the end of each performance period. The reward will be paid in the company's shares, after the deduction of the relevant cash proportion that is required for covering taxes and tax-related costs due on the basis of the reward. However, the company has the right to pay the reward fully in cash under certain circumstances. If all maximum targets are reached, the maximum reward payable in shares on the basis of the 2018–2020 performance period would amount to a total gross maximum of 314,321 shares in the company. As a starting point, shares to be awarded to key employees will be paid as existing shares of the company and thus the Long-term Incentive Plan is not expected to have a diluting effect on the ownership of the company's shareholders.

Members of the FGLT participating in the long-term incentive plan are subject to a shareholding requirement and must retain at least 50% of the net shares received based on plan until their share ownership in Fiskars corresponds to at least 50% (and for the President and CEO at least 100%) of their annual gross base salary.

On December 13, Fiskars Group announced that the Board of Directors had approved the launch of the second performance period 2019–2021, its participants and performance criteria to the share-based long-term incentive plan. For the 2019–2021 performance period, the plan can have fifty (50) participants at most and the targets relate to the company's total shareholder return, group net working capital and net sales. If the targets of the plan are reached, rewards will be paid to participants in the spring of 2022. If all the maximum targets are reached, the maximum reward payable in shares on the basis of the 2019–2021 performance period would amount to a total gross maximum of 450,000 shares in the company.

Fiskars Corporation's directed share issue without consideration based on the Long-term Incentive Plan 2015–2019

On March 14, 2018 Fiskars Group announced that the Board of Directors of Fiskars Corporation had decided on a directed share issue without consideration based on Fiskars Group's Long-term Incentive Plan 2015–2019 in order to pay the share rewards for the performance period 2015–2017.

In the share issue, 15,168 treasury shares were issued without consideration to the key personnel participating in the performance period 2015–2017, in accordance with the terms and conditions of the share-based Incentive Plan 2015–2019. Information about the launch and the terms and conditions of the Incentive Plan have been published in a stock exchange release on February 6, 2015.

The decision on the share issue was based on the authorization granted to the Board of Directors by Fiskars Corporation's Annual General Meeting of Shareholders held on March 14, 2018. The shares were delivered to the participants of the Incentive Plan on March 15–16, 2018. After the share delivery, Fiskars Corporation held a total of 176,299 own shares.

Outlook for 2018 updated on July 18, 2018

On July 18, 2018 Fiskars Group lowered its comparable net sales guidance for the full year 2018 and stated: "Fiskars Group expects that the comparable net sales will be slightly below the previous year. Previously, Fiskars Group expected comparable net sales to increase from 2017. Fiskars Group continues to expect that in 2018, the comparable EBITA will increase from 2017.

During the first quarter 2018, the exceptionally cold spring in Europe and in the U.S. had an impact on the net sales in the gardening category, which is typically strong in the first half of the year. The sales performance of the gardening category in Europe was weaker than expected also during the second quarter. At the same time, the changing trade environment and challenges in certain key markets in the English & Crystal Living business continued to impact its net sales."

Refined strategy and updated the long-term financial targets

On November 8, 2018 Fiskars Group refined its strategy to support growth and updated the long-term financial target regarding profitability. The target is to reach a 12% EBITA margin, instead of the previous target to exceed 10%.

The financial targets cover four areas: growth, profitability, capital structure and dividend:

- Growth (unchanged): The average annual net sales growth to exceed 5%, through a combination of organic growth and targeted acquisitions
- Profitability: EBITA margin to reach 12% (previously: to exceed 10%)
- Capital structure (unchanged): Net gearing below 100%
- Dividend (unchanged): Fiskars aims to distribute a stable, over time increasing dividend, to be paid biannually

In addition, Fiskars Group specified the strategic priorities for the company. Going forward, the priorities are to inspire people, excite consumers, grow the business and increase returns. The progress is tracked in each of these areas through selected key performance indicators, including employee engagement and enablement, brand preference, net sales per stock keeping unit, EBITA-margin and net working capital.

Corporate Governance

Fiskars Group complies with the Finnish Corporate Governance Code issued by the Securities Market Association, which came into force on January 1, 2015. Fiskars Group's Corporate Governance Statement for 2018 in accordance with Reporting requirements of the Code will be published during week 8 of 2019 as a separate report.

Ultimate decision-making power is vested in the Annual General Meeting of shareholders, which elects the members of the Board of Directors. Members of the Board are appointed until the end of the following Annual General Meeting. The Board of Directors is responsible for appointing, and if necessary, dismissing the President and CEO. Fiskars Group's Articles of Association do not contain matters that could materially affect a public tender offer of the company's securities.

Dividend for the financial year 2017

The Annual General Meeting decided to pay a dividend of EUR 0.72 per share for the financial period that ended on December 31, 2017. The dividend was paid in two instalments. The first instalment of EUR 0.36 per share was paid on March 23, 2018. The second instalment of EUR 0.36 was paid on September 18, 2018.

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 332,560 of its own shares at the end of the quarter. The share capital remained unchanged at EUR 77,510,200.

Fiskars Group's shares are traded in the Large Cap segment of Nasdaq Helsinki. The volume weighted average share price was EUR 18.73 in 2018 (2017: 20.75). At the end of December, the closing price was EUR 15.04 (EUR 23.96) per share and Fiskars Group had a market capitalization of EUR 1,226.9 million (1,957.9). In 2018, the number of shares traded on Nasdaq Helsinki and in alternative market places was 3.1 million (5.2), which represents 3.9% (6.4%) of the total number of shares. The total number of shareholders was 20,013 (19,536) at the end of 2018.

Flagging notifications

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

Purchase of own shares

On April 30, 2018, the Board of Directors of Fiskars Corporation decided to commence acquiring the company's own shares on the basis of the authorization given by the Annual General Meeting held on March 14, 2018.

The maximum number of shares to be acquired is 200,000, corresponding to approximately 0.2% of the total number of shares. The shares will be acquired through public trading on the Nasdaq Helsinki exchange at the market price prevailing at the time of purchase. The share buyback started on May 9, 2018 and will end by the end of the next Annual General Meeting in 2019, at the latest.

Board authorizations

Authorizing the Board of Directors to decide on the acquisition of the company's own shares

The Annual General Meeting decided to authorize the Board to decide on the acquisition of a maximum of 4,000,000 own shares, in one or several instalments, using the unrestricted shareholders' equity of the company. The company's own shares may be acquired in public trading on Nasdaq Helsinki Ltd at a price formed in public trading on the date of the acquisition. The authorization may be used to acquire shares to be used for the development of the capital structure of the company, as consideration in corporate acquisitions or industrial reorganizations and as part of the company's incentive system and otherwise for further transfer, retention or cancellation. The Board of Directors is authorized to decide on all other terms and conditions regarding the acquisition of the company's own shares. Based on the authorization the acquisition of the company's own shares may be made otherwise than in proportion to the share ownership of the shareholders (directed acquisition). The authorization is effective until June 30, 2019 and cancels the corresponding authorization granted to the Board by the Annual General Meeting on March 9, 2017.

Authorizing the Board of Directors to decide on the transfer of the company's own shares

The Annual General Meeting decided to authorize the Board to decide on the transfer of own shares (share issue) held as treasury shares of a maximum of 4,000,000 shares, in one or several instalments, either against or without consideration. The company's own shares held as treasury shares may be transferred for example as consideration in corporate acquisitions or industrial reorganizations or for the development of the capital structure of the company, or as part of its incentive system. The Board of Directors is authorized to decide on all other terms and conditions regarding the transfer of own shares held as treasury shares. The transfer of own shares may also be carried out in deviation from the shareholders' pre-emptive rights to the company's shares (directed issue). The authorization is effective until June 30, 2019 and cancels the corresponding authorization granted to the Board by the Annual General Meeting on March 9, 2017.

Board and Board Committees

The Annual General Meeting decided that the Board of Directors shall consist of ten members. Paul Ehrnrooth, Ingrid Jonasson Blank, Louise Fromond, Gustaf Gripenberg, Jyri Luomakoski, Inka Mero, Fabian Månsson, Peter Sjölander and Ritva Sotamaa were re-elected. Albert Ehrnrooth was elected as a new member. The term of the Board members will expire at the end of the Annual General Meeting in 2019.

Convening after the Annual General Meeting held on March 14, 2018 the Board of Directors elected Paul Ehrnrooth as its Chairman and Jyri Luomakoski as the Vice Chairman. The Board decided to establish an Audit Committee, a Human Resources and Compensation Committee as well as a Nomination Committee.

The Board appointed Jyri Luomakoski (Chairman), Albert Ehrnrooth, Louise Fromond, Gustaf Gripenberg and Ritva Sotamaa as members of the Audit Committee. Paul Ehrnrooth (Chairman), Ingrid Jonasson Blank, Inka Mero and Peter Sjölander were appointed as the members of the Human Resources and Compensation Committee. The Board appointed Paul Ehrnrooth (Chairman), and Fabian Månsson as the members of the Nomination Committee and Alexander Ehrnrooth as an external member of the Nomination Committee.

Risks and business uncertainties

Fiskars Group has identified several uncertainties that could have an adverse impact on Fiskars Group's business, net sales, and financial performance. Key risks and risk management practices are defined in the Corporate Governance Statement and on the company's website.

Fiskars Group's global operations are subjected to the macroeconomic and geopolitical uncertainties, as well as megatrends that may shape consumer behavior. A long-term economic downturn, decrease in consumer confidence and increasing protectionism, including changes in tariffs and customs procedures, can have an adverse impact on Fiskars Group's comparable net sales and comparable EBITA.

Fiskars Group imports and exports products from/to the UK. A 'no deal' scenario in the UK withdrawal from the EU, may have an adverse impact to Fiskars Group's comparable net sales and comparable EBITA in 2019. It can also be assumed that the costs would increase, additional workload would emerge on both sides and exports and imports would be disrupted by tariffs and regulatory barriers. Long-term effects of changes in laws, regulations, taxes and other implications following from any kind of Brexit 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 e.g. 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 net sales and comparable EBITA in 2019.

Fiskars Group is also exposed to a complex and changing legal and regulatory environment and tax legislation in the operating countries. Presumed non-compliance with laws and regulations exposes Fiskars Group to litigation risks and may materially impact business and reputation.

Fiskars Group entities are subject to tax audits in several countries. It is possible that tax audits may lead to reassessment of taxes, double taxation and additional costs. Fiskars Group continues to appeal the tax reassessment claim raised by the Finnish Large Taxpayers' Office in 2016, which obliged the company to pay a total of EUR 28.3 million in additional tax, interest expenses and punitive tax increases.

Climate change is one of the most pervasive global issues. New regulations on renewable energy, emissions and use of raw materials may increase costs and cause temporary production interruptions. Failure to comply with sustainability matters could also lead to compliance costs and cause severe damage to reputation.

Prolonged unfavorable weather conditions, such as cold spring and snowless winter, may also adversely affect demand of some 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.

Most of Fiskars Group's suppliers are in Asia and own manufacturing takes place in the USA, Europe and Asia. Fiskars Group's products are primarily sold to wholesaler and retailer customers and directly to consumers. Interruptions in production or supply and rapid changes in the marketplace may negatively impact timely delivery of products to the customers. Loss of a large customer or loss of significant category listings at key channels as well as consolidation among retailers may impact Fiskars Group's comparable net sales and comparable EBITA.

The goal is to deliver high-quality and functional products that are fit for the purpose. Products that fail to meet safety and quality requirements could expose Fiskars Group to liability penalties, product recall, and reputation loss. Fiskars Group's well-known brands can also be a potential target for infringement of intellectual property rights.

Fiskars Group is dependent on several centralized information technology systems that hold a vast amount of sensitive data and information critical to the business. Breaches, malfunctions and disruptions may cause interruptions to the operations and lead to potential penalties. Cyberattacks are a growing and evolving global concern, despite of control mechanisms, Fiskars Group is not entirely immune to the malicious breach and fraud attempts.

Global operations expose Fiskars Group to changes in exchange rates, which can have an adverse impact on the reported net sales, operating results, balance sheets and cash flow. The most significant transaction risk relates to the appreciation of THB and depreciation of JPY, AUD and SEK. The most significant translation risks relate to depreciation of USD. Fiskars Group's financial investment portfolio consist of shares in Wärtsilä and of other financial investments. The financial investment portfolio is also subjected to fluctuations in value due to several reasons.

Acquisitions are a part of Fiskars Group's growth strategy. Despite a careful due diligence process, all acquisitions and integration of acquired business include risks and may not perform as expected.

Fiskars Group people are the most important asset, not only they promote an appropriate risk culture, but seek to explore opportunities along with identified risks. Fiskars Group must promote sustainable and ethical business practices, respect human rights, prevent corruption and bribery, eliminate health and safety risks and provide an inspiring and motivating working environment with strong leadership. Failure to do so puts Fiskars Group at risk of not being able to attract and retain talented and committed professionals.

Events after the reporting period

On February 7, 2019 Fiskars Group announced that the Board of Directors proposes to the Annual General Meeting 2019 an authorization for the Board of Directors to resolve on the distribution of the shares held by Fiskars Group in Wärtsilä Corporation as an extra dividend to Fiskars Group's shareholders. The Board of Directors currently expects to resolve on the share dividend distribution of all or substantially all of Fiskars Group's shares in Wärtsilä, subject to the authorization, in its meeting scheduled for June 6, 2019.

In addition, the Board of Directors proposes to the Annual General Meeting that a cash dividend of up to a total of EUR 0.54 per share shall be paid to the shareholders. According to the proposal, the cash dividend would be divided into two parts, i.e. the Annual General Meeting would resolve on a cash dividend of EUR 0.27 per share paid to shareholders after the Annual General Meeting in March 2019 and, further, the Board of Director proposes that the Annual General Meeting resolves to authorize the Board of Directors to resolve, in its discretion, on the distribution of an additional cash dividend up to EUR 0.27 per share. The Board of Directors expects to resolve on the additional cash dividend of EUR 0.27, subject to the authorization, in its meeting scheduled for September 5, 2019.

Outlook for 2019

In 2019, Fiskars Group expects the comparable net sales and comparable EBITA to be at the same level as in 2018.

The outlook is influenced by the company's investments in growth initiatives that are expected to add sustainable value in the long-term. In addition, there are material risks relating to changes in the operating environment, e.g. Brexit and the U.S. tariffs. An unfavorable outcome of these risks might have a significant impact on the comparable net sales and comparable EBITA. Furthermore, fluctuations in currency rates might also have a considerable impact on comparable EBITA.

Comparable net sales excludes the impact of exchange rates, acquisitions and divestments. Items affecting comparability in EBITA include restructuring costs, impairment charges, integration related costs, acquisitions and divestments, and gain and loss from the sale of businesses.

Proposal for distribution of dividend

Fiskars Group's aim is to distribute a stable, over time increasing dividend, to be paid biannually. According to the balance sheet of the parent company at the end of the financial period 2018, the distributable equity of the parent company was EUR 894.7 million (2017: EUR 935.1 million).

The Board of Directors proposes to the Annual General Meeting that the dividend for the financial period ended on 31 December 2018 shall be paid as follows.

a) Cash dividend

The Board of Directors proposes to the Annual General Meeting that a cash dividend of EUR 0.27 per share shall be paid to shareholders. The ex-dividend date shall be on March 14, 2019. The dividend shall be paid to a shareholder who is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd on the dividend record date March 15, 2019. The payment date proposed by the Board of Directors for the dividend is March 22, 2019.

In addition, the Board of Directors proposes that the Annual General Meeting resolves to authorize the Board of Directors to resolve, in its discretion, on the distribution of an additional cash dividend. The maximum amount of dividend to be distributed based on this authorization shall not exceed EUR 0.27 per share. The Board of Directors would be authorized to resolve on all other terms concerning the additional cash dividend. The authorization would be valid until the next Annual General Meeting of the company.

The Board of Directors expects to resolve on the additional cash dividend of EUR 0.27, subject to the authorization, in its meeting scheduled for September 5, 2019. Assuming that the resolution is made by the Board of Directors on that date, the ex-dividend date for the additional cash dividend would be September 6, 2019, the dividend record date would be September 9, 2019 and the payment date would be September 16, 2019.

b) Authorization to distribute an extra dividend in the form of Wärtsilä Corporation's shares

In addition to the cash dividend as proposed above, the Board of Directors proposes that the Annual General Meeting resolves to authorize the Board of Directors to resolve, in its discretion, on the distribution of a share dividend in the manner set forth below.

The Board of Directors would be authorised to distribute up to 32,645,343 shares in Wärtsilä Corporation ("Wärtsilä") held by the company, being the total amount of Wärtsilä shares currently held by the company.

A shareholder would receive 2 Wärtsilä shares for each 5 shares held in the company.

Fractional entitlements to Wärtsilä shares resulting from the distribution ratio would not be distributed in the form of shares, but an equivalent amount would be compensated to shareholders in cash. The Board of Directors would be authorized to resolve on all other terms and practicalities for effecting the payment of the cash compensation for fractional entitlements.

The value of the share dividend will be equivalent to the market value at the time of the distribution of the company's Wärtsilä shares to be distributed. The cash compensation amount, being equivalent to the value of the shareholder's fractional entitlement, will be based on the taxable value of the share dividend, expected to be calculated based on the volume weighted average price of Wärtsilä's share on the date when the share dividend is withdrawable. For reference purposes only (noting that the market value of the shares will constantly change), calculated based on the volume weighted average price of Wärtsilä's share on February 5, 2019 and assuming that all 32,645,343 Wärtsilä shares would be distributed, the total value of the share dividend would amount to approximately EUR 473.4 million (i.e. EUR 5.80 per share).

The company would pay the transfer tax resulting from the distribution of the share dividend on behalf of shareholders. The transfer tax amounts to 1.6% of the value of the share dividend.

The Board of Directors would be authorized to resolve upon any and all other matters, relating to the distribution of the share dividend including, without limitation, technical adjustments and changes that may be required for effecting the distribution of the share dividend.

The authorization would be valid until the next Annual General Meeting of the company.

The Board of Directors currently expects to resolve on the share dividend distribution, subject to the authorization, in its meeting scheduled for June 6, 2019. The proposed authorization structure and distribution timing is based on guidance received from Euroclear Finland according to which a share dividend distribution carried out earlier would not be technically secure to implement.

Assuming that the resolution is made by the Board of Directors on that date, the ex-dividend date for the share dividend would be June 7, 2019, the dividend record date for the share dividend would be June 10, 2019 and the share dividend payment date June 11, 2019. The payment date for the fractional entitlements to be paid in cash would be June 17, 2019. Any changes to the currently expected timing or structure would be separately announced by the company.

On the date of this financial statement release, the number of shares entitling their holders to a dividend was 81,566,682. If the cash dividends and the extra dividend in Wärtsilä shares would be distributed according to the proposal included in the notice to Fiskars Group's Annual General Meeting, the company's amount of the distributable equity would be reduced with approximately EUR 482.3 million (based on the book value of the Wärtsilä shares in the company's balance sheet). The current market value of the Wärtsilä shares held by the company is approximately EUR 473.4 million (calculated based on the volume weighted average price of Wärtsilä's share on February 5, 2019). The market value of the Wärtsilä shares at the date of distribution (currently expected in June) will be decisive when calculating the final value of the dividend and final impact on the distributable equity.

Due to the proposed share dividend, the total amount of dividends to be paid this year would be exceptionally high. After the potential distribution of the extra dividend, Fiskars Group would cease to receive dividend income on those shares and this would affect the baseline for the future development of Fiskars Group's dividends.

No material changes have taken place in the financial position of the company since the end of the financial period. The financial standing of the company is good and, according to the Board of Directors' assessment, distributing the proposed cash and extra share dividends will not compromise the company's solvency.

Helsinki, Finland, February 6, 2019

FISKARS CORPORATION
Board of Directors

Consolidated Financial Statements, IFRS

CONSOLIDATED INCOME STATEMENT

EUR MILLION	NOTE	2018		2017	
Net sales	2	**1,118.5**		1,185.5	
Cost of goods sold	6	**-633.5**		-673.3	
Gross profit		**485.1**	**43%**	512.2	43%
Other operating income	5	**5.2**		7.1	
Sales and marketing expenses	6	**-281.4**		-300.2	
Administration expenses	6	**-90.1**		-99.9	
Research and development costs	6	**-18.4**		-18.8	
Goodwill and trademark amortization and impairment	6	**-8.6**			
Other operating expenses	6	**-0.2**		-2.5	
Operating profit (EBIT)		**91.6**	**8%**	97.9	8%
Change in fair value of biological assets	13	**2.0**		0.7	
Financial assets at fair value through profit or loss - net change in fair value*	8	**0.0**		107.9	
Other financial income and expenses	8	**9.4**		11.4	
Profit before taxes		**103.0**	**9%**	217.8	18%
Income taxes	9	**-21.1**		-50.8	
Profit for the period		**81.7**	**7%**	167.1	14%

EUR MILLION	NOTE	2018	2017
Attributable to:			
Equity holders of the parent company		**81.6**	166.4
Non-controlling interest		**0.2**	0.7
		81.7	167.1
Earnings for equity holders of the parent company per share, euro (basic and diluted)	10	**1.00**	2.04**

* Based on the new IFRS 9 standard, adopted January 1, 2018 onwards, the change in fair value of the Wärtsilä holding is presented in other comprehensive income, including deferred taxes, instead of recognizing fair value changes in income statement. Previous period has not been restated.

