

FISKARS
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GROUP



Fiskars Group

Interim report

January–September 2020

INTERIM REPORT JANUARY–SEPTEMBER 2020

Strong progress during the third quarter driven by exceptionally good demand in several categories as well as savings actions

THIRD QUARTER 2020 IN BRIEF:

- Net sales increased by 7.2% to EUR 266.7 million (Q3 2019: 248.7)
- Comparable net sales¹ increased by 9.5% to EUR 266.7 million (243.6)
- EBITA increased to EUR 39.1 million (7.2)
- Comparable² EBITA increased to EUR 39.3 million (13.4)
- Cash flow from operating activities before financial items and taxes increased to EUR 115.6 million (10.5)
- Earnings per share (EPS) were EUR 0.33 (0.04)

JANUARY-SEPTEMBER 2020 IN BRIEF:

- Net sales increased by 2.6% to EUR 802.9 million (Q1-Q3 2019: 782.4)
- Comparable net sales¹ increased by 3.3% to EUR 802.9 million (777.6)
- EBITA increased by 91.9% to EUR 78.5 million (40.9)
- Comparable² EBITA increased by 56.3% to EUR 86.8 million (55.5)
- Cash flow from operating activities before financial items and taxes increased to EUR 134.0 million (32.8)
- Earnings per share (EPS) were EUR 0.53 (0.37)

OUTLOOK FOR 2020 REINSTATED ON OCTOBER 13, 2020:

In 2020, Fiskars expects the comparable EBITA to increase from 2019.

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

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



Fiskars Group made good progress in Q3, with a clear year-on-year increase in net sales and comparable EBITA. Despite the challenging environment, our profitability improved in particular towards the end of the quarter. We reinstated our outlook for this year earlier in the month, expecting the comparable EBITA to increase from 2019.

After a highly volatile period in Q2, we continued to focus on improving execution, managing spending and providing solid service to our customers as well as compelling experiences to consumers. We made good progress with our strategic priorities as our direct e-commerce continued to grow by strong double-digit figures in all Business Areas. Likewise, the expansion in China with the Wedgwood brand continued as planned with solid growth.

Earlier in the year, we said that we were taking proactive steps to lessen the negative impacts of COVID-19 on our operations. Thanks to these quick and decisive actions we have seen good progress in our profitability. The majority of these savings are temporary in nature, and as such cannot be sustained for a prolonged period of time. On the other hand, the effects of our long-term efficiency actions are also visible in the improved profitability, and these transformation programs continue as planned.

The Business Area Terra maintained its positive momentum and increased net sales, supported by favorable weather and new distribution in the gardening category. In BA Crea, demand increased in the scissors and crafting categories as people spent more time at home. Both BAs significantly improved their comparable EBITA.

In BA Vita, the challenging market situation persisted, as traffic to stores remained weak. Despite the headwinds, I was pleased to see the growth in e-commerce and the increase in comparable EBITA. The improvement in profitability was driven by cost savings and an improved product mix.

The COVID-19 pandemic continues to bring significant uncertainties for the remainder of the year. The fourth quarter of the year has typically been seasonally our most important one, and particularly the gifting season can provide risks as well as opportunities, depending on several factors, including lockdowns, store closures and changes in consumer confidence.

I want to thank our employees for their resilience during these exceptional times, for their commitment to serving our customers and consumers and their passion and energy for making the everyday extraordinary.

Sari Pohjonen

Interim President & CEO



SARI POHJONEN
Interim CEO

GROUP KEY FIGURES

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change	2019
Net sales	266.7	248.7	7.2%	802.9	782.4	2.6%	1,090.4
Comparable net sales ¹⁾	266.7	243.6	9.