** Earnings per share includes the net changes in the fair value of the investment portfolio. Adjusted figure EUR 0.98 for full year 2017 excludes this change.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR MILLION	NOTE	2018	2017
Profit for the period		**81.7**	167.1
Other comprehensive income for the period:			
Items that may be reclassified subsequently to profit or loss:			
Translation differences		**8.3**	-29.4
Cash flow hedges		**0.2**	0.6
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial gains (losses) net of tax	20	**0.5**	0.2
Net change of investments at fair value through comprehensive income		**-95.0**	
Other comprehensive income for the period net of tax		**-86.0**	-28.6
Total comprehensive income for the period		**-4.2**	138.5
Attributable to:			
Equity holders of the parent company		**-4.4**	137.8
Non-controlling interest		**0.2**	0.7
		-4.2	138.5

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

EUR MILLION	NOTE	DEC 31, 2018		DEC 31, 2017	
ASSETS					
Non-current assets					
Goodwill	11	**217.4**		221.9	
Other intangible assets	11	**280.5**		279.5	
Property, plant & equipment	12	**159.8**		155.1	
Biological assets	13	**43.6**		41.6	
Investment property	14	**3.9**		3.9	
Financial assets					
Shares at fair value through profit and loss	15	**25.3**		21.7	
Other investments	15	**8.8**		8.7	
Deferred tax assets	9	**30.2**		29.2	
Non-current assets total		**769.4**	**45%**	761.7	41%
Current assets					
Inventories	16	**219.9**		205.2	
Trade and other receivables	17	**220.4**		214.4	
Income tax receivables		**31.3**		33.2	
Interest bearing receivables		**0.0**		20.0	
Financial assets at fair value through profit and loss	15			572.4	
Financial assets at fair value through comprehensive income	15	**453.6**			
Cash and cash equivalents	15	**24.4**		31.1	
Current assets total		**949.7**	**55%**	1,076.3	59%
Assets total		**1,719.2**	**100%**	1,837.9	100%

EUR MILLION	NOTE	DEC 31, 2018		DEC 31, 2017	
EQUITY AND LIABILITIES					
Equity					
Equity attributable to the equity holders of the parent company		**1,207.0**		1,269.4	
Non-controlling interest		**2.7**		2.8	
Equity total	18	**1,209.7**	**70%**	1,272.1	69%
Non-current liabilities					
Interest-bearing liabilities	19	**151.3**		151.4	
Other liabilities		**6.8**		7.3	
Deferred tax liabilities	9	**43.9**		73.2	
Pension liability	20	**12.7**		13.3	
Provisions	21	**5.1**		6.9	
Non-current liabilities total		**219.9**	**13%**	252.0	14%
Current liabilities					
Interest-bearing liabilities	19	**9.6**		48.5	
Trade and other payables	22	**268.2**		246.9	
Income tax liabilities		**6.5**		10.0	
Provisions	21	**5.4**		8.4	
Current liabilities total		**289.7**	**17%**	313.7	17%
Equity and liabilities total		**1,719.2**	**100%**	1,837.9	100%

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR MILLION	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	**103.0**	217.8
Adjustments for		
Depreciation, amortization and impairment	**43.8**	38.8
Gain/loss on sale and loss on scrap of non-current assets	**-1.9**	-4.3
Investments at fair value through profit or loss - net change in fair value	**0.0**	-107.9
Other financial items	**-9.4**	-11.2
Change in fair value of biological assets	**-2.0**	-0.7
Change in provisions and other non-cash items	**-9.4**	-8.5
Cash flow before changes in working capital	**124.1**	124.0
Changes in working capital		
Change in current assets, non-interest bearing	**-2.6**	-23.8
Change in inventories	**-8.5**	8.5
Change in current liabilities, non-interest bearing	**23.8**	21.8
Cash flow from operating activities before financial items and taxes	**136.8**	130.5
Financial items paid (net)	**-4.7**	-0.7
Taxes paid	**-26.2**	-26.0
Cash flow from operating activities (A)	**105.9**	103.8

EUR MILLION	2018	2017
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in financial assets	**-0.9**	-1.9
Capital expenditure on fixed assets	**-46.2**	-32.8
Proceeds from sale of fixed assets	**2.7**	9.5
Proceeds from sale of non-current assets held for sale	**0.0**	-1.3
Proceeds from sale of subsidiary shares	**0.0**	0.0
Proceeds from sale of investments at fair value through profit or loss	**0.0**	0.0
Other dividends received	**15.0**	14.1
Cash flow from other investments	**1.5**	0.0
Cash flow from investing activities (B)	**-28.0**	-12.4
CASH FLOW FROM FINANCING ACTIVITIES		
Purchase of treasury shares	**-2.8**	-0.1
Change in current receivables	**20.0**	2.0
Borrowings of non-current debt	**0.6**	0.9
Repayment of non-current debt	**-30.3**	-1.3
Change in current debt	**-12.8**	7.3
Payment of finance lease liabilities	**-0.3**	-0.6
Cash flow from other financing items	**0.5**	0.7
Dividends paid	**-59.5**	-87.0
Cash flow from financing activities (C)	**-84.6**	-78.0
Change in cash and cash equivalents (A+B+C)	**-6.6**	13.5
Cash and cash equivalents at beginning of period	**31.1**	17.7
Translation difference	**0.0**	-0.1
Cash and cash equivalents at end of period	**24.4**	31.1

Non-cash changes on interest bearing net debt amounted to EUR 0.3 million arising from unrealized foreign exchange differences.

The notes are an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR MILLION	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY								
	SHARE CAPITAL	TREASURY SHARES	CUMUL. TRANSL. DIFF	FAIR VALUE RESERVE	ACTUARIAL GAINS AND LOSSES	FINANCIAL ASSETS AT FVTOCI	RETAINED EARNINGS	NON-CONTROLLING INTEREST	TOTAL
Dec 31, 2016	**77.5**	**-3.2**	**32.3**	**-1.2**	**-4.6**		**1,117.3**	**1.9**	**1,220.1**
Translation differences			-29.3					-0.1	-29.4
Cash flow hedges				0.6					0.6
Defined benefit plan, actuarial gains (losses), net of tax					0.2				0.2
Other comprehensive income for the period, net of tax, total	**0.0**	**0.0**	**-29.3**	**0.6**	**0.2**		**0.0**	**-0.1**	**-28.6**
Profit for the period							166.4	0.7	167.1
Total comprehensive income for the period	**0.0**	**0.0**	**-29.3**	**0.6**	**0.2**		**166.4**	**0.6**	**138.5**
Changes due to divestments								0.7	0.7
Purchase of treasury shares		-0.1							-0.1
Dividends paid							-86.6	-0.4	-87.0
Dec 31, 2017	77.5	-3.2	3.0	-0.6	-4.4		1,197.1	2.8	1,272.1

	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY								
EUR MILLION	SHARE CAPITAL	TREASURY SHARES	CUMUL. TRANSL. DIFF	FAIR VALUE RESERVE	ACTUARIAL GAINS AND LOSSES	FINANCIAL ASSETS AT FVTOCI	RETAINED EARNINGS	NON-CONTROLLING INTEREST	TOTAL
Adoption of IFRS 9							-1.0		-1.0
Adoption of amendment to IFRS 2							**0.5**		**0.5**
Opening Balance Jan 1, 2018	**77.5**	**-3.2**	**3.0**	**-0.6**	**-4.4**		**1,196.5**	**2.8**	**1,271.6**
Translation differences			8.1					0.2	8.3
Cash flow hedges				0.2					0.2
Defined benefit plan, actuarial gains (losses), net of tax					0.5				0.5
Net change of investments at fair value through comprehensive income						-95.0			-95.0
Other comprehensive income for the period, net of tax, total	**0.0**	**0.0**	**8.1**	**0.2**	**0.5**	**-95.0**	**0.0**	**0.2**	**-86.0**
Profit for the period							81.6	0.2	81.7
Total comprehensive income for the period	**0.0**	**0.0**	**8.1**	**0.2**	**0.5**	**-95.0**	**81.6**	**0.4**	**-4.2**
Purchase and issue of treasury shares		-2.8					0.3		-2.5
Dividends paid							-59.1	-0.5	-59.5
Other changes*							4.4		4.4
Dec 31, 2018	**77.5**	**-6.0**	**11.1**	**-0.4**	**-3.9**	**-95.0**	**1,223.6**	**2.7**	**1,209.7**

* Other changes include EUR 2.9 million of adaptation of IFRIC 23 booked to equity.

The notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Accounting principles for the consolidated financial statements, IFRS

Fiskars Corporation is a Finnish public limited liability company listed on Nasdaq Helsinki and domiciled in Raasepori, Finland. The registered address of Fiskars Corporation is Hämeentie 135 A, Helsinki, Finland. Fiskars Corporation is the parent company of the group. The group manufactures and markets branded consumer goods globally. Fiskars' primary reporting segments are Living, Functional and Other. In addition, Fiskars reports group-level net sales for three geographies: Europe, Americas, and Asia-Pacific. The Other segment contains the Group's investment portfolio, the real estate unit, corporate headquarters and shared services. The group's international key brands are Fiskars, Gerber, Iittala, Royal Copenhagen, Waterford and Wedgwood.

The financial statements are authorized for issue by the Board of Directors of Fiskars Corporation. According to the Finnish Limited Liability Companies' Act, the shareholders have a possibility to approve or reject or make a decision on altering the financial statements in the Annual General Meeting to be held after the publication of the financial statements.

Basis of preparation

The consolidated financial statements of Fiskars Corporation ("Fiskars" or "the group") are prepared in accordance with International Financial Reporting Standards (IFRS) in force at December 31, 2018 as adopted by the European Union. International Financial Reporting Standards, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation.

The consolidated financial statements are prepared on historical cost basis except for financial assets and financial liabilities which are presented at fair value through profit or loss, and biological assets as well as assets and liabilities related to defined benefit pension plans that are measured at fair value.

Items included in the financial statements of each of the group's entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the parent company's functional currency. The presentation is in millions of euro with one decimal. Figures presented have been rounded and therefore the sum of individual figures might differ from the presented total figure.

Use of estimates

The preparation of financial statements in conformity with IFRS requires the management to make judgments and assumptions that affect the recognition and measurement of financial statement items. These estimates and associated assumptions are based on historical experience and other justified assumptions that are believed to be reasonable under the circumstances at the end of the reporting period. These estimates form the basis for judgments of the items in the financial statements. Development of markets and general economic situation may affect the variables underlying the estimates and actual results may differ significantly from these estimates. Such estimates mainly relate to the assumptions made in

- impairment testing (Note 11),
- amount of obsolete inventory (Note 16),
- recognition of impairment losses on trade receivables (Note 17),
- restructuring provisions (Note 21),
- determination of defined benefit pension obligations (Note 20),
- value appraisement of biological assets (Note 13) and
- the probability of deferred tax assets being recovered against future taxable profits (Note 9).

Consolidated financial statements

The consolidated financial statements include the parent company, Fiskars Corporation, and all the subsidiaries in which it holds, directly or indirectly, over 50% of the voting rights or over which it otherwise has control. Acquired or established subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Subsidiaries are consolidated using the acquisition method. Intra-group transactions, profit distribution, receivables, liabilities and unrealized gains between group companies are eliminated in consolidation. The profit or loss for the financial year attributable to the owners and non-controlling interest is presented in the income statement and the total comprehensive income for the financial year attributable to the owners and non-controlling interest is presented in the statement of comprehensive income. The non-controlling interest in equity is presented within equity, separately from the equity of the owners of the parent.

Investments in associates in which Fiskars has a significant influence but not control are accounted for using the equity method. Significant influence usually exists when the group holds over 20% of the voting power of the entity or when the group otherwise has significant influence but not control.

Translation of foreign currency items

TRANSACTIONS IN FOREIGN CURRENCIES

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period monetary assets and liabilities are translated using the exchange rate prevailing at the end of the reporting period. Exchange differences arising from translation are recognized in the income statement and presented under financial items, except for exchange differences related to trade receivables and trade payables that are presented within operating profit. Non-monetary items denominated in foreign currencies are translated using the exchange rate at the date of the transaction, except for those items carried at fair value that are translated using rates prevailing at the date when the fair value was determined.

TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

In the consolidated financial statements income statements, statements of comprehensive income and cash flows of foreign subsidiaries are translated into the parent company's currency at the average exchange rates for the period. Their balance sheet items are translated at exchange rates prevailing at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and presented under translation differences in equity. Exchange differences resulting from the translation of profit or loss and comprehensive income at the average rate in the income statement and in the statement of comprehensive income, and the balance sheet at the closing rate, are recognized in other comprehensive income and they are included under translation differences in equity. The effective portions of the gains or losses on those financial instruments hedging net investments in foreign operations are recognized similarly. When the group disposes of all, or part of that subsidiary, the translation differences accumulated in equity are transferred to profit or loss as part of the gain or loss on disposal.

Net sales and revenue recognition principles

Net sales are shown net of indirect taxes, rebates, and exchange differences on trade receivables denominated in foreign currencies. Revenue from the sale of goods is recognized when performance obligation is satisfied, i.e. when "control" of the good or service underlying the particular performance obligation is transferred to the customer, .i.e. when a product has been delivered to the client in accordance with the terms of delivery. There are no such long-term projects in the group for which the revenue would be recognized using the percentage-of-completion (POC) method.

Other operating income and expenses

Other operating income includes income other than that associated with the sale of goods or services, such as gain on disposal or sale of fixed assets, rental income, releases of certain provisions and other similar income not classified to revenue. Other operating expenses as well include losses on the disposal or sale of fixed assets, integration costs and other similar expenses not classified to other cost items.

Pension obligations

Group companies have various pension plans in accordance with local conditions and practices in the countries in which they operate. The plans are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan the group pays fixed contributions into a separate entity. If the entity does not hold sufficient assets to pay all employees the benefits in question, the group will have no legal or constructive obligation to pay further contributions. All other plans not meeting the above criteria are classified as defined benefit plans. Most of the plans that group companies have are classified as defined contribution plans and related contributions are charged to the income statement in the year in which the payment obligation has arisen.

The costs for defined benefit pension plans are calculated and recognized under the terms of the plan based on actuarial calculations. Pension costs are recognized as expenses over the employees' service period. The pension obligation is measured as the present value of the estimated future contributions deducted by the fair value of plan assets at the end of the reporting period. Changes in the estimates in the actuarial calculations may influence the reported pension obligations and pension costs. Actuarial gains and losses are recognized in other comprehensive income.

Operating profit

IAS 1 Presentation of Financial Statements does not give a definition for operating profit. In Fiskars the operating profit (EBIT) is the net of revenues and other operating income, material purchases and change of inventories, production for own use, employee benefits, depreciations, amortizations and possible impairments and other operating expenses. The operating profit includes operating results of Fiskars' primary reporting segments Living, Functional and Other. EBITA is calculated from EBIT by adding back amortization. Change in fair value of biological assets is presented as a separate line item below EBIT in the income statement.

Intangible assets

An intangible asset is initially capitalized in the balance sheet at cost if the cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the group. Residual values and expected useful lives are reassessed at least at each financial year-end and, if necessary, are adjusted to reflect changes in the expected future economic benefits. Those borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

GOODWILL

Goodwill represents the group's share of difference between the cost of the acquisition and the fair value of the net identifiable assets, liabilities, and contingent liabilities acquired measured at the acquisition date. Goodwill is stated at historical cost less any accumulated impairment losses. Goodwill is not amortized but is tested for impairment at least annually. For this purpose goodwill has been allocated to cash-generating units or, in case of an associate, the goodwill is included within the carrying amount of the associate in question. The recoverable amount of the unit is compared annually or more often if there are indications of impairment, with its carrying amount to determine potential impairment.

Contingent consideration will be measured at fair value and subsequently re-measured through profit or loss. All acquisition-related costs, such as experts' fees, will be expensed instead of capitalization. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as they are incurred, except for those development costs that are capitalized if the criteria in IAS 38 are met. Capitalized development costs consisting of mainly direct labor costs and external services are recognized as intangible assets.

Intangible assets not yet available for use are tested annually for impairment. Subsequent to initial recognition capitalized development costs are measured at cost less accumulated amortization and accumulated impairment losses. They are amortized on a straight-line basis over their useful lives, from 3 to 6 years.

OTHER INTANGIBLE ASSETS

Other intangible assets include among other patents, capitalized development costs, software, as well as trademarks and customer relationships acquired in business combinations. Intangible assets are stated at cost less accumulated amortization and any accumulated impairment. Intangible assets in this class are amortized on a straight-line basis over their known or expected useful lives. Residual values and expected useful lives are reassessed at least at each financial year-end and, if necessary, are adjusted to reflect changes in the expected future economic benefits. The estimated useful lives are as follows:

- Software 3–10 years
- Customer relationships 5–15 years
- Other 3–10 years

Intangible assets with an indefinite useful life such as trademarks or brand names acquired in business combinations are not amortized but they are tested at least annually for impairment.

Property, plant and equipment

Property, plant, and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses, if applicable. Those borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. Residual values and expected useful lives are reassessed at least at each financial year-end and, if necessary, are adjusted to reflect changes in the expected future economic benefits. The estimated useful lives are as follows:

- Buildings 20–40 years
- Machinery and equipment 3–10 years
- Land and water No depreciation

Gains and losses on sales and disposals of items of property, plant, and equipment are presented under other operating income and other operating expenses.

Leases

Leases, in which the group takes over from the lessor substantially all the risks and rewards of ownership, are classified as finance leases. Assets leased under finance leases are recognized under property, plant, and equipment at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments at the commencement of the lease term. The associated obligations are recognized in interest-bearing financial liabilities. The lease payments are divided into finance cost and amortization of the lease liability.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are accounted for as operating leases. Lease payments made under an operating lease are recognized as an expense on a straight-line basis over the lease term.

Investment property

The properties that are not used in the group's operations or which are held to earn rental revenue or increase in value are classified as investment property. These properties are measured at cost less accumulated depreciation and impairment. Investment properties are depreciated over 20–40 years. Land is not depreciated.

Impairment of property, plant and equipment and intangible assets

The group operations have been divided into cash-generating units (CGU) that are similar to the primary reporting segments. The carrying amounts of the assets relating to these CGUs are reviewed for impairment indicators annually at the end of the reporting period. The recoverable amounts of the following assets are also estimated annually irrespective whether there is any indication for impairment: goodwill, intangible assets with indefinite useful lives and unfinished intangible assets.

To determine a potential impairment the carrying amount of the asset is compared or the carrying amounts of the CGU's net assets are compared against the recoverable amount of that asset or CGU. The recoverable amount is the higher of the present value of the future cash flows (value in use) and the fair value less costs to sell. An impairment loss is recognized for an asset when its carrying amount exceeds its recoverable amount. An impairment loss previously recognized for items of property, plant, and equipment as well as for intangible assets other than goodwill is reversed subsequently only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization or depreciation, if no impairment loss had been recognized for the asset in prior years. An impairment loss recognized for goodwill is not reversed.

Biological assets

Biological assets consist of standing timber in the group's forests in Finland. These assets are measured at fair value less estimated point-of-sale costs. The fair value resulting from both net growth and change in the market value of standing timber is presented as a separate line item in the income statement after operating profit (EBIT). The revenue from the sale of standing timber is presented in the income statement within the operating profit.

For valuing biological assets Fiskars applies a three year rolling average price of standing timber, based on the statistics provided by the Natural Resources Institute Finland, and multiplied by the estimated volume of standing timber, taking into account the costs and risks relating to sales.

Non-current assets held for sale and discontinued operations

A non-current asset (or a disposal group) as well as assets and liabilities associated with a discontinued operation are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The recognition criteria are regarded to be met when a sale is highly probable, the asset (or a disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary, the management is committed to the plan to sell the asset and the sale is expected to take place within one year from the date of classification.

As from classification date a non-current asset (or a disposal group) held for sale is measured at the lower of its carrying amount and fair value less costs to sell, and it is not depreciated or amortized any more. Assets classified as held for sale, disposal groups, items recognized in other comprehensive income associated with the assets classified as held for sale as well as liabilities included in the disposal group are presented separately in the balance sheet.

A discontinued operation is a component of the group's business that has been disposed of or will be disposed of in accordance with a coordinated plan. It represents a separate major line of business or geographical area of operations. The profit or loss of a discontinued operation is reported separately from the continuing operations in the consolidated statement of comprehensive income.

Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in first-out (FIFO) method. The cost of finished goods and work-in-progress comprise direct purchase and manufacturing cost, other direct costs and a proportion of the related production overheads based on normal operating capacity. Net realizable value is the estimated amount that can be realized from the sale in normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are presented net of an impairment loss recognized for obsolete and slow-moving inventories.

Financial instruments

FINANCIAL ASSETS

Fiskars classifies its financial assets in the following categories: financial assets at fair value through profit or loss, financial assets at fair value through OCI, loans and receivables and available-for-sale financial assets. Financial assets are classified at initial recognition based on their purpose of use. For investments not at fair value through profit or loss, the directly attributable transaction costs are included in the original costs of the financial assets. All purchases or sales of financial assets are recognized or derecognized using trade date accounting. The group derecognizes financial assets when it has lost its right to receive the cash flows or when it has transferred substantially all the risks and rewards to an external party.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS / OCI

In this category are classified such financial assets that are held for trading or are designated as financial assets at fair value through profit or loss upon initial recognition (the fair value option). In Fiskars this category comprises those derivative instruments that do not meet the hedge accounting criteria or for which hedge accounting is not applied. Based on the new IFRS 9 standard that Fiskars adopted on January 1, 2018, Fiskars Group records the change in fair value of the Wärtsilä holding in other comprehensive income instead of recognizing fair value changes in the income statement.

These financial assets are measured at fair value both at initial recognition and subsequently. The fair values of the listed securities are based on quoted rates at the end of the reporting period and fair value changes, both realized and unrealized gains and losses are recognized in the income statement under financial items. The fair value measurement principles of derivative instruments are described below under Derivatives and hedge accounting.

LOANS AND OTHER RECEIVABLES

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The group does not hold them for trading or designate them as available for sale upon initial recognition. This category comprises trade receivables and other receivables under current receivables as well as non-current loan receivables that are presented under the item Other investments in the consolidated balance sheet.

Loans and other receivables are measured at amortized cost. The estimate made for doubtful receivables is based on the risks of individual items. Resulting from this assessment the carrying amounts of receivables are adjusted to measure their probable value. Loans and receivables are included in current or non-current assets based on their nature; in the latter class for maturities greater than 12 months after the end of the reporting period.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as either loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. In Fiskars this category comprises the investments in unlisted securities. If their fair values cannot be determined reliably, they are measured at cost. Available-for-sale financial assets are included in non-current assets unless the group intends to dispose of them within 12 months of the end of the reporting period in which case they are included in current assets.

CASH AND CASH EQUIVALENTS

The balance sheet item Cash and cash equivalents includes cash, i.e. cash in hand and deposits held at call with banks, and cash equivalents. Cash equivalents comprise highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. The items included in cash equivalents have original maturities of maximum three months from the date of acquisition. Bank overdrafts are included within current interest-bearing financial liabilities.

FINANCIAL LIABILITIES AND BORROWING COSTS

Fiskars classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (includes derivative liabilities) and financial liabilities measured at amortized cost. A financial liability is recognized initially at fair value. For financial liabilities measured at amortized cost, the directly attributable transaction costs are included in the original cost. Subsequently financial liabilities are carried at amortized cost using the effective interest method, except for derivative liabilities that are measured at fair value. Financial liabilities are classified as non-current or current; the latter group comprises all those financial liabilities for which the group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. The group removes a financial liability (or a part of it) from its balance sheet only when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Credit fees related to loan commitments are treated as transaction costs to the extent it is likely that the loans will not be drawn down. Remaining credit fees are amortized over the expected loan term.

DERIVATIVES AND HEDGE ACCOUNTING

Derivatives not designated as hedging instruments are recognized at fair value through profit and loss. Derivatives are initially valued at cost and subsequently at fair value determined at the end of each reporting period. The fair value of derivatives is based on prevailing market rates or rates derived from the prevailing market rates at the end of the reporting period. Fair value changes are recognized in financial items.

Fiskars has applied hedge accounting to changes in the fair value of derivatives designated, qualifying, and effective as cash flow hedges. The changes are recognized in Other comprehensive income. On balance sheet date, such derivatives consisted of interest derivatives hedging certain loans.

FAIR VALUE CATEGORIES

Hierarchy level 1 includes financial assets that are publicly quoted in an active market. This category includes listed shares. Level 2 includes financial assets and liabilities measured using directly observable market inputs. All interest bearing debts and derivatives fall within this category. 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.

Provisions and contingent liabilities

A provision is recognized when the group as a result of a past event has a present legal or constructive obligation, it is probable that the obligation will be realized and a reliable estimate can be made of the amount of the obligation. A provision for restructuring is recognized when a detailed formal plan has been prepared and when there is a valid expectation relating those affected that the plan will be carried out. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If it is possible to receive compensation for part of the obligation from a third party, the compensation is recognized as a separate asset, but only when receipt of the compensation is virtually certain.

The group may be a party to lawsuits and legal processes concerning the group's business operations. A related provision is recognized in the financial statements when the amount of the expenditure can be estimated reliably and it is more likely than not that they will be realized. Otherwise these contingent liabilities are disclosed in the notes.

Income taxes

The group's tax expense comprises current and deferred taxes. The current tax charge is calculated using the tax rate enacted or substantively enacted at the end of the reporting period. Deferred tax liabilities and deferred tax assets are accounted for temporary differences between the carrying amounts and tax basis of assets and liabilities using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax liability is recorded to its full amount on taxable temporary differences. Deferred tax assets are recognized for deductible temporary differences, unutilized tax losses and unused tax credits to the extent that it is probable that taxable profit or taxable temporary differences will be available against which the deductible temporary differences, unutilized tax losses and unused tax credits can be utilized. Deferred tax assets are assessed for realizability at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow deferred tax asset utilization, carrying amount of deferred tax asset is reduced. Correspondingly, if it is probable that sufficient taxable profit will be available, reduction to deferred tax asset value is reversed.

Dividends

Dividends proposed by the Board of Directors are not recorded in the financial statements until they have been approed by the shareholders at the Annual General Meeting.

New and amended standards applied in financial year ended

As from January 1, 2018 the group has applied the following new or amended standards that have come into effect:

- IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)
  The amendments are intended to eliminate diversity in three main areas: the effects of vesting conditions on the measurement of a cash-settled share based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. According to the amendments of the standard, Fiskars classifies the share-based arrangements with net settlement features as equity-settled. No restatement of prior periods is made.

- IFRS 9 Financial Instruments and subsequent amendments.
  The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting and replaces current IAS 39. The impairment model in IFRS 9 is based on the premise of providing for expected losses. The new standard primarily causes changes in the accounting principles of financial items and the evaluation of their impairment according to the new expected credit loss model (ECL). It enables to book the change in fair value of investments at fair value, consisting of Fiskars' holdings in Wärtsilä, either in income statement or in other comprehensive income, and from these two options, Fiskars has chosen to start applying reporting the change in fair value of investments at fair value in other comprehensive income. This change compared to previous reporting manner has transferred the change in fair value of such investments from the income statement to other comprehensive income including deferred taxes. The change has not impacted the treatment of those items' balance sheet classification or dividends in the income statement.

  In addition, the standard change had moderate impacts on the bad debt provisions of trade receivables because of the expected credit loss model introduced by standard. Expected credit loss model has increased the bad debt provision by EUR 1,0 million, which has been recognized in retained earnings. Previous periods have not been restated.

- IFRS 15 Revenue from Contracts with Customers
  IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 has superseded the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the good or service underlying the particular performance obligation is transferred to the customer.

  The standard includes a five-step model for the revenue recognition. Revenue is allocated to performance obligations based on relative transaction prices. Revenue recognition takes place over time or at a specific point in time, and the key criterion is the passing of control.

  The principles in IFRS 15 are applied using the following five steps:
  1. Identify the contract(s) with a customer
  2. Identify the performance obligations in the contract
  3. Determine the transaction price
  4. Allocate the transaction price to the performance obligations in the contract
  5. Recognize revenue

  The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

  The Group adopted IFRS 15 using the full retrospective method of adoption. There are no changes impacting the comparative information and therefore, no restatements have been made in the Group's financial statements.

Other new or amended standards or interpretations had no impact on the consolidated financial statements.

Adoption of new and amended standards 1st Jan 2019

- IFRS 16 Leasing
  According to the current Leases standard, IAS17, a lessee must separate leases into finance lease agreements booked on the balance sheet and operating lease agreements classified as off-balance sheet items. According to the forthcoming standard IFRS16, all the lessees' lease agreements will be booked as fixed assets in the balance sheet, except short-term contracts with a duration of less than 12 months and lease contracts for which the underlying asset has a low value. The new standard transfers off-balance sheet commitments to the balance sheet, which results in an increase of fixed assets and liabilities and moves former lease expenses to Depreciation and Interest expenses.

  Based on Fiskars' industry and business model, it acts mostly as lessee in numerous contracts. Major part of the contracts that will be booked on balance sheet are consisting of the lease contracts of stores, offices and warehouses as well as some machinery and equipment. Fiskars has completed the accounting tool implementation during the fourth quarter of the year. On January 1, 2019, the Group will adopt IFRS 16 Leases. All the lessees' lease agreements will be booked as right-of-use assets and liabilities in the balance sheet. Exceptions are short-term contracts with a duration of less than 12 months and lease contracts for which the underlying asset has a low value. The Group will adopt the standard with a cumulative catch-up transition method, without restating prior periods. The impact of the standard change to the balance sheet at January 1, 2019 will be about EUR 123 million. The positive impact to EBIT/EBITA will be approximately EUR 1 million, resulting from the decrease of lease expenses and increase of depreciation from the right-of-use assets. EBITDA is affected in addition with the amount of depreciation, increasing about EUR 23 million. Interest expenses will be increased approximately by EUR 2 million. Total estimated impact to the profit for the period is EUR -1 million.

2. Segment information

Fiskars Group's organizational structure features two Strategic Business Units (SBU): Living and Functional. As of January 1, 2017 Fiskars Group's three primary reporting segments are Living, Functional, and Other. In addition, Fiskars Group reports net sales for three geographical areas: Europe, Americas, and Asia-Pacific.

Operating segments

SBU Living offers premium and luxury products for tabletop, giftware and interior décor. It consists of the English & Crystal Living and Scandinavian Living businesses. English & Crystal Living business includes brands such as Waterford, Wedgwood, Royal Albert, and Royal Doulton. Scandinavian Living business includes brands such as Iittala, Royal Copenhagen, Rörstrand, and Arabia.

SBU Functional provides tools for use in and around the house as well as outdoors. SBU Functional consists of Functional Americas, Functional EMEA and Outdoor businesses, and includes brands such as Fiskars, Gerber, and Gilmour.

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

Business activities between the segments are not significant. Inter-segment sales are made on an arm's length basis. Real Estate owns real estates in Finland and leases them to subsidiaries in Finland e.g. for use as production facilities.

President and CEO monitors the operating results of the segments separately for the purpose of making decisions. Financial income and costs and income taxes are managed on group basis and accordingly not allocated to operating segments.

Fiskars Group reports net sales for three geographical areas: Europe, Americas, and Asia-Pacific. In the Americas the Fiskars branded products' distribution and logistics are managed and consumer preferences followed centrally. In the Europe & Asia-Pacific area the markets and distribution are more diversified, but from the customer point of view the business units operate in a common environment.

Unallocated items

The unallocated items of the Income Statement contain amortization, financial income and expenses, other than Wärtsilä related, and income taxes.

No single customer of Fiskars Group accounts for more than 10% share of the Group's total net sales.

OPERATING SEGMENTS

2018

EUR MILLION	LIVING	FUNCTIONAL	OTHER	GROUP TOTAL
Net sales	529.6	585.2	3.8	1,118.5
EBITA excl. Items affecting comparability in operating profit	57.0	75.5	-10.8	121.7
Items affecting comparability in EBITA*	-2.6	-3.3	-3.3	-9.2
EBITA	54.4	72.3	-14.1	112.5
Amortization				-20.9
Change in fair value of biological assets			2.0	2.0
Financial income and expenses				9.4
Profit before taxes				103.0
Income taxes				-21.1
Profit for the period				81.7
Capital expenditure	23.8	18.9	3.5	46.2
Depreciations, amortizations and impairment	19.0	23.8	1.0	43.8

* Includes EUR 2.5 million related to the Living transformation program, EUR 2.5 million costs related to the proposed divestment of the Leborgne business and EUR 2.9 million related to the Alignment program as well as some other adjustments.

2017

EUR MILLION	LIVING	FUNCTIONAL	OTHER	GROUP TOTAL
Net sales	573.9	607.8	3.8	1,185.5
EBITA excl. Items affecting comparability in operating profit	70.7	59.7	-11.5	119.0
Items affecting comparability in EBITA*	-2.6	-1.2	-2.0	-5.8
EBITA	68.1	58.5	-13.4	113.2
Amortization				-15.3
Change in fair value of biological assets			0.7	0.7
Financial income and expenses			122.0	119.3
Profit before taxes				217.8
Income taxes				-50.8
Profit for the period				167.1
Capital expenditure	14.0	19.4	1.9	35.4
Depreciations, amortizations and impairment	21.3	16.5	1.0	38.8

* Includes EUR 1.2 million related to sale of boats business, EUR 0.7 million costs related to the divestment of the Ebertsankey container gardening business and EUR 5.7 million related to the Alignment program as well as some other adjustments.

NET SALES BY GEOGRAPHY

EUR MILLION	2018	2017
Europe	**531.2**	568.5
Americas	**444.4**	463.0
Asia-Pacific	**141.7**	152.8
Unallocated*	**1.3**	1.2
Total	**1,118.5**	1,185.5

* Geographically unallocated exchange rate differences

ADDITIONAL INFORMATION ABOUT GEOGRAPHICAL AREAS

EUR MILLION	2018	2017
Net sales in Finland	**111.9**	112.5
Net sales in the U.S.	**425.3**	445.1
Net sales in other countries	**581.3**	628.0
Total	**1,118.5**	1,185.5

EUR MILLION	2018	2017
Assets in Finland*	**249.5**	213.1
Assets in the U.S.*	**70.6**	122.6
Assets in other countries*	**419.1**	396.9
Total	**739.2**	732.7

* Non-current assets other than deferred tax assets.

3. Items affecting comparability

Exceptional and material transactions outside the ordinary course of business are treated as adjustments to operating profit (EBIT and EBITA). These include items such as gains and losses on disposal of business operations, impairments, costs of discontinued significant business operations, restructuring costs and costs of integrating acquired businesses, major product recalls and fines and penalties. Gains and losses are presented in the income statement as an income or expense on the relevant line item and function. Impairments have been presented in the income statement in depreciation, amortization and impairment of the relevant function or on line impairment when the impairment concerns goodwill. Write-downs are presented in other operating expenses.

Living program

In October 2018, Fiskars Group launched a transformation program in its Living business, 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, which will be recorded as items affecting comparability (IAC).

Alignment program

In November 2016, Fiskars Group launched the Alignment program to proceed in the transformation. The program focused on the structural changes in the organization, proposed headcount reductions, and the full integration of the English & Crystal Living business, acquired in 2015.

The program was completed at the end of 2018. The total costs of the program were EUR 15 million, some minor items still expected for 2019. Those have been recorded as items affecting comparability in EBITA.

Other items affecting comparability in 2018

Alignment program costs in 2018 amounted to EUR 2.9 million, Living transformation program costs amounted to EUR 2.5 million and proposed Leborgne divestment costs to EUR 2.5 million. Other adjustments to operating profit totalled EUR -0.8 million in 2018.

EUR MILLION	2018	2017
Operating profit (EBIT)	**91.6**	97.9
Amortization	**-20.9**	-15.3
EBITA	**112.5**	113.2
Items affecting comparability in EBITA		
Sale of boats business		-1.2
Personnel-related costs	**1.8**	
Sale of Spring USA	**0.0**	0.0
Ebertsankey related provisions and impairments	**0.4**	0.7
Alignment program	**2.9**	5.7
Living transformation	**2.5**	
Proposed Leborgne divestment	**2.5**	
Other adjustments to operating profit	**-0.8**	0.6
Total items affecting comparability in EBITA	**9.2**	5.8
Comparable EBITA	**121.7**	119.0

4. Acquisitions and divestments

Fiskars Group has on 15 Jan 2019 received a binding offer for the purchase of its Leborgne business consisting of manufacturing and sale of hand tools to construction and gardening customers in France from MOB MONDELIN. The transaction would be structured as an asset sale and include the Leborgne brand, inventory, fixed assets and personnel working for the business.

2018

No acquisitions or divestments were carried out in 2018.

2017

No acquisitions or divestments were carried out in 2017.

5. Other operating income

EUR MILLION	2018	2017
Release of provisions	**0.0**	1.2
Net gain on disposal of fixed assets	**2.6**	3.9
Rental income	**0.0**	0.3
Other income	**2.5**	1.7
Total	**5.2**	7.1

6. Total expenses

TOTAL EXPENSES BY NATURE

EUR MILLION	2018	2017
Materials and supplies	**580.4**	542.7
Change in inventory	**-11.5**	5.2
External services	**61.1**	52.6
Employee benefits	**307.9**	315.3
Depreciation and amortization	**35.3**	38.8
Impairments	**8.6**	0.0
Other expenses	**50.5**	140.1
Total	**1,032.1**	1,094.9

OTHER OPERATING EXPENSES

EUR MILLION	2018	2017
Loss on sale of fixed assets	**0.1**	0.4
Loss on scrap of fixed assets	**0.6**	0.5
Alignment program	**-0.1**	0.1
Other operating costs	**-0.5**	1.5
Total	**0.2**	2.5

DEPRECIATION, AMORTIZATION AND IMPAIRMENT BY ASSET CLASS

EUR MILLION	2018	2017
Buildings	**4.1**	4.2
Machinery and equipment	**18.4**	19.3
Intangible assets	**12.8**	14.9
Investment property	**0.4**	0.4
GW and trademark amortization and impairment	**8.6**	0.0
Total	**43.8**	38.8

FEES PAID TO COMPANIES' AUDITORS

EUR MILLION	2018	2017
Audit fees	**1.2**	1.2
Audit related fees	**0.0**	0.0
Tax consultation	**1.6**	0.9
Other non-audit fees	**0.1**	0.2
Total	**3.0**	2.2

The appointed auditor for the financial years 2018 and 2017 was KPMG. KPMG Oy Ab has provided non-audit services to the entities of Fiskars Group in total of EUR 1.5 million during the financial year 2018.

7. Employee benefits and number of personnel

EMPLOYEE BENEFITS

EUR MILLION	2018	2017
Wages and salaries	**250.6**	256.2
Other compulsory personnel costs	**36.6**	36.3
Pension costs, defined contribution plans	**16.8**	17.3
Pension costs, defined benefit plans	**1.8**	1.0
Other post employment benefits	**1.2**	1.6
Termination benefits	**0.9**	2.9
Total	**307.9**	315.3

PERSONNEL AT THE END OF PERIOD

	2018	2017
Finland	**1,125**	1,126
Slovenia	**907**	918
UK	**532**	585
Other Europe	**1,368**	1,410
USA	**1,017**	1,018
Indonesia	**979**	1,074
Thailand	**626**	619
Other	**1,061**	1,182
Total	**7,615**	7,932

PERSONNEL (FTE) IN AVERAGE

EUR MILLION	2018	2017
Direct	**4,554**	5,008
Indirect	**2,749**	2,702
Total	**7,304**	7,709

Fiskars Group has adopted the following definitions for employee reporting:
Personnel, end of period = active employees in payroll at the end of period.
Personnel (FTE), average = full-time equivalent number of employees according to worked volume during the period.
Direct = production staff
Indirect = other employees than production staff

8. Financial income and expenses

EUR MILLION	2018	2017
Dividends received from investments at other comprehensive income or fair value through profit and loss	**15.0**	14.1
Interest income on cash and bank	**0.0**	0.0
Net change in fair value of current investments at fair value through profit or loss		107.9
Net change in fair value of other investments at fair value through profit or loss	**3.4**	2.1
Derivative revaluation gains, at fair value through profit or loss	**0.3**	0.0
Exchange gains on commercial hedges		0.9
Other exchange gains		0.0
Financial income total	**18.7**	125.1
Interest expenses on debt at amortized cost	**-3.6**	-5.0
Interest cost on finance leasing at amortized cost	**0.0**	0.0
Net change in fair value of other investments at fair value through profit or loss	**0.0**	0.0
Exchange losses on commercial hedges	**-1.1**	0.0
Other exchange losses	**-3.7**	-0.3
Other financial expenses	**-1.0**	-0.4
Financial expense total	**-9.4**	-5.7
Financial income and expenses total	**9.4**	119.4

9. Income taxes

INCOME TAXES IN THE INCOME STATEMENT

EUR MILLION	2018	2017
Current taxes	**-24.8**	-30.5
Deferred taxes	**3.7**	-20.3
Total income tax expense	**-21.1**	-50.8

INCOME TAX RECONCILIATION

Reconciliation of income taxes at statutory tax rate in Finland (20%) and income taxes recognized in the consolidated income statement.

EUR MILLION	2018	2017
Profit before taxes	**103.0**	217.8
Income taxes at Finnish statutory tax rate	**-20.6**	-43.6
Difference between Finnish and foreign tax rates	**-3.2**	-4.5
Effect of deferred taxes not recognized	**-2.7**	-3.9
Benefit arising from previously unrecognized deferred tax asset	**11.4**	4.0
Prior year income taxes	**-0.9**	1.1
Effect of changes of tax rates	**0.1**	-4.4
Income taxes on undistributed earnings	**-7.4**	0.0
Tax exempt dividends	**3.0**	2.8
Other items	**-0.8**	-2.3
Total income tax expense	**-21.1**	-50.8

Deferred tax assets have been recognized for deductible temporary differences, unutilized tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilized tax losses and unused tax credits can be utilized. Deferred tax assets have been assessed for realizability and if it has been no longer probable that sufficient taxable profit will be available to allow deferred tax asset utilization, carrying amount of deferred tax asset has been reduced. Correspondingly, if it has been probable that sufficient taxable profit has been available, reduction to deferred tax asset value has been reversed. Deferred tax liability has been booked fully on undistributed earnings of subsidiaries in 2018.

DEFERRED TAXES

EUR MILLION	2018	2017
Deferred tax assets		
Intangible assets and property, plant and equipment	**10.2**	2.7
Inventories	**4.3**	3.6
Post-employment liabilities	**3.2**	3.8
Tax loss carried forward	**8.9**	6.0
Other temporary differences	**16.2**	34.7
Total	**42.8**	50.8
Offset against deferred tax liabilities	**-12.6**	-21.6
Total deferred tax assets	**30.2**	29.2

EUR MILLION	2018	2017
Deferred tax liabilities		
Intangible assets and property, plant and equipment	**32.8**	32.2
Investments at fair value	**11.2**	37.1
Undistributed earnings	**7.4**	0.0
Other temporary differences	**5.2**	25.5
Total	**56.6**	94.8
Offset against deferred tax assets	**-12.6**	-21.6
Total deferred tax liabilities	**43.9**	73.2
Net deferred tax assets (+) and liabilities (-)	**-13.8**	-43.9

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

MOVEMENTS IN THE NET DEFERRED TAX BALANCE

EUR MILLION	2018	2017
Net defered tax asset (+)/liability (-) at January 1	**-43.9**	-22.5
Recognized in income statement	**3.7**	-20.3
Recognized in other comprehensive income*	**23.4**	-0.5
Recognized in equity	**2.9**	0.0
Translation differences	**0.2**	-0.6
Net defered tax asset (+)/liability (-) at December 31	**-13.7**	-43.9

* Decrease in deferred tax liability related to Wärtsilä shares measured at fair value.

TAXES IN OTHER COMPREHENSIVE INCOME

2018

EUR MILLION	GROSS	TAX	NET
Translation differences	8.3	0.0	8.3
Cash flow hedges	0.2	0.0	0.2
Defined benefit plan actuarial gains (losses)	0.7	-0.4	0.3
Fair value measurement	-118.8	23.8	-95.0
Total other comprehensive income	-109.6	23.4	-86.1

2017

EUR MILLION	GROSS	TAX	NET
Translation differences	-29.4	0.0	-29.4
Cash flow hedges	0.8	-0.2	0.6
Defined benefit plan actuarial gains (losses)	0.5	-0.3	0.2
Fair value measurement	0.0	0.0	0.0
Total other comprehensive income	-28.1	-0.5	-28.6

10. Earnings per share

The basic earnings per share is the annual net profit attributable to ordinary shareholders of the parent company divided by the weighted average number of shares outstanding during the year. Fiskars Group does not have any current share option programs or other diluting financial instruments, so the diluted earnings per share is the same as basic.

	2018	2017
Net profit attributable to the ordinary shareholders of the Parent company, EUR million	**81.6**	166.4
Number of shares	**81,905,242**	81,905,242
Weighted average number of shares outstanding	**81,670,458**	81,713,775
Earnings per share, EUR (basic and diluted)	**1.00**	2.04*

* Earnings per share includes the net changes in the fair value of the investment portfolio. Adjusted figure EUR 0.98 for full year 2017 excludes this change.

11. Intangible assets

2018

EUR MILLION	GOODWILL	TRADEMARKS, PATENTS AND DOMAIN NAMES	SOFTWARE	OTHER INTANGIBLE ASSETS	CONSTRUCTION IN PROGRESS	TOTAL
Historical cost, Jan 1	227.7	243.5	76.4	61.5	4.0	613.0
Translation differences	2.1	1.0	1.1	-0.6	0.0	3.6
Additions		0.3	2.9	0.0	12.6	15.9
Decreases		0.0	0.1	-3.4	0.0	-3.2
Transfers between asset groups			2.6	1.0	-3.6	0.0
Historical cost, Dec 31	229.8	244.8	83.1	58.6	13.0	629.4
Accumulated amortization and impairment, Jan 1	5.7	5.3	57.3	43.3		111.5
Translation differences	0.0	1.3	0.9	0.0		2.1
Amortization for the period		1.2	9.2	2.4		12.8
Impairment for the period	6.7	1.8	0.0	0.0		8.6
Decreases	0.0	0.0	0.0	-3.5		-3.5
Accumulated amortization and impairment, Dec 31	12.4	9.6	67.4	42.1		131.5
Net book value, Dec 31	**217.4**	**235.2**	**15.8**	**16.5**	**13.0**	**497.9**
Investment commitments for intangible assets						0.0

2017

EUR MILLION	GOODWILL	TRADEMARKS, PATENTS AND DOMAIN NAMES	SOFTWARE	OTHER INTANGIBLE ASSETS	CONSTRUCTION IN PROGRESS	TOTAL
Historical cost, Jan 1	236.2	249.9	68.6	64.9	9.7	629.2
Translation differences	-8.5	-6.9	-3.6	-3.2	-0.0	-22.3
Additions		0.5	2.8	0.1	3.5	6.9
Decreases		0.0	-0.6	-0.2	-0.0	-0.8
Transfers between asset groups			9.2	0.0	-9.2	0.0
Historical cost, Dec 31	227.7	243.5	76.4	61.5	4.0	613.0
Accumulated amortization and impairment, Jan 1	6.5	4.4	49.6	42.8	0.0	103.3
Translation differences	-0.8	0.2	-3.6	-0.7		-4.8
Amortization for the period		0.7	11.4	1.5		13.6
Decreases		0.0	-0.1	-0.3		-0.5
Accumulated amortization and impairment, Dec 31	5.7	5.3	57.3	43.3		111.5
Net book value, Dec 31	221.9	238.2	19.1	18.3	4.0	501.5
Investment commitments for intangible assets						2.5

IMPAIRMENT TESTS

Goodwill is not amortized but is tested at least annually for impairment. Goodwill has been allocated to cash-generating units as follows:

EUR MILLION	2018	2017
Living	**215.6**	216.8
Functional	**1.8**	5.1
Total	**217.4**	221.9

Goodwill from acquisitions is allocated to Cash Generating Units (CGU). The primary reporting segments, which form the CGUs, are Living and Functional. The recoverable amounts from CGUs are determined with value in use method, using five-year discounted cash flow projections, based on strategic plans approved by management. Cash flows for the period extending over the planning period are calculated using the terminal value method. The discount rate is the weighted average post-tax cost of capital (WACC) as defined by Fiskars Group. The components of the WACC are risk-free rate, market risk premium, company-specific risk premium, industry specific equity beta, cost of debt and debt to equity ratio.

On the basis of the impairment calculations made, there has been no need for other impairment of goodwill for any CGU for the period ended December 31, 2018 and 2017.

Fiskars Group has 10 trademarks whose aggregate carrying amount is 214.1 million (2017: 217.3). Since the benefits from trademarks are indefinite, they are not amortized but are tested at least annually for impairment using a relief from royalty method. An exception for this principle is trademark Hackman for which amortization has begun during 2017. Cash flows attributable to trademarks are derived by identifying revenues from sales of products belonging to each trademark. The value in use of trademarks is determined on a discounted cash flow method basis, derived from five-year cash flow projections, based on strategic plans approved by the management. Cash flows for the period extending over the planning period are calculated using the terminal value method. On the basis of the impairment calculations made there has been no need for impairment of trademarks for the periods ended December 31, 2018 and 2017.

On the basis of the impairment calculations made there has been no need for impairment of trademarks for the periods ended 2018 and 2017. Leborgne goodwill (EUR 6.7 million) and trademark (EUR 1.8 million) value has been written-off in 2018 due to the binding offer for the sale of the business.

KEY PARAMETERS APPLIED IN IMPAIRMENT TESTING

	2018		2017	
%	GOODWILL*	TRADEMARKS**	GOODWILL*	TRADEMARKS**
Increase in net sales on average	**2.9**	**1.0**	1.0	1.0
Steady growth rate in projecting terminal value	**2.0**	**2.0**	2.0	2.0
Discount rate, pre-tax, average	**7.0**	**9.4**	8.7	9.0

* The increases in net sales, used in impairment testings, are on average more moderate than strategic plans for the planning period. The EBIT used in impairment testing is the CGU's actual three previous years average EBIT-% of sales. This is consistently used for all periods in the five year discounted cash flow projections.
** Used one percentage point higher risk premium than in goodwill testing.

Sensitivity analyses

Sensitivity analyses of goodwill have been carried out for the valuation of each CGU by making downside scenarios for key parameters. The management views that no reasonably possible change in any of the key parameters would lead to impairment as the recoverable amounts exceed the carrying amounts considerably.

Sensitivity analyses of trademarks have been carried out for the valuation of each trademark by making downside scenarios for key parameters. The management views that excluding the Gingher trademark, no reasonably possible change in any of the key parameters would lead to impairment. The recoverable amount of the Gingher trademark currently exceeds its carrying amount of EUR 3.2 million by EUR 0.1 million, and a decrease of 1.0% in terminal growth or an increase of 1.0%-point in pre-tax discount rate would result in the recoverable amount being lower than the carrying amount.

12. Property, plant and equipment

2018

EUR MILLION	LAND AND WATER	BUILDINGS	LEASED REAL ESTATE	MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Historical cost, Jan 1	22.4	87.5	0.0	140.4	14.2	264.5
Translation differences	0.1	0.3	0.0	4.9	-1.3	4.0
Additions		2.6	0.0	8.5	17.5	28.6
Decreases	-0.4	-6.9		-26.8	1.5	-32.5
Transfers between asset groups	0.1	1.5		11.4	-13.0	0.0
Historical cost, Dec 31	22.3	85.0	0.0	138.4	18.8	264.6
Accumulated depreciation and amortization, Jan 1	0.8	27.4	0.0	81.1		109.4
Translation differences		0.3	0.0	1.8		2.1
Depreciation for the period		4.1		18.4		22.5
Impairment for the period				-0.1		-0.1
Decreases		-5.8		-23.3		-29.1
Accumulated depreciation an impairment, Dec 31	0.8	26.0	0.0	78.0		104.8
Net book value, Dec 31	21.4	59.1	0.0	60.4	18.8	159.8
Investment commitments for tangible assets						4.3

2017

EUR MILLION	LAND AND WATER	BUILDINGS	LEASED REAL ESTATE	MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Historical cost, Jan 1	23.1	102.3	17.9	167.6	11.4	322.5
Translation differences	-0.5	-1.9	-2.2	-10.4	-0.5	-15.5
Additions		1.2		11.1	15.8	28.2
Decreases	-0.5	-16.2	-15.8	-36.6	-1.6	-70.7
Transfers between asset groups	0.4	2.0		8.6	-11.0	0.0
Historical cost, Dec 31	22.4	87.5	0.0	140.4	14.2	264.5
Accumulated depreciation and amortization, Jan 1	0.8	37.6	17.9	106.4		162.8
Translation difference		-0.7	-2.2	-8.2		-11.0
Depreciation for the period		4.2		18.5		22.7
Impairment for the period				-0.1		-0.1
Decreases		-13.7	-15.8	-35.5		-65.0
Accumulated depreciation and impairment, Dec 31	0.8	27.4	0.0	81.1		109.4
Net book value, Dec 31	21.6	60.1	0.0	59.3	14.2	155.1
Investment commitments for tangible assets						9.1

13. Biological assets

EUR MILLION	2018	2017
Fair value, Jan 1	**41.6**	40.9
Increase due to growth	**1.9**	1.8
Impact of changes in price	**1.9**	0.4
Harvested timber	**-1.7**	-1.5
Fair value, Dec 31	**43.6**	41.6

Fiskars Group has around 11,000 hectares of productive forest land in Finland. For valuing biological assets, Fiskars Group applies a three year rolling average price of standing timber, based on the statistics provided by the Natural Resources Institute Finland, and multiplied by the volume of standing timber, taking into account the costs and risks relating to sales.

The fair value measurements of biological assets are categorized within level 3 of the fair value hierarchy.

14. Investment property

EUR MILLION	2018	2017
Historical cost, Jan 1	**10.6**	11.3
Translation differences	**0.0**	0.0
Additions	**0.2**	0.0
Decreases	**-0.1**	-0.0
Transfers from tangible assets	**0.2**	-0.6
Historical cost, Dec 31	**10.9**	10.6
Accumulated depreciation, Jan 1	**6.7**	6.3
Translation differences	**0.0**	0.0
Depreciation and impairment for the period	**0.4**	0.4
Decreases	**-0.1**	0.0
Accumulated depreciation and impairment, Dec 31	**7.0**	6.7
Net book value, Dec 31	**3.9**	3.9

Investment Property comprises the parent company's buildings and zoned and unbuilt lots for detached houses in Fiskars Village, Finland.

Fair value

Properties in Fiskars Village are unique in their cultural and historical values. Therefore it is not possible to determine a comparable market value on those properties. The book value of these properties, only located in Finland, were EUR 3.9 million in 2018 (2017: 3.9).

15. Financial assets

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	LEVEL 1		LEVEL 3	
EUR MILLION	2018	2017	2018	2017
Book value, Jan 1		464.4	**21.7**	20.4
Additions			**0.9**	1.9
Decreases			**-1.5**	
Change in fair value through profit or loss		107.9	**4.2**	-0.5
Book value, Dec 31		572.4	**25.3**	21.7

Investments at fair value through profit or loss comprise unlisted funds. Risk associated to investments into short interest rate funds are considered to be low. The fair value of unlisted funds is based on the market value reported by the funds (level 3). Changes in the fair value are recognized in the income statement. Wärtsilä shares were reclassified to Investments at fair value through other comprehensive income (next table) in connection with the adoption of IFRS 9 on Jan 1, 2018.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	LEVEL 1	
EUR MILLION	2018	2017
Book value, Jan 1	**572.4**	
Change in fair value through other comprehensive income	**-118.8**	
Book value, Dec 31	**453.6**	

Investments at fair value through other comprehensive income consist of 32,645,343 shares in Wärtsilä. Shares have been recognized at their fair value based on quotation at the end of the reporting period (fair value hierarchy level 1). A 10% change in the Wärtsilä share price would have an impact of EUR 45.4 million in the results before taxes.

OTHER INVESTMENTS

	LEVEL 1		LEVEL 3	
EUR MILLION	2018	2017	2018	2017
Book value, Jan 1	**0.4**	0.4	**8.5**	9.3
Other changes	**0.0**	0.0	**-0.1**	-0.8
Book value, Dec 31	**0.4**	0.4	**8.4**	8.5

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).

CASH AND CASH EQUIVALENTS

EUR MILLION	2018	2017
Cash at bank	**24.4**	31.1
Other current investments		20.0
Total, Dec 31	**24.4**	51.1

16. Inventories

EUR MILLION	2018	2017
Raw materials and consumables	**22.2**	21.8
Work in progress	**16.8**	20.3
Finished goods	**204.6**	190.0
Advance payments	**0.4**	0.0
Gross value of inventories	**244.1**	232.1
Write-down to the carrying value of inventories	**-24.1**	-26.9
Total, Dec 31	**219.9**	205.2

17. Trade and other receivables

EUR MILLION	2018	2017
Trade receivables	**189.3**	183.7
Derivatives	**0.4**	0.1
Other receivables	**12.6**	10.2
Prepaid expenses and accrued income	**18.1**	20.4
Total, Dec 31	**220.4**	214.4

AGING OF TRADE RECEIVABLES

EUR MILLION	2018	2017
Not fallen due	**161.0**	154.5
1–30 days past due	**21.5**	22.5
31–60 days past due	**3.8**	3.1
61–90 days past due	**2.0**	1.5
91–120 days past due	**1.1**	1.1
Over 120 days past due	**4.5**	5.8
Less provision for bad debts, Dec 31	**-4.6**	-4.7
Total, Dec 31	**189.3**	183.7

TRADE RECEIVABLES IN CURRENCIES

EUR MILLION	2018	2017
US Dollars (USD)	**74.0**	69.1
Euros (EUR)	**37.9**	39.6
Danish Krones (DKK)	**22.3**	23.4
United Kingdom Pounds (GBP)	**6.8**	9.7
Swedish Kronas (SEK)	**11.3**	8.8
Japanese Yens (JPY)	**9.6**	6.9
Australian Dollars (AUD)	**5.4**	5.5
Norwegian Krones (NOK)	**5.5**	4.8
Other currencies	**16.5**	15.9
Total, Dec 31	**189.3**	183.7

Trade receivables are widely spread geographically. The biggest customers are major retailers with solid credit ratings. Credit loss risks are estimated to be moderate. The maximum exposure to credit risk is the carrying amount of the trade receivables.

ALLOWANCE FOR IMPAIRMENT OF TRADE RECEIVABLES

EUR MILLION	2018
Allowance on Dec 31	**-4.7**
Adoption of IFRS 9	**-1.0**
Allowance on Jan 1	**-5.7**
Additions	**-2.5**
Deductions	**3.5**
Recovery of doubtful receivables	**0.1**
Allowance on Dec 31	**-4.6**

Prior periods have not been restated for IFRS9 implementation.

18. Share capital

	2018	2017	2018	2017
	PCS 1,000	PCS 1,000	EUR MILLION	EUR MILLION
Share capital				
Jan 1	**81,905.2**	81,905.2	**77.5**	77.5
Change	**0.0**	0.0		
Share capital, Dec 31	**81,905.2**	81,905.2	**77.5**	77.5
Treasury shares				
Jan 1	**191.5**	187.8	**3.2**	3.2
Change	**141.1**	3.6	**2.6**	0.1
Treasury shares, Dec 31	**332.6**	191.5	**5.7**	3.2

NUMBER OF SHARES AND VOTES

	DEC 31, 2018			DEC 31, 2017		
	NUMBER OF SHARES	NUMBER OF VOTES	SHARE CAPITAL EURO	NUMBER OF SHARES	NUMBER OF VOTES	SHARE CAPITAL EURO
Shares (1 vote/share)	**81,905,242**	**81,905,242**	**77,510,200**	81,905,242	81,905,242	77,510,200
Total	**81,905,242**	**81,905,242**	**77,510,200**	81,905,242	81,905,242	77,510,200

Fiskars Corporation has a single class of shares. Shares have no nominal value.

19. Finance

NON-CURRENT INTEREST BEARING DEBT

	2018		2017	
EUR MILLION	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT
Loans from credit institutions	**150.0**	**150.0**	150.0	150.0
Financial leasing debt	**0.2**	**0.2**	0.4	0.4
Other non-current debt	**1.1**	**1.1**	0.9	0.9
Total, Dec 31	**151.3**	**151.3**	151.4	151.4

All interest-bearing debts are valued at amortized cost. The fair values of interest-bearing debts have been calculated by discounting the cash flow of the debt by the market rate at the end of reporting period (fair value hierarchy level 2).

FINANCE LEASE DEBT

EUR MILLION	2018	2017
Finance lease liabilities are payable as follows:		
Less than one year	**0.2**	0.3
Between one and five years	**0.2**	0.4
Minimum lease payments, total	**0.4**	0.7

EUR MILLION	2018	2017
Present value of minimum lease payments:		
Less than one year	**0.2**	0.3
Between one and five years	**0.2**	0.4
Present value of minimum finance lease payments, total	**0.4**	0.7
Future finance charges	**0.0**	0.0

CURRENT INTEREST BEARING DEBT

	2018		2017	
EUR MILLION	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT
Bank overdrafts	**8.8**	**8.8**	17.1	17.1
Loans from credit institutions			30.0	30.0
Finance leasing debt	**0.2**	**0.2**	0.3	0.3
Other	**0.6**	**0.6**	1.0	1.0
Total, Dec 31	**9.6**	**9.6**	48.5	48.5

Maturity of liabilities

As of December 31, 2018 the Group had unused credit facilities EUR 300 million (300) at its disposal to guarantee its liquidity. The average maturity of the credit limit agreements as of December 31, 2018 was 5.2 years (2.7). Agreements concerning credit facilities and long term loans include among others covenants for the solidity. Non-compliance with the covenants would lead to a premature expiry of the agreements. Potential default would require material deterioration of the solidity from the current.

2018

EUR MILLION	2019	2020	2021	2022	2023	LATER YEARS	TOTAL
Bank overdrafts	8.8						8.8
Other debt	0.6					1.1	1.7
Loans from credit institutions		100.0		50.0			150.0
interests	1.2	1.2	0.5	0.5			3.4
Finance leasing	0.2	0.2					0.4
interests	0.0	0.0					0.0
Trade payables	93.6						93.6
Derivative liabilities	0.9						0.9
Total, Dec 31	105.4	101.4	0.5	50.5	0.0	1.1	258.9
	40.7%	39.2%	0.2%	19.5%	0.0%	0.4%	100.0%

2017

EUR MILLION	2018	2019	2020	2021	2022	LATER YEARS	TOTAL
Bank overdrafts	17.1						17.1
Other debt	1.0						1.0
Loans from credit institutions	30.0		100.0		50.0		180.0
interests	1.3	1.2	1.2	0.5	0.5		4.7
Finance leasing	0.3	0.3	0.1				0.7
interests	0.0	0.0	0.0				0.0
Trade payables	89.2						89.2
Derivative liabilities	1.3						1.3
Total, Dec 31	140.2	1.5	101.3	0.5	50.5	0.0	294.0
	47.7%	0.5%	34.5%	0.2%	17.2%	0.0%	100.0%

Sensitivity analysis of currency exposure

The exchange rate sensitivity analysis in accordance with IFRS 7 has been carried out by examining how the profit before taxes or consolidated group equity would be impacted by a 10% devaluation of a currency against all other currencies. Impact from a 10% appreciation of a currency against all other currencies would be opposite. The analysis of impact on profit includes internal and external foreign currency denominated financial items of the parent company in the selected currencies. Commercial cash flows consist of net foreign currency flows of purchases and sales estimated to take place during the following year by the business units and hedged internally. Financial items include foreign currency denominated loans, deposits and external derivatives. The selected currencies represent approximately 90% of the commercial net foreign currency flows. The sensitivity analysis on the group consolidated equity illustrates translation risk related to the foreign currency denominated equity.

	2018			2017		
	IMPACT ON RESULT BEFORE TAXES			IMPACT ON RESULT BEFORE TAXES		
EUR MILLION	ESTIMATED COMMERCIAL CASH FLOWS	OTHER FINANCIAL ITEMS	IMPACT ON GROUP EQUITY	ESTIMATED COMMERCIAL CASH FLOWS	OTHER FINANCIAL ITEMS	IMPACT ON GROUP EQUITY
AUD	**-1.6**	**1.6**	**-1.4**	-2.4	2.4	-1.3
CAD	**-1.2**	**1.2**	**-1.1**	-1.5	1.5	-1.0
GBP	**-1.3**	**1.3**	**-11.4**	0.2	-0.2	-3.0
IDR	**1.3**	**-1.3**	**0.0**	1.3	-1.3	0.0
JPY	**-1.6**	**1.6**	**-0.8**	-1.6	1.6	-0.5
SEK	**-2.0**	**2.0**	**-2.1**	-2.4	2.4	-2.3
THB	**3.2**	**-3.2**	**-0.7**	3.8	-3.8	-0.7
USD	**1.7**	**-1.7**	**-18.7**	1.3	-1.3	-20.6

Average interest rates and sensitivity analysis of interest expenses

The sensitivity of interest expenses on changes in interest rates has been presented by simulating a permanent one percentage unit raise in interest rates at the end of the reporting year. The Group's net interest bearing debt as of December 31, 2018 was EUR 135.4 million (147.7) and the average interest reset period was 8 months (11). A permanent one percentage point raise in all interest rates would increase the corporation's annual interest costs by EUR 0.8 million (0.9) assuming no change in the amount of the net debt.

The table below shows the Group's net interest bearing debt, currency derivatives, average interest rates on loans and interest rate sensitivity by major currencies.

2018

EUR MILLION	EUR	USD	GBP	DKK	OTHER	TOTAL
External loans and deposits	149.3	-1.4	3.9	1.4	-17.7	135.4
Currency derivatives	-4.4	-50.7	53.7	-10.0	11.3	0.0
Net debt and currency derivatives	144.9	-52.1	57.6	-8.6	-6.4	135.4
Average interest rate on loans (p.a.)	1.0%					
Interest rate sensitivity	0.7	-0.5	0.5	-0.1	0.1	0.7

2017

EUR MILLION	EUR	USD	GBP	DKK	OTHER	TOTAL
External loans and deposits	142.3	3.7	0.0	0.0	1.7	147.7
Currency derivatives	-52.6	10.0	10.1	17.5	15.0	0.0
Net debt and currency derivatives	89.7	13.7	10.1	17.5	16.7	147.7
Average interest rate on loans (p.a.)	1.0%	3.0%				
Interest rate sensitivity	0.4	0.1	0.1	0.2	0.1	0.9

NOMINAL AMOUNTS OF DERIVATIVES

EUR MILLION	2018	2017
Derivatives not designated in hedge accounting:		
Foreign exchange forwards and swaps	**276.9**	184.9
Foreign exchange options		
Electricity forward agreements	**0.5**	1.0
Cash flow hedges:		
Interest rate swaps*	**50.0**	80.0

* Hedged item: EUR 50 million non-current floating rate loan with identical principal and interes profiles.

FAIR VALUE OF DERIVATIVES

EUR MILLION	2018	2017
Derivatives not designated in hedge accounting:		
Foreign exchange forwards and swaps	**-0.4**	-0.4
Foreign exchange options		
Electricity forward agreements	**0.4**	0.1
Interest rate swaps		
Cash flow hedges:		
Interest rate swaps	**-0.6**	-0.9

Derivatives have been valued at fair value, which has been determined by using generally accepted valuation techniques supported by observable market data (fair value hierarchy level 2). Derivatives are recognised at fair value through profit and loss except for cash flow hedges, which are recorded in equity.

MATURITY OF DERIVATIVES

2018

EUR MILLION	2019	2020	LATER YEARS	TOTAL
Foreign exchange forwards and swaps	276.9			276.9
Electricity forward agreements	0.5			0.5
Interest rate swaps		50.0		50.0
Forward interest rate agreements				
Total, Dec 31	277.4	50.0		327.4

2017

EUR MILLION	2018	2019	LATER YEARS	TOTAL
Foreign exchange forwards and swaps	184.9			184.9
Electricity forward agreements	0.8	0.2		1.0
Interest rate swaps	30.0		50.0	80.0
Forward interest rate agreements				
Total, Dec 31	215.7	0.2	50.0	265.9

FAIR VALUE OF FINANCIAL INSTRUMENTS

2018

EUR MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments at fair value through profit or loss			25.3	25.3
Investments at fair value through other comprehensive income	453.6			
Other investments	0.4		8.4	8.8
Derivative assets		0.5		0.5
Total assets	454.0	0.5	33.8	488.2
Derivative liabilities		0.9		0.9
Total liabilities		0.9		0.9

2017

EUR MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments at fair value through profit or loss	572.4		21.7	594.1
Other investments	0.4		8.5	8.9
Derivative assets		0.1		0.1
Total assets	572.9		30.2	603.1
Derivative liabilities		1.3		1.3
Total liabilities		1.3		1.3

For the definition of fair value category levels please see the accounting principles in note 1.

Financial risk management

Financial risks are managed by the corporate treasury, in accordance with a set of risk management principles approved by the Board of Directors.

CURRENCY RISK

Currency risk is linked to changes in the value of Fiskars Group's cash flows, its balance sheet, and/or its competitiveness resulting from changes in exchange rates. Fiskars Group's currency position is split between its transaction position and translation position, both of which are managed separately.

TRANSACTION RISK

Transaction risk results from the possibility that the value of expected cash flow denominated in a particular currency may change as a result of changes in exchange rates. The objective of Fiskars Group's approach to managing its transaction risk is to reduce the impact of changes in exchange rates on the Group's budgeted profitability and cash flows. Business units are responsible for managing the currency risks associated with their projected and agreed commercial cash flows. Units hedge their exposure using currency forwards with the corporate treasury.

Transaction risk is measured by net of the Group's commercial and financial receivables and liabilities denominated in foreign currencies. The net position is hedged by currency derivatives in accordance with the treasury policy approved by the Board of Directors. Currency forwards and swaps are the most widely used instruments in hedging currency risks.

Less than 20% of Fiskars Group's commercial cash flows are exposed to fluctuations in foreign exchange rates. The most significant risks relate to appreciation of THB and USD and to depreciation of JPY, AUD and SEK. Higher levels of imports indirectly expose Fiskars Group to risks linked to changes in the local currencies of its suppliers, of which the most important is the Chinese renminbi.

Fiskars Group does not apply hedge accounting as defined under IFRS 9 for transaction risk purposes. All gains and losses made on currency derivatives are booked in the income statement. Had hedge accounting been applied to currency derivatives Fiskars Group's consolidated profit before tax for 2018 would have been EUR 1.1 million above the reported figure (0.8 million below reported in 2017).

TRANSLATION RISK

Translation risk refers to the impact that changes in exchange rates can have on the consolidated income statement, consolidated statement of cash flows and consolidated balance sheet, and which can affect the value of balance sheet assets, equity, and debt liabilities. In addition to balance sheet values, changes in exchange rates can also result in changes in key indicators, such as equity ratio and gearing. The potential adverse impact on reported consolidated financials arising from changes in foreign exchange rates is left unhedged.

INTEREST RATE RISK

Interest rate risk refers to possible changes in cash flow or in the value of assets or liabilities resulting from changes in interest rates. Interest rate risk is measured by the average reset period of interest rates of financial assets and liabilities. The average reset period reflects the time it takes on average for the change in interest rates to effect on the interest costs of net debt portfolio. The risk is quantified in monetary terms as the change in interest costs during the observation period caused by a permanent one percentage point rise in interest rates. The shorter the average reset period, the more unpredictable are the interest costs and thus the higher the interest rate risk.

Derivatives are used in the management of interest rate risks. The objective is to maintain the average reset period within the agreed limits of 4 to 18 months as set in the treasury policy. As of December 31, 2018 the nominal amount of outstanding interest rate derivatives was EUR 50.0 million (2017: 80.0). The Group's interest-bearing net debt as of December 31, 2018 was EUR 135.4 million (147.7). 69% (59%) of debt was linked to variable interest rates. Taking into consideration the effect of interest rate derivatives, 31% (41%) of debt was linked to fixed interest rates. The average interest rate reset period of interest-bearing debt was 8 months (11).

Sensitivity of interest expenses on changes in market rates has been calculated by assuming permanent one percentage unit increase change in market rates and assuming no change in net debt during the year. The calculated impact on the consolidated result before tax would be EUR 0.8 million (0.9) in 2019.

LIQUIDITY AND RE-FINANCING RISK

Liquidity risk refers to the possibility of the Group's financial assets proving insufficient to cover its business needs or a situation in which arranging such funding would result in substantial additional costs. The objective of liquidity management is to maintain an optimal amount of liquidity to fund the business operations of the Group at all times while minimizing interest costs. Liquidity is considered to be the sum of cash and cash equivalents and available committed credit lines.

Re-financing risk refers to the possibility of such a large amount of liabilities falling due over such a short space of time that the re-financing needed might be unavailable or prohibitively expensive. The objective is to minimize the re-financing risk by diversifying the maturity structure of the debt portfolio.

The Group has extensive unused credit facilities at its disposal to guarantee its liquidity. As of the end of the year, the unutilized committed revolving credit facilities totaled EUR 300.0 million (2017: 300.0) and overdraft facilities EUR 36.2 million (27.9). In addition, the Group's parent company in Finland has a commercial paper program amounting to EUR 400.0 million, of which none was utilized as of the end of the year.

COMMODITY RISK

Fiskars Group may use derivatives to hedge its exposure to commodity price fluctuations where appropriate. At the end of the year, the Group held no commodity derivative contracts other than electricity futures with a nominal value of EUR 0.5 million (1.0) recognized at fair value through the income statement.

CREDIT RISK

Corporate treasury is responsible for evaluating and monitoring financial counterparty risk. The Group minimizes this risk by limiting its counterparties to a limited number of major banks and financial institutions and by working within agreed counterparty limits. Business units are responsible for monitoring customer credit risks. The Group's clientele is extensive and even the largest customers represent less than 10% of the outstanding receivables. As of the end of the year, the Group's trade receivables totaled EUR 189.3 million (183.7), and the financial statements include provisions for bad debt related to trade receivables totaling EUR 4.5 million (4.7).

MANAGEMENT OF CAPITAL

Fiskars Group is not subject to any externally imposed capital requirements (other than possible local company law requirements effective in the jurisdictions where Fiskars Group companies are active).

The Group's objectives when managing capital are:

- to safeguard the Corporation's capacity to fund its operations and take care of its obligations under all business conditions
- to maintain a balanced business and investment portfolio that provides return both on short and long term to its shareholders
- to maintain possibilities to act on potential investment opportunities

20. Employee defined benefit obligations

Most of Fiskars Group's pension plans are defined contribution plans. The English & Crystal Living business has defined benefit plans in Indonesia, Japan and Slovenia. The defined benefit plans in the U.S., UK and Germany are closed plans, and future pay increases will not impact the valuation. The Group also has supplementary pension plans in Finland which are classified as defined benefit plans. Each plan is operated in accordance with local conditions and practices of the respective country. Authorized actuaries have performed the actuarial calculations for the defined benefit plans.

The main unfunded plans are in the U.S., Germany, Indonesia, Japan and Slovenia. Plans in Finland and Norway are taken care of by local pension insurance companies. The Group estimates its contributions to the plans during 2019 to be EUR 1.0 million (0.9).

CHARACTERISTICS OF THE DEFINED BENEFIT PLANS AND RISKS ASSOCIATED WITH THEM

	NET LIABILITY		
PLAN	2018	2017	DESCRIPTION AND RISKS
Finland	**0.1**	0.1	There are 18 eligible members in the Finnish pension plans. The plans are either funded insured pension plans, which are closed, or unfunded pension promises. Benefits of the plans are old age pension, disability pension, family pension and funeral grant. Pension increases are based on either insurance companies' own indexes or TyEL index. Main risks are changes in bond yields, increase in life expectancy and inflation risk.
Germany	**1.1**	1.2	There are 73 eligible members in the German pension plans. The plans are either unfunded individual pension promises, or unfunded pension plans, which are closed. Benefits of the plans are old age pension, disability pension and widow's/widower's pension. Pension increases, if any, are based on inflation. Main risks are changes in bond yields, increase in life expectancy and inflation risk.
Thailand	**0.5**	0.4	There are 601 eligible members in the Thai pension plan, which is a retirement benefit plan. Benefit of the plan is severance pay. There are no pension increases. Main risks are changes in bond yields and inflation risk.
Norway	**0.0**	-0.1	There are 15 eligible members in the Norwegian pension plan. The plan is an insured, funded and closed pension plan. Benefits of the plan are old age pension, disability pension, widow's/widower's pension and children's pension. There are no guaranteed minimum pension increases. Main risks are changes in bond yields, increase in life expectancy and inflation risk.
UK	**0.0**	0,0	There are 173 eligible members in the British pension plan, which is a closed pension fund. The plan has surplus (asset) of GBP 3.0 (5.3) million at end of 2018, which is not recognized as an assets due to asset ceiling. Benefits of the plan are old age pension, early retirement pension, widow's/widower's pension and death benefit. Pension increases are based on inflation. Main risks are volatility of equity instruments, changes in bond yields, increase in life expectancy and inflation risk. UK legislation requires the board to carry out actuarial valuations at least every three years and to target full funding against a basis that prudently reflects the fund's risk exposure, including the strength of the covenant offered to the fund by Fiskars UK Limited. The most recent actuarial valuation was carried out as at March 31, 2017. From 31 July, 2017 the Company has agreed with the Trustee of the scheme a revised schedule of contributions for the scheme to reduce the annual contributions payable to GBP nil per annum. On 5 December, 2017 the Company completed a buy-in of GBP 14.5 million of UK Scheme liabilities underwritten by the purchase of the annuity contract. The buy-in policy provides cash flows to match the benefits of the members covered, and is valued at higher than the present value of the defined benefit obligation for those members. The Fund administration costs at the end of 2017 has been recognized as an expense in the company's income statement, and under rules of IAS 19 applicable to the scheme, has been offset with recognition of other comprehensive income to generate nil impact on company reserves for in the period.
U.S.	**5.0**	5.2	There is one eligible member in the American pension plan, which is an unfunded pension obligation. Benefits of the plan are old age pension and widow's/widower's pension. There are no pension increases. Main risks are changes in bond yields and increase in life expectancy.
Indonesia	**3.1**	3.8	There are 1034 eligible members in the Indonesian pension plan, which is an unfunded retirement benefit plan. Benefits of the plan are severance pay, death benefit and disability benefit. There are no pension increases. Main risks are changes in bond yields and inflation risk.
Japan	**1.1**	1.2	There are 126 eligible members in the Japanese pension plan, which is a funded and insured pension and retirement allowance plan. Benefits of the plan are old-age pension, death benefit and retirement allowance. There are no pension increases. Main risks are changes in bond yields, increase in life expectancy and inflation risk.
Slovenia	**1.2**	1.2	There are 940 eligible members in the Slovenian pension plans, which are unfunded retirement benefit plans. Benefit of the plan is severance pay. There are no pension increases. Main risks are changes in bond yields and inflation risk.
Total net liability	**12.2**	13.0	

Changes in net defined benefit liability

EUR MILLION	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	TOTAL	ADDITIONAL LIABLITY AND EFFECT OF ASSET CEILING	TOTAL
Jan 1, 2018	31.1	-24.1	7.0	6.0	13.0
Current service cost	0.7		0.7		0.7
Interest expense (+) or income (-)	0.9	-0.4	0.5	0.2	0.7
Administration expenses		0.5	0.5		0.5
Past service cost and gains and losses from settlements	0.2	-0.1	0.0		0.0
Total included in personnel expenses (Note 7)	1.8	0.0	1.7	0.2	1.9
Return on plan assets, excluding amounts included in interest, (gain -) and (loss +)		3.1	3.1		3.1
Actuarial gains (-) and losses (+) arising from changes in demographic assumptions	0.0		0.0		0.0
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	-1.0		-1.0		-1.0
Experience adjustment gains (-) and losses (+)	-1.6		-1.6		-1.6
Changes in asset ceiling, excluding amounts included in interest			0.0	-2.7	-2.7
Remeasurement gains (-) and losses (+) included in OCI	-2.6	3.1	0.5	-2.7	-2.2
Translation differences	0.4	0.1	0.5	0.0	0.4
Employer contributions		-1.0	-1.0		-1.0
Benefits paid	-1.5	1.5	0.0		0.0
Other changes		0.0	0.0	0.1	0.1
Dec 31, 2018	29.2	-20.4	8.7	3.5	12.2

EUR MILLION	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	TOTAL	ADDITIONAL LIABLITY AND EFFECT OF ASSET CEILING	TOTAL
Jan 1, 2017	32.9	-23.4	9.4	5.0	14.5
Current service cost	0.7		0.7		0.7
Interest expense (+) or income (-)	0.9	-0.6	0.2	0.1	0.4
Past service cost and gains and losses from settlements	0.0		0.0		0.0
Total included in personnel expenses (Note 7)	1.6	-0.6	0.9	0.1	1.0
Return on plan assets, excluding amounts included in interest, (gain -) and (loss +)		-1.2	-1.2		-1.2
Actuarial gains (-) and losses (+) arising from changes in demographic assumptions	0.0		0.0		0.0
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	-0.2		-0.2		-0.2
Experience adjustment gains (-) and losses (+)	-0.2		-0.2		-0.2
Changes in asset ceiling, excluding amounts included in interest			0.0	1.1	1.1
Remeasurement gains (-) and losses (+) included in OCI	-0.3	-1.2	-1.5	1.1	-0.4
Translation differences	-1.9	1.3	-0.5	-0.1	-0.7
Employer contributions		-1.3	-1.3		-1.3
Benefits paid	-1.1	1.2	0.1		0.1
Other changes		0.0	0.0	-0.1	-0.1
Dec 31, 2017	31.1	-24.1	7.0	6.0	13.0

Plan assets by asset category

	2018		2017	
EUR MILLION	QUOTED	UNQUOTED	QUOTED	UNQUOTED
Equity instruments	**0.0**		14.9	
Bonds	**0.6**		5.1	
Property	**0.0**		0.3	
Insurance contracts		**16.7**		3.5
Cash and cash equivalents	**3.1**		0.2	
Total	**3.7**	**16.7**	20.6	3.5

Principal actuarial assumptions at the balance sheet date

%	2018	2017
Discount rate		
UK	**2.8**	2.7
Other countries	**0.5–9.06**	0.4–7.39
Future salary increases		
UK	**n/a**	n/a
Other countries	**n/a / 0.0–5.0**	n/a / 0.0–5.0
Future pension increases		
UK	**0.0–3.1**	0.0–3.3
Other countries	**n/a / 0.0–5.0**	n/a / 0.0–5.0

Sensitivity analysis

A reasonably possible change to one of the relevant actuarial assumptions at the reporting date holding other assumptions constant, would have affected the defined benefit obligation as shown below.

	2018		2017	
	DEFINED BENEFIT OBLIGATION		DEFINED BENEFIT OBLIGATION	
EUR MILLION	INCREASE	DECREASE	INCREASE	DECREASE
UK				
Discount rate (0.5% change)	**-0.9**	**1.0**	-1.1	1.0
Future salary (0.5% change)	**n/a**	**n/a**	n/a	n/a
Future pension (0.25% change)	**0.1**	**-0.1**	0.2	-0.2
Other Group companies, total				
Discount rate (0.5% change)	**-0.7**	**0.7**	-0.8	0.8
Future salary (0.5% change)	**0.5**	**-0.4**	0.5	-0.5
Future pension (0.25% change)	**0.0**	**-0.0**	0.0	-0.0

The weighted average of the duration of the defined benefit obligation: 11.4 (12.1).

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

21. Provisions

Warranty provisions relate to products sold and are reviewed and adjusted regularly to reflect the estimated cash outflows to settle the warranty claims. Restructuring provisions mainly relate to the Alignment program. Other provisions include, among others, provisions for legal expenses and estimated costs for refurbishment of premises.

2018

Non-current provisions

EUR MILLION	WARRANTY PROVISION	RESTRUCTURING PROVISION	ONEROUS CONTRACTS AND OTHER PROVISIONS	TOTAL
Provisions, Jan 1	0.4	0.9	5.6	6.9
Translation differences	-0.0	-0.0	0.1	0.1
Additions			0.1	0.1
Used provisions		-0.6	0.0	-0.6
Change in estimates			0.1	0.1
Reversals	-0.0		-1.4	-1.4
Provisions, Dec 31	0.4	0.3	4.5	5.1

Current provisions

EUR MILLION	WARRANTY PROVISION	RESTRUCTURING PROVISION	ONEROUS CONTRACTS AND OTHER PROVISIONS	TOTAL
Provisions, Jan 1	3.7	2.8	1.9	8.4
Translation differences	0.1	-0.0	-0.1	-0.0
Additions			0.1	0.1
Used provisions	-0.1	-2.8	-0.3	-3.2
Change in estimates	0.1	0.0	0.0	0.1
Provisions, Dec 31	3.7	-0.0	1.7	5.4

2017

Non-current provisions

EUR MILLION	WARRANTY PROVISION	RESTRUCTURING PROVISION	ONEROUS CONTRACTS AND OTHER PROVISIONS	TOTAL
Provisions, Jan 1	0.4	0.1	6.6	7.1
Translation differences	-0.0	-0.0	-0.3	-0.3
Additions	0.0	0.8	1.0	1.8
Used provisions			-1.6	-1.6
Change in estimates			0.0	0.0
Provisions, Dec 31	0.4	0.9	5.6	6.9

Current provisions

EUR MILLION	WARRANTY PROVISION	RESTRUCTURING PROVISION	ONEROUS CONTRACTS AND OTHER PROVISIONS	TOTAL
Provisions, Jan 1	3.9	10.8	1.9	16.6
Translation differences	-0.2	-0.2	-0.1	-0.5
Additions	0.1	0.4	0.2	0.7
Used provisions	-0.0	-8.1	-0.2	-8.3
Change in estimates	-0.0			-0.0
Reversals		-0.1		-0.1
Provisions, Dec 31	3.7	2.8	1.9	8.4

22. Trade and other payables

EUR MILLION	2018	2017
Trade payables	**93.6**	89.2
Other debt	**29.9**	17.1
Accrued expenses and deferred income		
Interests	**1.5**	2.0
Wages, salaries and social costs	**40.4**	46.0
Customer rebates and commissions	**40.3**	33.0
Other	**62.4**	59.6
Total, Dec 31	**268.2**	246.9

Other accrued expenses and deferred income comprise periodization of bought materials and supplies, annual rebates for clients and other accrued items.

23. Commitments and contingencies

OPERATING LEASE OBLIGATIONS

EUR MILLION	2018	2017
Payments next year	**24.1**	25.9
Payments between one and five years	**53.0**	56.7
Payments later	**12.3**	13.9
Total, Dec 31	**89.5**	96.4

CONTINGENCIES AND PLEDGED ASSETS

EUR MILLION	2018	2017
Guarantees	**18.4**	19.9
Lease commitments	**89.5**	96.4
Other contingencies	**11.9**	11.8
Total pledged assets and contingencies, Dec 31	**119.8**	128.1

* Other contingencies include a commitment of USD 12 million to invest in private equity funds.

Litigation

Fiskars Group is involved in a number of legal actions, claims and other proceedings. The final outcome of these matters cannot be predicted. Taking into account all available information to date the outcome is not expected to have material impact on the financial position of the Group.

Fiskars Group entities are subject to tax audits in several countries. It is possible that tax audits may lead to reassessment of taxes. The tax reassessment claim raised by the Finnish Large Taxpayers' Office in 2016, which obliged the company to pay a total of EUR 28.3 million in additional tax, interest expenses and punitive tax increases, has been appealed against by the company to the Board of Adjustment in the Finnish Large Taxpayers' Office. Fiskars Group will continue the appeal process in court, if necessary, in which case 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.

24. Related party transactions

Fiskars Group's related parties are members of the Fiskars Board of Directors and Executive Leadership Team, other key management persons, and individual shareholders with control or significant influence over the company, as well as entities controlled or significantly influenced by them or their family members. In addition, associated companies of Fiskars Group are also regarded as related parties.

Fiskars Finland Oy Ab rents real estate from its associate Koy Iittalan Lasimäki and has granted a capital loan to the company at inception.

Fiskars Group had no significant transactions, liabilities or receivables with related parties during 2018.

EUR MILLION	2018	2017
Rent	**0.2**	0.2
Capital loan	**0.2**	0.2

SHAREHOLDINGS OF THE BOARD AND KEY MANAGEMENT, DECEMBER 31 2018

Includes holding of corporations under controlling power together with a family member.

	2018			2017		
	OWN HOLDINGS	HOLDINGS OF CONTROLLED CORPORATIONS	TOTAL	OWN HOLDINGS	HOLDINGS OF CONTROLLED CORPORATIONS	TOTAL
Ehrnrooth Alexander				855,000	12,650,000	13,505,000
Ehrnrooth Paul	**0**	**9,732,841**	**9,732,841**	0	9,330,961	9,330,961
Fromond Louise	**601,135**	**10,567,417**	**11,168,552**	601,135	10,165,537	10,766,672
Gripenberg Gustaf	**243,320**	**4,686,263**	**4,929,583**	243,320	4,057,289	4,300,609
Jonasson Blank Ingrid	**0**	**0**	**0**	0	0	0
Luomakoski Jyri	**1,500**	**0**	**1,500**	0	0	0
Mero Inka	**0**	**0**	**0**	0	0	0
Månsson Fabian	**0**	**2,000**	**2,000**	0	2,000	2,000
Sjölander Peter	**0**	**0**	**0**	0	0	0
Sotamaa Ritva	**1,000**	**0**	**1,000**	1,000	0	1,000
Ehrnrooth Albert*	**855,372**	**13,051,880**	**13,907,252**			
Ariluoma Nina**				0	0	0
Enckell Thomas***				2,300	0	2,300
Kangas-Kärki Teemu***				6,000	0	6,000
Garde Due Ulrik***				0	0	0
Matt Alexander***				0	0	0
Valsta Leni***				0	0	0
Tonnesen Paul****				0	0	0
Ziegler Eva***				0	0	0
Tuominen Jaana*****	**23,736**	**0**	**23,736**	22,000	0	22,000
Pohjonen Sari******	**170**	**0**	**170**	170	0	170
Risto Gaggl*******	**0**	**0**	**0**	0	0	0
Taimi Maija*******	**0**	**0**	**0**	0	0	0
Ulla Lettijeff*******	**0**	**0**	**0**			
Päivi Timonen*******	**0**	**0**	**0**			
Niklas Lindholm********	**0**	**0**	**0**			
Tuomas Hyyryläinen*********	**0**	**0**	**0**			

The Directors and the CEO do not have any debts to the company; nor has the company given pledges or taken on other responsibilities in their names. The shareholdings of the Board and key management represent in total 47.8% of the outstanding shares of the company.
* Member of the Board of Directors as of March 14, 2018
** Member of the Fiskars Group Leadership Team until March 31, 2018
*** Member of the Fiskars Group Leadership Team until January 11, 2018
**** Member of the Fiskars Group Leadership Team until June 11, 2018
***** Member of the Fiskars Group Leadership Team as of October 9, 2017
****** Member of the Fiskars Group Leadership Team as of February 10, 2017
******* Member of the Fiskars Group Leadership Team as of January 11, 2018
******** Member of the Fiskars Group Leadership Team as of August 1, 2018
********* Member of the Fiskars Group Leadership Team as of September 1, 2018

REMUNERATION OF THE BOARD AND KEY MANAGEMENT

			2018			2017
EUR THOUSAND	SALARIES AND FEES	STATUTORY PENSION	SUPPLEMENTARY PENSION*	SALARIES AND FEES	STATUTORY PENSION	SUPPLEMENTARY PENSION*
Ehrnrooth Paul	**121.5**			135.0		
Ehrnrooth Alexander	**20.3**			78.3		
Fromond Louise	**58.8**			61.0		
Gripenberg Gustaf	**58.8**			61.0		
Jonasson Blank Ingrid	**75.0**			93.0		
Luomakoski Jyri	**76.8**			67.8		
Mero Inka	**57.0**			65.3		
Månsson Fabian	**77.0**			79.0		
Sjölander Peter	**77.0**			99.0		
Sotamaa Ritva	**80.0**			80.0		
Ehrnrooth Albert	**44.5**					
Kauniskangas Kari*				623.8	105.0	98.2
Kangas-Kärki Teemu*				801.9	135.0	62.5
Tuominen Jaana*	**1,491.2**	**168.1**	**108.8**	203.6	34.3	23.9
Fiskars Group Leadership Team excl. President & CEO	**2,178.6**	**344.9**	**251.3**	3,511.8	78.0	82.5
Total	**4,416.3**	**513.0**	**360.1**	5,960.4	352.3	267.1

The key management consists of the Board of Directors, the President & CEO and the members of Corporate Management Team (Fiskars Group Leadership Team). The figures are presented on an accrual basis.

Corporate management team belongs to the long-term incentive plans to which participants are selected by the Board of Directors annually. Targets are based on the company's consolidated net sales and EBIT during the vesting period. There are three plans in place, 2016–2018, 2017–2019, 2018–2020. No reward will be paid if targets are not met or if the participant's employment ends before reward payment. The expense recorded during the financial year for the corporate management team is included in the salaries and fees figures above.

The key management has a collective supplementary pension insurance, which includes an old-age pension at the retirement age of 60 years, vested rights under certain conditions and indemnity payable at death. The amount of pension income is based on the insurance savings. The employer's contribution to the insurance plan is 20% of the preceding year's base salary of CEO and 14%-20% of the preceding year's base salary of the Fiskars Group Leadership Team excl. CEO.

* The President & CEO of the company has been Kari Kauniskangas until February 15, 2017, interim President & CEO Teemu Kangas-Kärki as of February 15, 2017 to October 8, 2017 and President & CEO Jaana Tuominen as of October 9, 2017.

25. Share based payments

Long-term incentive plans 2016–2018, 2017–2019 and 2018–2022, settled in shares

In February 2015, The Board of Directors decided on a new long-term incentive plan for the Group's Chief Executive Officer and Chief Operating Officer. The targets for the plan are based on the company's total shareholder return, with cumulative EBIT treshold cutters. No reward will be paid if targets are not met or if the participant's employment ends before reward payment. Similar plans were instituted for 2016 and 2017.

The vesting period for the long-term incentive plan is three years. If the targets of the plan are reached, rewards will be paid to participants after the end of the vesting period. The bonus will be paid during the quarter following the vesting period. The bonuses for performance in 2016 will therefore be paid during the first quarter of 2019 and bonuses for 2017 in the first quarter of 2020.

In February 2018, the Board of Directors approved the establishment of a new Performance Share Plan for years 2018–2022. The Plan has three performance periods of three calendar years each; 2018–2020, 2019–2021 and 2020–2022. The Board of Directors will decide separately for each performance period the participants and the minimum, target and maximum rewards for each participant, as well as the performance criteria and related targets. The targets for the plan are based on total shareholder return, net sales growth and cumulative EBITA, with EBITA cutter to the net sales growth criterion.

The rewards for both plans will be paid in the company's shares, after the deduction of the relevant cash proportion that is required for covering taxes and tax-related costs due on the basis of the reward. Shares to be awarded under all the plans will be acquired in public trading arranged by Nasdaq Helsinki, and thus the share plan is not expected to have a diluting effect on the ownership of the company's shareholders.

AMOUNT OF SHARE INCENTIVES AND TERMS AND ASSUMPTIONS IN THE FAIR VALUE CALCULATION	2018–2020 PLAN	2017–2019 PLAN	2016–2018 PLAN
Maximum number of shares granted	249,098	29,150	14,814
Grant date	Mar 7, 2018	Jun 20, 2017	Jun 20, 2017
Grant date share price, EUR	20.14	23.03	23.03
Estimated realization of share price after vesting and restriction period	22.91	27.93	24.95
Expense recorded during the financial year (EUR million)	0.3	0.1	0.2
Cumulative expense recorded to equity at the end of the financial year (EUR million)	0.3	0.3	0.2
Vesting period starts	Jan 1, 2018	Jun 20, 2017	Jun 20, 2017
Vesting period ends	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018
Number of participants in the plan	42	2	1

Long-term incentive plans 2016–2018 and 2017–2019, settled in cash

Participants in the long-term incentive plans have been selected by the Board of Directors. No reward will be paid if targets are not met or if the participant's employment ends before reward payment. The targets for the incentive plans are based on the company's consolidated net sales and EBIT.

The bonus will be paid during the quarter following the vesting period. The bonuses for performance in 2018 will therefore be paid during the first quarter of 2019 and for 2019 during the first quarter of 2020.

TERMS AND ASSUMPTIONS OF THE LONG-TERM INCENTIVE PLANS	2017–2019 PLAN	2016–2018 PLAN
Grant date	Mar 9, 2017	Feb 8, 2016
Expense recorded during the financial year (EUR million)	0.2	0.5
Liability at the end of the financial year (EUR million)	0.4	1.6
Vesting period starts	Jan 1 2017	Jan 1 2016
Vesting period ends	Dec 31 2019	Dec 31 2018
Number of participants in the plan	42	34

26. Subsidiaries and other participations

During the year 2018 Fiskars Group completed five internal mergers. On January 1, 2018 Fiskars Asia Pacific Limited (Hong Kong) merged with Waterford Wedgwood Hong Kong Ltd., which changed its name to Fiskars Hong Kong Ltd. On January 1, 2018 Fiskars Czech s.r.o merged with Fiskars Polska Sp. z.o.o. On February 12, 2018 Fiskars de Mexico S.A. de C.V. was liquidated. On March 15, 2018 Waterford Wedgwood Taiwan Ltd shares were sold from Waterford Wedgwood Trading Singapore Pte Limited to Fiskars Denmark A/S. On April 30, 2018 Fiskars Brands Global Holdings LLC was liquidated. On October 1, 2018 Royal Copenhagen Taiwan merged into Waterford Wedgwood Taiwan Ltd., which changed its name to Fiskars Taiwan Limited. On November 22, 2018 WWRD United Kingdom Ltd shares were sold from WWRD LuxCo S.à.r.l. to Fiskars Europe Holding Oy. On December 31, 2018 WWRD LuxCo S.à.r.l. merged with and to Fiskars Europe Holding Oy. On December 31, 2018 Rogaska America Inc merged into WWRD US, LLC.

Shares in subsidiaries

	DOMICILE		% OF SHARE CAPITAL	% OF VOTING POWER	NATURE OF MAIN ACTIVITIES
Fiskars Americas Holding Oy Ab	Raasepori	FI	100.0	100.0	H
Fiskars Brands, Inc.	Madison, WI	US	100.0	100.0	P
Fiskars Canada, Inc.	Toronto	CA	100.0	100.0	S
Consumer Brands (Hong Kong) Co., Limited	Hong Kong	HK	1.0	1.0	H
Fiskars Europe Holding Oy Ab	Raasepori	FI	100.0	100.0	H
Consumer Brands (Hong Kong) Co., Limited	Hong Kong	HK	99.0	99.0	H
Fiskars (Thailand) Co.,Limited	Bangkok	TH	98.0	98.0	H
Fiskars Trading (Shanghai) Co., Ltd.	Shanghai	CN	100.0	100.0	H
Fiskars Finland Oy Ab	Helsinki	FI	100.0	100.0	P
Fiskars Brands Rus JSC	St. Petersburg	RU	100.0	100.0	P
Fiskars Finland Oy Ab, Hungarian Branch Office	Budapest	HU	100.0	100.0	S
Fiskars (Thailand) Co., Limited	Bangkok	TH	1.0	1.0	H
Fispo Sp. z o.o.	Warsaw	PL	100.0	100.0	D
Fiskars Sweden AB	Höganäs	SE	100.0	100.0	S
Nilsjohan AB	Höganäs	SE	100.0	100.0	D
Fiskars Estonia AS	Tallinn	EE	100.0	100.0	S
Fiskars Benelux B.V.	Oosterhout	NL	100.0	100.0	S
iittala BVBA	Antwerpen	BE	0.5	0.5	S
iittala BVBA	Antwerpen	BE	99.5	99.5	S
Fiskars Denmark A/S	Glostrup	DK	100.0	100.0	P
Royal Copenhagen GmbH	Cologne	DE	100.0	100.0	S
Fiskars Japan Co., Ltd	Tokyo	JP	100.0	100.0	S
Royal Copenhagen Korea Ltd	Seoul	KR	100.0	100.0	S
Fiskars Taiwan Limited	Taipei	TW	100.0	100.0	S
Royal Copenhagen Thailand Ltd	Saraburi	TH	60.0	60.0	P
Fiskars Gardening Equipment (Ningbo), Co., Ltd.	Ningbo	CN	100.0	100.0	P
RC Heritage Center Ltd, Thailand	Saraburi	TH	99.0	99.0	P
Fiskars Hong Kong Ltd	Hong Kong	HK	100.0	100.0	S
Waterford Wedgwood Doulton Commercial (Shanghai) Ltd.	Shanghai	CN	100.0	100.0	S
Fiskars Consumer Goods (Shanghai) Co., Ltd	Shanghai	CN	100.0	100.0	S

	DOMICILE		% OF SHARE CAPITAL	% OF VOTING POWER	NATURE OF MAIN ACTIVITIES
Fiskars Deutschland GmbH	Herford	DE	100.0	100.0	D
Fiskars France S.A.S.	Wissous	FR	100.0	100.0	P
Fiskars France Sucursal en España	Madrid	ES	100.0	100.0	S
Fiskars Germany GmbH	Herford	DE	100.0	100.0	S
iittala GmbH	Solingen	DE	100.0	100.0	S
Fiskars Italy S.r.l.	Premana	IT	100.0	100.0	P
Fiskars Norway AS	Oslo	NO	100.0	100.0	P
Fiskars Polska Sp. z o.o.	Slupsk	PL	100.0	100.0	P
Fiskars Polska Sp. z.o.o. Hungarian Branch Office	Budapest	HU	100.0	100.0	D
Fiskars Polska Sp. z.o.o. Czech Branch Office	Prague	CZ	100.0	100.0	D
Fiskars UK Limited	Bridgend	GB	100.0	100.0	S
Fiskars Australia Pty Limited	Melbourne	AU	100.0	100.0	S
UAB Fiskars Lithuania	Vilnius	LT	100.0	100.0	S
Fiskars Latvia SIA	Riga	LV	100.0	100.0	S
WWRD Canada, Inc	New Brunswick	CA	100.0	100.0	S
WWRD UK/Ireland, Ltd.	Stoke-on-Trent	GB	100.0	100.0	D
WWRD Ireland IPCo LLC	Wilmington, DE	US	100.0	100.0	H
WWRD IPCo. LLC	Wilmington, DE	US	100.0	100.0	H
Wedgwood/Doulton USA Acqco 1 Inc.	Wilmington, DE	US	100.0	100.0	H
Wedgwood/Doulton USA Acqco 2 Inc.	Wilmington, DE	US	100.0	100.0	H
WWRD US, LLC	Wilmington, DE	US	100.0	100.0	S
WWRD United Kingdom, Ltd.	Stoke-on-Trent	GB	100.0	100.0	P
WWRD United Kingdom, Ltd., Beijing Branch Office	Beijing	CN	100.0	100.0	H
WWRD IPCO UK LLC	Wilmington, DE	US	100.0	100.0	H
WWRD Ireland Limited	Waterford	IE	100.0	100.0	P
WWRD IPCO I LLC	Wilmington, DE	US	100.0	100.0	H
Steklarna Rogaška d.o.o.	Rogaška Slatina	SI	100.0	100.0	P
Steklarski HRAM d.o.o.	Rogaška Slatina	SI	100.0	100.0	S
Rogaška Kristal d.o.o.	Zagreb	HR	100.0	100.0	S
WWRD Netherlands MidCo B.V.	Amsterdam	NL	100.0	100.0	H
WWRD Australia Pty Ltd	Arndell Park, NSW	AU	100.0	100.0	S

	DOMICILE		% OF SHARE CAPITAL	% OF VOTING POWER	NATURE OF MAIN ACTIVITIES
WWRD Australia Pty Ltd, New Zealand Branch	Auckland	NZ	100.0	100.0	S
Josiah Wedgwood & Sons Pty Ltd	Arndell Park, NSW	AU	100.0	100.0	D
Waterford Wedgwood Australia Limite	Stoke-on-Trent	GB	100.0	100.0	D
Waterford Wedgwood Trading Singapore Pte Limited	Singapore	SG	100.0	100.0	H
Wedgwood Consulting Shanghai Ltd. PRC	Shanghai	CN	100.0	100.0	D
PT Doulton (Indonesia)	Tangerang	ID	96.2	96.2	P
Ab Åbo Båtvarf - Turun Veneveistämö Oy	Turku	FI	100.0	100.0	D
Avlis AB	Stockholm	SE	100.0	100.0	H
Fiskars (Thailand) Co.,Limited	Bangkok	TH	1.0	1.0	H

H Holding, management or services
P Production and sales
S Sales
D Dormant

27. Subsequent events

After the balance sheet date, no significant events have taken place within the Group.

Financial indicators

FIVE YEARS IN FIGURES

		2018	2017	2016	2015	2014
Net sales	EUR million	1,118.5	1,185.5	1,204.6	1,107.1	767.5
of which outside Finland	EUR million	1,006.6	1,073.1	1,102.0	849.4	632.8
in percent of net sales	%	90.0	90.5	91.5	76.7	82.5
export from Finland	EUR million	19.5	22.8	24.3	57.1	61.8
Percentage change of net sales	%	-5.6	-1.6	8.8	44.3	-3.9
Gross profit	EUR million	485.1	512.2	502.9	420.2	310.4
in percent of net sales	%	43.4	43.2	41.7	38.0	40.4
EBITA	EUR million	112.5	113.2	96.7	62.1	
in percent of net sales	%	10.1	9.5	8.0	5.6	
Comparable EBITA	EUR million	121.7	119.0	107.1	75.7	
Share of profit from associates	EUR million					30.0
Change in fair value of biological assets	EUR million	2.0	0.7	-0.5	-0.2	-0.3
Financial items net	EUR million	9.4	119.3	10.5	79.3	714.3
in percent of net sales	%	0.8	10.1	0.9	7.2	93.1
Profit before taxes	EUR million	103.0	217.8	92.8	125.5	786.7
in percent of net sales	%	9.2	18.4	7.7	11.3	102.5
Income tax	EUR million	-21.1	-50.8	-27.4	-39.2	-13.4
Profit for the period attributable to the equity holders of the company	EUR million	81.6	166.4	64.1	85.1	773.1
in percent of net sales	%	7.3	14.0	5.3	7.7	100.7

		2018	2017	2016	2015	2014
Non-controlling interests' share of profit	EUR million	0.2	0.7	1.3	1.2	0.2
Employee benefits	EUR million	307.9	315.3	337.1	291.3	209.8
Depreciation, amortization and impairment	EUR million	43.8	38.8	37.4	42.8	28.5
in percent of net sales	%	3.9	3.3	3.1	3.9	3.7
Cash flow from operating activities	EUR million	105.9	103.8	83.8	47.6	87.0
Capital expenditure	EUR million	46.2	32.8	37.6	32.4	35.0
in percent of net sales	%	4.1	2.8	3.1	2.9	4.6
Research and development costs in income statement	EUR million	18.4	18.8	18.0	18.0	14.6
in percent of net sales	%	1.6	1.6	1.5	1.6	1.9
Capitalized development costs	EUR million	0.0	0.0	0.0	0.0	0.5
Equity attributable to equity holders of the company	EUR million	1,207.0	1,269.4	1,218.1	1,190.8	1,151.9
Non-controlling interest	EUR million	2.7	2.8	1.9	3.3	1.3
Equity total	EUR million	1,209.7	1,272.1	1,220.1	1,194.0	1,153.2
Net interest bearing debt	EUR million	135.4	147.7	152.4	249.4	121.3
Working capital	EUR million	197.0	195.9	217.8	190.5	93.3
Balance sheet total	EUR million	1,719.2	1,837.9	1,760.1	1,833.3	1,589.5
Return on investment	%	7.9	15.4	6.8	8.4	73.8
Return on equity	%	6.6	13.4	5.4	7.4	86.6
Equity ratio	%	70.4	69.3	69.3	65.1	72.6
Net gearing	%	11.2	11.6	12.5	20.9	10.5
Personnel (FTE), average		7,304	7,709	8,000	6,303	4,243
Personnel, end of period		7,615	7,932	8,560	9,003	4,832
of which outside Finland		6,581	6,806	7,336	7,715	3,300

* EBITA has been published only since 2016, no figures for 2014 available.

SHARE RELATED FIGURES

		2018	2017	2016	2015	2014
Share capital	EUR million	**77.5**	77.5	77.5	77.5	77.5
Earnings per share (basic and diluted)*	EUR/ share	**1.00**	2.04	0.78	1.04	9.44
Dividend per share, cash dividend	EUR/ share	**0.54****	0.72	0.71+0.35	0.70	0.68
Dividend	EUR million	**44.0**	58.8	86.6	57.3	55.7
Equity per share	EUR	**14.80**	15.53	14.91	14.54	14.06
Average price	EUR/ share	**19.37**	20.84	17.11	18.69	20.35
Lowest price per share	EUR/ share	**14.48**	17.67	15.00	17.30	17.33
Highest price per share	EUR/ share	**25.00**	24.00	18.74	21.07	22.30
Price per share, Dec 31	EUR/ share	**15.04**	23.96	17.60	18.74	17.99
Market value of shares	EUR million	**1,226.9**	1,957.9	1,438.2	1,534.9	1,473.5
Number of shares, 1,000 pcs		**81,905.2**	81,905.2	81,905.2	81,905.2	81,905.2
Number of treasury shares, 1,000 pcs		**332.6**	191.5	187.8		
Number of shares traded, 1,000 pcs		**3,149.5**	5,217.9	2,838.0	6,185.3	6,898.3
Price per earnings		**15.1**	11.7	22.5	18.0	1.9
Dividend per earnings in percent, cash dividend	%	**54.1****	35.4	135.5	67.4	7.2
Dividend yield in percent, cash dividend	%	**3.6****	3.0	6.0	3.7	3.8
Number of shareholders, Dec 31		**20,013**	19,536	18,643	18,426	17,828

* Reported earnings per share figures for fiscal years 2014–2017 include net changes in the fair value of the investment portfolio.
** Board's proposal for cash dividend.

In addition to the cash dividend, the BoD proposes extra dividend in the form of Wärtsilä Corporation's shares. The value of the share dividend will be equivalent to the market value at the time of the distribution of the company's Wärtsilä shares to be distributed. The cash compensation amount, being equivalent to the value of the shareholder's fractional entitlement, will be based on the taxable value of the share dividend, expected to be calculated based on the volume weighted average price of Wärtsilä's share on the date when the share dividend is withdrawable. For reference purposes only (noting that the market value of the shares will constantly change), calculated based on the volume weighted average price of Wärtsilä's share on February 5, 2019 and assuming that all 32,645,343 Wärtsilä shares would be distributed, the total value of the share dividend would amount to approximately EUR 473.4 million (i.e. EUR 5.80 per share).

CALCULATION OF FINANCIAL INDICATORS

EBITA = Operating profit + amortization + impairment

Return on investment in percent = $\frac{\text{Profit for the period + income taxes + interest and other financial expenses}}{\text{Equity, total + interest-bearing liabilities}}$ x 100
(average of beginning and end of year amounts)

Return on equity in percent = $\frac{\text{Profit for the period}}{\text{Equity, total}}$ x 100
(average of beginning and end of year amounts)

Equity ratio in percent = $\frac{\text{Equity, total}}{\text{Balance sheet total}}$ x 100

Net gearing in percent = $\frac{\text{Interest bearing debt - cash and bank}}{\text{Equity, total}}$ x 100

Earnings per share = $\frac{\text{Profit attributable to equity holders of the company}}{\text{Weighted average number of outstanding ordinary shares}}$

Equity per share = $\frac{\text{Equity attributable to equity holders of the company}}{\text{Number of outstanding ordinary shares}}$

Adjusted average share price = $\frac{\text{Value of shares traded during the period}}{\text{Number of shares traded during the period, adjusted for emissions}}$

Market capitalization = Number of outstanding ordinary shares Dec 31 x market quotation Dec 31

Price per earnings (P/E) = $\frac{\text{Market quotation per share, Dec 31}}{\text{Earnings per share}}$

Dividend per earnings in percent = $\frac{\text{Dividend paid}}{\text{Profit attributable to equity holders of the company}}$ x 100

Dividend per share = $\frac{\text{Dividend paid}}{\text{Number of outstanding shares, Dec 31}}$

Dividend yield in percent = $\frac{\text{Dividend per share}}{\text{Market quotation, Dec 31 adjusted for emissions}}$ x 100

Shares

Number of shares, votes and share capital

Fiskars Corporation's shares are traded in the Large Cap segment of Nasdaq Helsinki. The Company has one series of shares FSKRS. All shares carry one vote each and have equal rights.

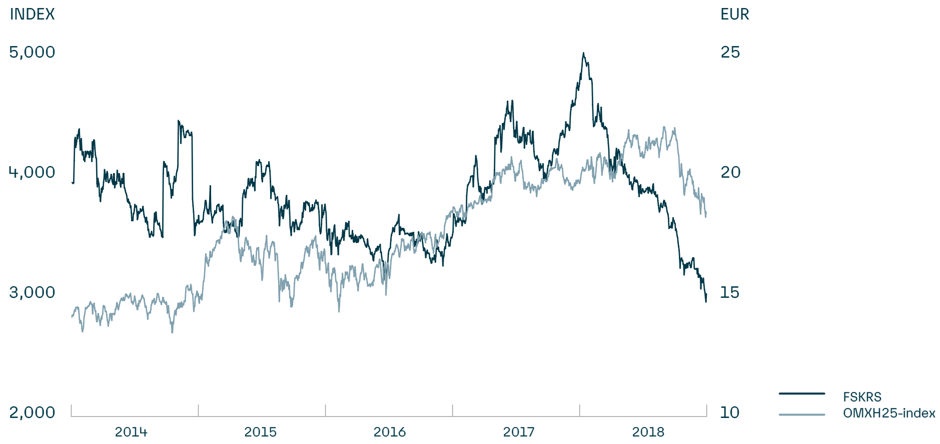
The total number of shares at the end of 2018 81,905,242 (81,905,242). The share capital remained unchanged in 2018 at EUR 77,510,200.

SHARE DETAILS

Market	Nasdaq Helsinki
ISIN	FI0009000400
Trading code	FSKRS
Segment	Large Cap
Industry	3000 Consumer Goods
Supersector	3700 Personal & Household Goods
Shares as of Dec 31, 2018	81,905,242

Fiskars share price development

EUR, Jan 1, 2014–Dec 31, 2018



Treasury shares

As of the end of the year, Fiskars owned 332,560 treasury shares, corresponding to 0.4% of the Corporation's shares and votes. The Company has acquired the shares at the Nasdaq Helsinki in accordance with the authorizations of the general meetings of the shareholders.

Board authorizations

The Annual General Meeting for 2018 decided to authorize the Board to acquire and convey a maximum 4,000,000 of Fiskars' own shares.

CHANGES IN THE NUMBER OF SHARES, 2014–2018

Total shares, Dec 31, 2014	81,905,242
Total shares, Dec 31, 2015	81,905,242
Total shares, Dec 31, 2016	81,905,242
Total shares, Dec 31, 2017	81,905,242
Total shares, Dec 31, 2018	81,905,242
Treasury shares Dec 31, 2018	332,560

Shareholders

Fiskars Corporation had 20,013 (19,536) shareholders as of the end of the year. Approximately 3.3% (3.2) of the share capital was owned by shareholderss outside Finland or nominee-registered shareholders.

Management shareholding

On December 31 2018, the Board members, the President & CEO and the CFO and their controlled entities and their managed entities together with a family member, owned a total of 39,206,194 (37,994,418) shares corresponding to 47.9% (46.4) of the Company's shares and votes. The Company did not have any share option programs.

SHARE OWNERSHIP, DECEMBER 31, 2018

	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES AND VOTES	%
Private companies	598	2.99	26,788,743	32.71
Financial and insurance institutions	47	0.24	12,158,215	14.84
Public sector organizations	7	0.04	3,591,134	4.38
Non-profit organizations	233	1.16	9,167,278	11.19
Households	19,009	94.98	27,490,007	33.56
Outside Finland	119	0.60	260,827	0.32
Nominee registered	10	0.05	2,449,038	2.99
Total	20,013	100.00	81,905,242	100.00

DISTRIBUTION OF SHARES, DECEMBER 31, 2018

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES AND VOTES	%
1–100	8,861	44.28	443,906	0.54
101–500	7,171	35.83	1,860,519	2.27
501–1,000	1,847	9.23	1,410,841	1.72
1,001–10,000	1,875	9.37	5,129,728	6.26
10,001–100,000	194	0.97	5,316,178	6.49
100,001–1,000,000	54	0.27	19,249,832	23.50
1,000,001–	11	0.06	48,494,238	59.21
Total	20,013	100.00	81,905,242	100.00

MAJOR SHAREHOLDERS, DECEMBER 31, 2018

		TOTAL SHARES	% OF SHARES AND VOTES
1	Virala Oy Ab	12,650,000	15.44
2	Holdix Oy Ab	10,165,537	12.41
3	Turret Oy Ab	9,330,961	11.39
4	I.A. von Julins Sterbhus	2,689,120	3.28
5	Bergsrådinnan Sophie von Julins Foundation	2,556,000	3.12
6	Oy Julius Tallberg Ab	2,554,350	3.12
7	Varma Mutual Pension Insurance Company	2,469,326	3.01
8	Ehrnrooth Jacob Robert Göran	1,626,929	1.99
9	Ehrnrooth Sophia	1,558,630	1.90
10	Ilmarinen Mutual Pension Insurance Company	1,101,608	1.35
11	Wrede Anna Helena Sophie	928,684	1.13
12	Ehrnrooth Albert	855,372	1.04
13	Ehrnrooth Alexander	772,171	0.94
14	Hartwall Peter	748,450	0.91
15	Lindsay von Julin & Co Ab	733,320	0.90
16	Therman Anna Maria Elisabeth	722,436	0.88
17	Åberg Albertina	711,063	0.87
18	Gripenberg Gerda Margareta Lindsay Db	628,974	0.77
19	Fromond Louise	601,135	0.73
20	Fromond Anna	600,518	0.73
20 major shareholders		54,004,584	65.94

Parent company financial statements, FAS

PARENT COMPANY INCOME STATEMENT

EUR	NOTE	2018		2017	
Net sales	2	**80,154,333.32**		78,774,465.97	
Cost of goods sold	4	**-2,431,887.04**		-4,083,883.87	
Gross profit		**77,722,446.28**	**97%**	74,690,582.10	95%
Administration expenses	4.6	**-55,589,911.94**		-54,686,247.82	
Other operating income	3	**973,616.31**		5,605,538.18	
Other operating expenses	4	**0.00**		-42,663.81	
Operating profit (loss)		**23,106,150.65**	**29%**	25,567,208.65	32%
Financial income and expenses	7	**-331,649.32**		1,109,946.83	
Profit (loss) before appropriations and taxes		**22,774,501.33**		26,677,155.48	
Appropriations	8				
Change in cumulative accelerated depreciation		**0.00**		509,301.44	
Group contribution		**-464,472.39**		-298,243.00	
Income taxes	9	**-2,019,143.40**		-2,964,523.66	
Profit (loss) for the financial year		**20,290,885.54**		23,923,690.26	

PARENT COMPANY BALANCE SHEET

EUR	NOTE	DEC 31, 2018		DEC 31, 2017	
ASSETS					
Non-current assets					
Intangible assets	10	**30,956,988.77**		27,005,350.97	
Tangible assets	11				
Land and water		**35,905,522.66**		36,034,654.47	
Buildings		**10,731,394.98**		11,166,379.38	
Machinery and equipment		**1,998,314.16**		1,721,913.57	
Construction in progress		**2,976,525.17**		1,219,062.27	
Tangible assets total		**51,611,756.97**		50,142,009.69	
Investments	12				
Holdings in subsidiaries		**626,913,519.05**		554,132,559.43	
Receivables from subsidiaries		**5,800,000.00**		5,268,938.65	
Other shares		**14,890,911.24**		15,472,330.86	
Investments total		**647,604,430.29**		574,873,828.94	
Non-current assets total		**730,173,176.03**	**52%**	652,021,189.60	48%
Current assets					
Inventories	13	**438,575,319.06**		438,575,319.06	
Non-current loan receivables		**49,241.22**		79,508.74	
Current receivables					
Trade receivables		**458,446.33**		277,191.71	
Receivables from subsidiaries	14	**182,059,957.66**		214,613,953.71	
Other receivables		**27,450,564.11**		47,870,475.40	
Prepayments and accrued income	15	**3,969,541.79**		7,442,651.61	
Current receivables total		**213,938,509.89**		270,204,272.43	
Cash and cash equivalents	16	**11,486,035.22**		8,417,338.02	
Current assets total		664,049,105.39	48%	717,276,438.25	52%
Assets total		**1,394,222,281.42**	**100%**	1,369,297,627.85	100%

	NOTE	DEC 31, 2018		DEC 31, 2017	
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	17				
Share capital		**77,510,200.00**		77,510,200.00	
Revaluation reserve		**3,744,129.92**		3,747,203.44	
Fair value reserve		**-556,170.26**		-879,829.69	
Treasury shares		**-5,733,649.09**		-3,241,742.32	
Other reserves		**3,204,313.18**		3,204,313.18	
Retained earnings		**880,101,164.77**		915,257,123.97	
Profit (loss) for the financial year		**20,290,885.54**		23,923,690.26	
Shareholders' equity total		**978,560,874.06**	**70%**	1,019,520,958.84	74%
Appropriations	18	**0.00**		0.00	
Liabilities					
Non-current	19				
Loans from credit institutions		**150,559,162.45**		150,463,734.88	
Liabilities to subsidiaries		**2,398.36**			
Non-current liabilities total		**150,561,560.81**		150,463,734.88	
Current					
Loans from credit institutions		**8,633,250.33**		37,667,335.08	
Trade payables		**5,298,811.43**		4,413,973.37	
Liabilities to subsidiaries	20	**233,058,762.15**		138,642,936.00	
Other payables		**11,744,293.80**		11,077,181.24	
Accruals and deferred income	21	**6,364,728.84**		7,511,508.44	
Current liabilities total		**265,099,846.55**		199,312,934.13	
Liabilities total		**415,661,407.36**	**30%**	349,776,669.01	26%
Shareholders' equity and liabilities total		**1,394,222,281.42**	**100%**	1,369,297,627.85	100%

PARENT COMPANY STATEMENT OF CASH FLOWS

EUR	DEC 31, 2018	DEC 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before appropriations and taxes	**22,310,028.78**	26,677,155.48
Adjustments for		
Depreciation, amortization and impairment	**11,578,518.75**	11,778,178.05
Investment income	**-897,250.10**	-5,141,604.69
Interest income and dividends	**-18,696,048.24**	-16,863,741.04
Unrealized exchange gains and losses	**-131,634.94**	-3,101,138.90
Interest expenses and other financial costs	**4,498,125.73**	4,107,732.36
Impairment of shares in and receivables from subsidiaries	**-355,651.01**	600,885.45
Group contributions	**464,472.39**	298,243.00
Change in provisions and other non-cash items	**493,473.43**	569,991.97
Cash flow before changes in working capital	**19,264,034.79**	18,925,701.68
Changes in working capital		
Change in current assets, non-interest bearing	**-20,498,490.65**	3,568,278.79
Change in inventories	**0.00**	20,161,522.92
Change in current liabilities, non-interest bearing	**740,029.70**	-15,801,400.05
Cash flow from operating activities before financial items and taxes	**-494,426.16**	26,854,103.34
Dividends received	**15,016,935.78**	14,146,393.30
Financial income received	**3,642,838.04**	3,093,618.87
Financial expenses paid	**-4,720,451.30**	-4,196,564.16
Taxes paid	**-1,599,048.79**	-4,212,647.12
Cash flow from operating activities (A)	**11,845,847.57**	35,680,664.06

EUR	DEC 31, 2018	DEC 31, 2017
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in other subsidiaries	**-72,781,000.00**	0.00
Proceeds from sale of subsidiaries	**0.00**	-4,240.17
Investments in financial assets	**-929,728.05**	-1,880,237.06
Investments in intangible assets and property, plant & equipment	**-17,175,778.50**	-7,188,557.06
Proceeds from sale of property, plant & equipment and other investments	**1,067,442.91**	9,597,365.70
Sale of other holdings	**1,512,645.88**	0.00
Change in long term loan receivables	**-506,061.35**	-134,966.43
Cash flow from investing activities (B)	**-88,812,479.11**	389,364.98
CASH FLOW FROM FINANCING ACTIVITIES		
Purchase of treasury shares	**-2,755,603.31**	-63,565.82
Change of non-current debt	**-29,898,746.97**	387,384.92
Change in current debt	**95,816,708.08**	-25,654,970.21
Change in current receivables	**76,250,863.40**	80,832,053.71
Dividends paid	**-59,079,649.46**	-86,616,601.50
Group contribution received/paid	**-298,243.00**	3,401,757.00
Cash flow from financing activities (C)	**80,035,328.74**	-27,713,941.90
Change in cash and cash equivalents (A+B+C)	**3,068,697.20**	8,360,327.31
Cash and cash equivalents at beginning of period	**8,417,338.02**	57,010.71
Cash and cash equivalents at end of period	**11,486,035.22**	8,417,338.02

Notes to the parent company financial statements

1. Parent company accounting principles, FAS

The financial statements of Fiskars Corporation have been prepared in accordance with the Finnish Accounting Act and Ordinance and other statutes regulating the preparation of financial statements (Finnish Accounting Standards, FAS). The financial statements are presented in euro.

The preparation of financial statements in conformity with regulations in force and generally accepted accounting principles requires management to make estimates and assumptions that affect the valuation of assets and liabilities and reported amounts of revenues and expenses. Actual results could differ from those estimates.

Transactions in foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the date of the transaction. At the end of the reporting period balances in foreign currencies are translated using the exchange rate prevailing at the end of the reporting period. Foreign exchange derivatives are recognized at market values and changes in market values are recognized in the income statement.

Net sales

Net sales are defined as invoiced amount less indirect taxes, rebates and exchange rate differences related to sales. Revenue is recognized when all significant risks and rewards of ownership have been transferred to the buyer, i.e. when a product has been delivered to the client in accordance with the terms of delivery. Royalty income from trademarks held by Fiskars Corporation is recorded as net sales. Revenue from the sale of securities, dividends and other corresponding income from securities classified as inventories and other income such as service revenue are also recorded as net sales.

Leasing arrangements

Lease payments are expensed as incurred. Future leasing payment obligations are reported as contingent liabilities. Rent income, when the company acts as a lessor, is recorded as net sales.

Pension benefit plans

The statutory and possible supplementary pension plans for the Finnish companies' employees are funded through payments to independent pension insurance companies.

Income taxes

Income taxes consist of the aggregate current tax expense based on the Finnish tax rules and adjustments to prior year taxes. The parent company does not account for deferred taxes as a stand-alone entity.

Derivatives and hedge accounting

Derivatives not designated as hedging instruments are recognized at fair value through profit and loss. Derivatives are initially valued at cost and subsequently at fair value determined at the end of each reporting period. The fair value of derivatives is based on prevailing market rates or rates derived from the prevailing market rates at the end of the reporting period. Fair value changes are recognized in financial items.

Fiskars has applied hedge accounting to changes in the fair value of derivatives designated, qualifying, and effective as cash flow hedges. The changes are recognized in fair value reserve in equity. On balance sheet date, such derivatives consisted of interest derivatives hedging certain loans.

Tangible and intangible assets and other long-term investments

Tangible and intangible assets are stated at cost less accumulated depreciation according to plan. Certain land holdings have been revalued.

Revaluations are based on market values at time of the revaluation. Revaluation reserves are adjusted for decreases in the market value of land holdings. When revalued real estate is sold, the respective share in the revaluation reserve is transferred to retained earnings.

Tangible and intangible assets are depreciated and amortized over their expected useful lives. The following expected useful lives are applied:

- Intangible assets 3–10 years
- Buildings 20–40 years
- Vehicles 4 years
- Machinery and equipment 3–10 years
- Land and water No depreciation

Investments in subsidiaries are stated in the balance sheet at cost or at net realizable value if the net realizable value is significantly and permanently impaired. An impairment loss may be reversed until the original acquisition cost, when the value of the investment has been restored.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes both direct and indirect costs. Cost is determined on a first-in first-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Financial assets in inventories are stated at the lower of cost and fair value.

Receivables

Receivables are valued at the lower of book value and recoverable value.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. These are booked as provisions in Balance sheet and as corresponding items in Income statement.

Appropriations

Appropriations in the parent company balance sheet consist of depreciation in excess of plan and possible given or received group contributions.

2. NET SALES

EUR	2018	2017
Dividens from financial assets in inventories	**15,016,857.78**	14,146,315.30
IC Service fee	**38,480,555.82**	35,032,214.28
Royalties	**20,971,941.04**	23,941,542.64
Lease income	**1,853,269.90**	1,851,807.52
Other	**3,831,708.78**	3,802,586.23
Total	**80,154,333.32**	78,774,465.97

3. OTHER OPERATING INCOME

EUR	2018	2017
Net gain on sale of property, plant and equipment	**897,250.10**	3,960,475.50
Net gain on sale of subsidiary shares		1,223,793.00
Other income	**76,366.21**	421,269.68
Total	**973,616.31**	5,605,538.18

4. TOTAL EXPENSES

Total expenses by nature

EUR	2018	2017
Materials and supplies	**-15,417.46**	-37,630.63
Employee benefits	**-18,317,165.42**	-17,002,118.09
Depreciation, amortization and impairment	**-11,578,518.75**	-11,778,178.00
IT expenses	**-11,534,849.61**	-10,999,897.24
Consulting fees	**-7,535,777.59**	-6,269,723.39
External services	**-2,131,955.16**	-2,901,666.28
Other	**-6,908,114.99**	-9,780,918.06
Total	**-58,021,798.98**	-58,770,131.69

Other operating expenses

EUR	2018	2017
Loss on sale of property, plant and equipment		-28,575.87
Scrap of fixed assets		-14,087.94
Total		-42,663.81

5. FEES PAID TO COMPANY'S AUDITORS

EUR	2018	2017
Audit fees	**-140,000.00**	-140,000.00
Tax consultation	**-1,348,000.00**	-659,250.66
Other	**-100,706.37**	-135,817.20
Total	**-1,588,706.37**	-935,067.86

6. PERSONNEL COSTS AND NUMBER OF EMPLOYEES

EUR	2018	2017
Wages and salaries	**-15,437,254.79**	-14,107,224.32
Pension costs	**-2,499,247.17**	-2,259,553.78
Other personnel costs	**-380,663.46**	-635,339.99
Total	**-18,317,165.42**	-17,002,118.09

NUMBER OF EMPLOYEES	2018	2017
Average (FTE)	**163**	165
End of period	**166**	157

7. FINANCIAL INCOME AND EXPENSES

EUR	2018	2017
Dividend income		
From third parties	**78.00**	78.00
Dividend income, total	**78.00**	78.00
Interest and financial income from non-current investments		
From group companies	**4,228,659.55**	3,691,482.69
Interest and financial income from non-current investments, total	**4,228,659.55**	3,691,482.69
From third parties	**387,447.48**	2,909,159.00
Other interest and financial income, total	**387,447.48**	2,909,159.00
Interest and financial income, total	**4,616,107.03**	6,600,641.69
Interest and other financial expenses		
To subsidiaries		
Interest expenses	**-1,205,549.55**	-308,343.75
Change in provisions for credit losses	**355,651.01**	-600,885.45
Interest and other financial expenses to other parties	**-4,097,935.81**	-4,581,543.66
Interest and other financial expenses, total	**-4,947,834.35**	-5,490,772.86
Total financial income and expenses	**-331,649.32**	1,109,946.83
Net exchange gains and losses included in financial items	**131,634.94**	3,101,138.90

8. APPROPRIATIONS

EUR	2018	2017
Change in cumulative accelerated depreciation		509,301.44
Group contribution paid	**-464,472.39**	-298,243.00
Total	**-464,472.39**	211,058.44

9. INCOME TAXES

EUR	2018	2017
Current year taxes for profit before extraordinary items	**-2,024,272.74**	-2,877,649.11
Tax for appropriations		-42,211.69
Income tax for previous periods	**5,129.34**	-44,662.86
Income taxes per income statement	**-2,019,143.40**	-2,964,523.66

10. INTANGIBLE ASSETS

EUR	2018	2017
Historical cost, Jan 1	**68,471,797.06**	70,401,314.87
Additions	**14,003,810.49**	5,316,447.94
Decrease	**-1,438.01**	-7,249,799.33
Transfers		3,833.56
Historical cost, Dec 31	**82,474,169.54**	68,471,797.06
Accumulated amortization according to plan, Jan 1	**41,466,446.07**	32,833,126.45
Amortization for the period	**10,050,734.70**	10,417,923.94
Decrease		-1,784,604.32
Accumulated amortization and impairment, Dec 31	**51,517,180.77**	41,466,446.07
Net book value, Dec 31	**30,956,988.77**	27,005,350.97

11. TANGIBLE ASSETS

2018

EUR	LAND AND WATER	BUILDINGS	MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Historical cost, Jan 1	26,360,712.03	32,530,087.61	6,153,083.65	1,219,062.27	66,262,945.56
Additions		214,144.13	597,257.50	2,359,938.10	3,171,339.73
Decreases	-126,058.29	-140,962.50	-50,050.09		-317,070.88
Transfers		455,636.43	146,838.77	-602,475.20	
Historical cost, Dec 31	26,234,653.74	33,058,905.67	6,847,129.83	2,976,525.17	69,117,214.41
Accumulated depreciation and impairment, Jan 1		21,363,708.23	4,431,170.08		25,794,878.31
Depreciation for the period		1,099,711.36	428,072.69		1,527,784.05
Decreases		-135,908.90	-10,427.10		-146,336.00
Accumulated depreciation and impairment, Dec 31		22,327,510.69	4,848,815.67		27,176,326.36
Revaluation, Jan 1	9,673,942.44				9,673,942.44
Decreases	-3,073.52				-3,073.52
Revaluation, Dec 31	9,670,868.92				9,670,868.92
Book value Dec 31, 2018	**35,905,522.66**	**10,731,394.98**	**1,998,314.16**	**2,976,525.17**	**51,611,756.97**

2017

EUR	LAND AND WATER	BUILDINGS	MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Historical cost, Jan 1	6,274,104.51	32,174,103.95	5,677,888.00	620,368.87	44,746,465.33
Additions			775,978.26	1,096,130.84	1,872,109.10
Decreases	-74,915.40	-107,386.13	-331,016.70		-513,318.23
Transfers	20,161,522.92	463,369.79	30,234.09	-497,437.44	20,157,689.36
Historical cost, Dec 31	26,360,712.03	32,530,087.61	6,153,083.65	1,219,062.27	66,262,945.56
Accumulated depreciation and impairment, Jan 1		20,380,295.35	4,381,327.70		24,761,623.05
Depreciation for the period		1,088,990.99	271,263.07		1,360,254.06
Decreases		-105,578.11	-221,420.69		-326,998.80
Accumulated depreciation and impairment, Dec 31		21,363,708.23	4,431,170.08		25,794,878.31
Revaluation, Jan 1	9,701,446.40				9,701,446.40
Decreases	-27,503.96				-27,503.96
Revaluation, Dec 31	9,673,942.44				9,673,942.44
Book value Dec 31, 2017	**36,034,654.47**	**11,166,379.38**	**1,721,913.57**	**1,219,062.27**	**50,142,009.69**

12. INVESTMENTS

2018

EUR	HOLDINGS IN SUBSIDIARIES	RECEIVABLES FROM SUBSIDIARIES	OTHER SHARES	TOTAL
Historical cost, Jan 1	646,532,559.43	5,268,938.65	16,277,052.32	668,078,550.40
Additions	253,780,959.62	531,061.35	929,728.05	255,241,749.02
Decreases			-1,511,147.67	-1,511,147.67
Historical cost, Dec 31	900,313,519.05	5,800,000.00	15,695,632.70	921,809,151.75
Write-downs, Jan 1	-92,400,000.00		-804,721.46	-93,204,721.46
Decreases	-181,000,000.00			-181,000,000.00
Write-downs, Dec 31	-273,400,000.00		-804,721.46	-274,204,721.46
Book value Dec 31, 2018	**626,913,519.05**	**5,800,000.00**	**14,890,911.24**	**647,604,430.29**

2017

EUR	HOLDINGS IN SUBSIDIARIES	RECEIVABLES FROM SUBSIDIARIES	OTHER SHARES	TOTAL
Historical cost, Jan 1	646,528,319.26	5,133,972.22	14,396,815.26	666,059,106.74
Additions		134,966.43	1,880,237.06	2,015,203.49
Decreases	4,240.17			4,240.17
Historical cost, Dec 31	646,532,559.43	5,268,938.65	16,277,052.32	668,078,550.40
Write-downs, Jan 1	-92,400,000.00		-804,721.46	-93,204,721.46
Write-downs, Dec 31	-92,400,000.00		-804,721.46	-93,204,721.46
Book value Dec 31, 2017	**554,132,559.43**	**5,268,938.65**	**15,472,330.86**	**574,873,828.94**

SHARES IN SUBSIDIARIES

EUR	NUMBER OF SHARES	DOMICILE		% OF SHARE CAPITAL	% OF VOTING POWER	BOOK VALUE
Avlis AB	25,641,347	Stockholm	SE	100.0	100.0	375,994.66
Fiskars Americas Holding Oy Ab	1,000	Raasepori	FI	100.0	100.0	110,071,862.76
Fiskars Europe Holding Oy Ab	11,000	Raasepori	FI	100.0	100.0	516,460,729.69
Fiskars (Thailand) Co., Ltd.	100	Bangkok	TH	1.0	1.0	2,409.12
Ab Åbo Båtvarf - Turun Veneveistämö Oy	150	Turku	FI	100.0	100.0	2,522.82
Total Dec 31, 2018						**626,913,519.05**

OTHER SHARES

EUR	BOOK VALUE
Other shares owned by the parent company	14,890,911.24
Total, Dec 31, 2018	**14,890,911.24**

13. INVENTORIES

EUR	2018	2017
Financial assets	**438,575,319.06**	438,575,319.06
Total, Dec 31	**438,575,319.06**	438,575,319.06

Financial assets in inventories consist of Wärtsilä shares.

EUR	2018	2017
Market value of financial assets in inventories	**453,607,040.98**	572,381,680.60
Book value of financial assets in inventories	**438,575,319.06**	438,575,319.06
Difference	**15,031,721.92**	133,806,361.54

14. RECEIVABLES FROM SUBSIDIARIES

EUR	2018	2017
Trade receivables	**26,888,432.12**	5,232,906.45
Loan receivables	**124,892,877.90**	108,268,904.05
Other receivables	**30,045,732.03**	99,072,610.62
Prepayments and accrued income	**232,915.61**	2,039,532.59
Total, Dec 31	**182,059,957.66**	214,613,953.71

15. PREPAYMENTS AND ACCRUED INCOME

EUR	2018	2017
Prepaid and accrued interest	**1,330,971.13**	1,430,983.54
Other prepayments and accruals	**2,638,570.66**	6,011,668.07
Total, Dec 31	**3,969,541.79**	7,442,651.61

16. CASH AND CASH EQUIVALENTS

EUR	2018	2017
Cash and cash equivalents	**11,486,035.22**	8,417,338.02
Total, Dec 31	**11,486,035.22**	8,417,338.02

17. SHAREHOLDERS' EQUITY

EUR	2018	2017
Share capital, Jan 1	**77,510,200.00**	77,510,200.00
Share capital, Dec 31	**77,510,200.00**	77,510,200.00
Revaluation reserve, Jan 1	**3,747,203.44**	3,774,707.40
Decrease	**-3,073.52**	-27,503.96
Revaluation reserve, Dec 31	**3,744,129.92**	3,747,203.44
Fair value reserve, Jan 1	**-879,829.69**	-1,642,199.00
Decrease	**323,659.43**	762,369.31
Fair value reserve, Dec 31	**-556,170.26**	-879,829.69
Treasury shares, Jan 1	**-3,241,742.32**	-3,178,176.50
Increase	**-2,491,906.77**	-63,565.82
Treasury shares, Dec 31	**-5,733,649.09**	-3,241,742.32
Other reserves, Jan 1	**3,204,313.18**	3,204,313.18
Other reserves, Dec 31	**3,204,313.18**	3,204,313.18
Retained earnings		
Jan 1	**939,180,814.23**	1,001,873,725.47
Dividends	**-59,079,649.46**	-86,616,601.50
Net profit	**20,290,885.54**	23,923,690.26
Retained earnings, Dec 31	**900,392,050.31**	939,180,814.23
Distributable earnings, Dec 31	**894,658,401.22**	935,059,242.22
Shareholders' equity total, Dec 31	**978,560,874.06**	1,019,520,958.84

18. APPROPRIATIONS

EUR	2018	2017
Depreciation in excess of plan, Jan 1		509,301.44
Changes during the year		-509,301.44
Depreciation in excess of plan, Dec 31		0.00

19. NON-CURRENT LIABILITIES

EUR	2018	2017
Loans from credit institutions payable		
between one and five years	**120,559,162.45**	120,463,734.88
in more than five years	**30,000,000.00**	30,000,000.00
Loans from credit institutions, total	**150,559,162.45**	150,463,734.88

EUR	2018	2017
Liabilities to subsidiaries		
between one and five years	**2,398.36**	
Liabilities to subsidiaries, total	**2,398.36**	
Non-current liabilities, total	**150,561,560.81**	150,463,734.88

20. LIABILITIES TO SUBSIDIARIES

EUR	2018	2017
Trade payables	**842,642.70**	1,314,457.31
Other liabilities	**232,199,830.11**	137,016,199.83
Accruals and deferred income	**16,289.34**	312,278.86
Total, Dec 31	**233,058,762.15**	138,642,936.00

21. ACCRUALS AND DEFERRED INCOME

EUR	2018	2017
Interests	**1,095,076.01**	1,322,053.42
Wages, salaries and social costs	**3,919,862.17**	3,299,683.16
Other	**1,349,790.66**	2,889,771.86
Total, Dec 31	**6,364,728.84**	7,511,508.44

22. LEASE OBLIGATIONS

EUR	2018	2017
Payments next year	**1,838,910.36**	1,942,973.41
Payments later	**3,589,509.77**	5,421,007.21
Total, Dec 31	**5,428,420.13**	7,363,980.62

23. CONTINGENCIES AND PLEDGED ASSETS

EUR	2018	2017
As security for own commitments	**10,721,405.23**	10,861,000.00
Lease commitments	**5,428,420.13**	7,363,980.62
Guarantees as security for subsidiaries' commitments	**18,430,798.00**	19,918,070.00
Total, Dec 31	**34,580,623.36**	38,143,050.62

24. DERIVATIVE CONTRACTS

NOMINAL VALUE, EUR	2018	2017
Foreign exchange forwards and swaps	**459,176,647.74**	470,420,548.56
Interest rate swaps	**50,000,000.00**	80,000,000.00
Total, Dec 31	**509,176,647.74**	550,420,548.56

FAIR VALUE, EUR	2018	2017
Foreign exchange forwards and swaps	**-1,653,543.40**	-2,539,498.89
Interest rate swaps	**-556,000.00**	-879,829.69
Total, Dec 31	**-2,209,543.40**	-3,419,328.58

Board's proposal for distribution of profits and signatures

Proposal on the use of the profit shown on the balance sheet, the payment of dividend in the form of cash and an authorization of the Board of Directors to decide on an additional cash dividend and the distribution of a share dividend

Fiskars' aim is to distribute a stable, over time increasing dividend, to be paid biannually. According to the balance sheet of the parent company at the end of the financial period 2018, the distributable equity of the parent company was MEUR 894.7 (2017: MEUR 935.1).

The Board of Directors proposes to the Annual General Meeting that the dividend for the financial period ended on 31 December 2018 shall be paid as follows.

a) Cash dividend

The Board of Directors proposes to the Annual General Meeting that a cash dividend of EUR 0.27 per share shall be paid to shareholders. The ex-dividend date shall be on March 14, 2019. The dividend shall be paid to a shareholder who is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd on the dividend record date March 15, 2019. The payment date proposed by the Board of Directors for the dividend is March 22, 2019.

In addition, the Board of Directors proposes that the Annual General Meeting resolves to authorize the Board of Directors to resolve, in its discretion, on the distribution of an additional cash dividend. The maximum amount of dividend to be distributed based on this authorization shall not exceed EUR 0.27 per share. The Board of Directors would be authorized to resolve on all other terms concerning the additional cash dividend. The authorization would be valid until the next Annual General Meeting of the company.

The Board of Directors expects to resolve on the additional cash dividend of EUR 0.27, subject to the authorization, in its meeting scheduled for September 5, 2019. Assuming that the resolution is made by the Board of Directors on that date, the ex-dividend date for the additional cash dividend would be September 6, 2019, the dividend record date would be September 9, 2019 and the payment date would be September 16, 2019.

b) Authorization to distribute an extra dividend in the form of Wärtsilä Corporation's shares

In addition to the cash dividend as proposed above, the Board of Directors proposes that the Annual General Meeting resolves to authorize the Board of Directors to resolve, in its discretion, on the distribution of a share dividend in the manner set forth below.

The Board of Directors would be authorised to distribute up to 32,645,343 shares in Wärtsilä Corporation ("Wärtsilä") held by the company, being the total amount of Wärtsilä shares currently held by the company.

A shareholder would receive 2 Wärtsilä shares for each 5 shares held in the company.

Fractional entitlements to Wärtsilä shares resulting from the distribution ratio would not be distributed in the form of shares, but an equivalent amount would be compensated to shareholders in cash. The Board of Directors would be authorized to resolve on all other terms and practicalities for effecting the payment of the cash compensation for fractional entitlements.

The value of the share dividend will be equivalent to the market value at the time of the distribution of the company's Wärtsilä shares to be distributed. The cash compensation amount, being equivalent to the value of the shareholder's fractional entitlement, will be based on the taxable value of the share dividend, expected to be calculated based on the volume weighted average price of Wärtsilä's share on the date when the share dividend is withdrawable. For reference purposes only (noting that the market value of the shares will constantly change), calculated based on the volume weighted average price of Wärtsilä's share on February 5, 2019 and assuming that all 32,645,343 Wärtsilä shares would be distributed, the total value of the share dividend would amount to approximately MEUR 473,4 (i.e. EUR 5,80 per share).

The company would take care of the payment of the transfer tax resulting from the distribution of the share dividend on behalf of shareholders. The transfer tax amounts to 1.6% of the value of the share dividend.

The Board of Directors would be authorized to resolve upon any and all other matters, relating to the distribution of the share dividend including, without limitation, technical adjustments and changes that may be required for effecting the distribution of the share dividend.

The authorization would be valid until the next Annual General Meeting of the company.

The Board of Directors currently expects to resolve on the share dividend distribution, subject to the authorization, in its meeting scheduled for June 6, 2019. The proposed authorization structure and distribution timing is based on guidance received from Euroclear Finland according to which a share dividend distribution carried out earlier would not be technically secure to implement.

Assuming that the resolution is made by the Board of Directors on that date, the ex-dividend date for the share dividend would be June 7, 2019, the dividend record date for the share dividend would be June 10, 2019 and the share dividend payment date June 11, 2019. The payment date for the fractional entitlements to be paid in cash would be June 17, 2019. Any changes to the currently expected timing or structure would be separately announced by the company.

On the date of this financial statement release, the number of shares entitling their holders to a dividend was 81,566,682. If the cash dividends and the extra dividend in Wärtsilä shares would be distributed according to the proposal included in the notice to Fiskars' Annual General Meeting, the company's amount of the distributable equity would be reduced with approximately MEUR 482.3 (based on the book value of the Wärtsilä shares in the company's balance sheet). The current market value of the Wärtsilä shares held by the company is approximately MEUR 473,4 (calculated based on the volume weighted average price of Wärtsilä's share on February 5, 2019). The market value of the Wärtsilä shares at the date of distribution (currently expected in June) will be decisive when calculating the final value of the dividend and final impact on the distributable equity.

Due to the proposed share dividend, the total amount of dividends to be paid this year would be exceptionally high. After the potential distribution of the extra dividend, Fiskars would cease to receive dividend income on those shares and this would affect the baseline for the future development of Fiskars' dividends.

No material changes have taken place in the financial position of the company since the end of the financial period. The financial standing of the company is good and, according to the Board of Directors' assessment, distributing the proposed cash and extra share dividends will not compromise the company's solvency.

Signatures to the Financial Statements and the Board of Directors' Report

Helsinki, February 6, 2019

Albert Ehrnrooth

Paul Ehrnrooth

Louise Fromond

Gustaf Gripenberg

Ingrid Jonasson Blank

Jyri Luomakoski

Inka Mero

Fabian Månsson

Peter Sjölander

Ritva Sotamaa

Jaana Tuominen
President and CEO

The Auditor's Note

Our auditor's report has been issued today.

Helsinki, February 6, 2019
KPMG Oy Ab

Toni Aaltonen
Authorized Public Accountant, KHT

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of Fiskars Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fiskars Corporation (business identity code 0214036-5) for the year ended 31 December 2018. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

— the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
— the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 6 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of goodwill – Consolidated accounting principles and note 11	
— The goodwill in the consolidated balance sheet totals to €217 million due to significant acquisitions in previous years. — Goodwill is tested for impairment annually. Estimating future cash flows in impairment tests involves a significant amount of management judgment particularly on growth in net sales, profitability and discount rates. — The Company prepares impairment testing of goodwill for the financial statements on a discounted cash flow method basis with sensitivity analyses	— We have critically assessed the management's judgments and assumptions, which have been used to prepare the cash flow projections for the coming years. — We have used our valuation specialists for evaluating the appropriateness of the used discount rate and the technical correctness of the calculations as well as used assumptions with relation to market and industry-specific information. — In addition, we have evaluated the adequacy of sensitivity analyses and the appropriate presentation of notes related to impairment testing of goodwill in the notes of the financial statements.
Valuation of trademarks – Consolidated accounting principles and note 11	
— Trademarks arisen from acquisitions amount to €214 million in the consolidated balance sheet. — Based on the company's determination, the benefits from trademarks are indefinite and thus they are not amortized but are tested for impairment at least annually. — The Company prepares impairment testing of trademarks for the financial statements using the "Relief from royalty" method. Estimating future cash flows in impairment tests involves a significant amount of management judgment particularly on trademark-specific sales and discount rates.	— We have critically assessed the management's judgments and assumptions, which have been used to prepare the cash flow projections for the coming years. — We have used our valuation specialists for evaluating the appropriateness of used assumptions and the discount rate as well as the technical correctness of the calculations. — In addition, we have evaluated the adequacy of sensitivity analyses and the appropriate presentation of notes related to impairment testing of trademarks in the notes of the financial statements.
Valuation of inventory – Consolidated accounting principles and note 16	
— The Group manufactures and sells consumer products and is subject to changing consumer demands. — The valuation of inventories requires management judgment on future sales and to assess the appropriate level of provisioning for products which may be destroyed or sold below cost as a result of a change in consumer demand.	— For both finished goods and raw materials, we have evaluated the basis for the valuation of inventory, the consistency of applying accounting policies and practices as well as the rationale for the recording of individual inventory provisions. — Based on the aforementioned procedures, we have assessed whether both finished goods and raw materials inventory provisions have been prepared in line with the group policy and are supportable on the basis of historical trends as well as the management's expectations on future sales.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Revenue recognition – Consolidated accounting principles and note 2	
— The Group's net sales (2018: €1 119 million) are a significant item in the financial statements consisting of a large number of transactions as well as diverse pricing and rebate agreements. — Revenue from the sale of goods is recognized when all significant risks and rewards of ownership have been transferred to the buyer, i.e. when a product has been delivered to the client in accordance with the terms of delivery. — Revenue recognition includes the risk of revenue being recognized in an incorrect period as well as management judgments on appropriate accounting for adjustments related to both customer and sales campaign specific rebates and provisions.	— We have evaluated the appropriateness of the company's revenue recognition policies with relation to the principles of the revenue recognition determined in IFRS. — We have reviewed relevant IT systems and the internal control environment in the sales process to ensure appropriateness of recognizing sales transactions and price changes. — In addition, we have performed substantive procedures to different revenue streams in the perspective of completeness and accuracy and assessed the transactions, which require management judgment.

Responsibilities of the Board of Directors and the President and CEO for the Financial Statements

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

INFORMATION ON OUR AUDIT ENGAGEMENT

We were appointed as auditors by the Annual General Meeting and we have been the company's auditors for at least 50 years. Toni Aaltonen, Authorised Public Accountant, KHT, has been the responsible auditor since the Annual General Meeting 14 March 2018.

OTHER INFORMATION

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 6 February 2019
KPMG OY AB

TONI AALTONEN
Authorised Public Accountant, KHT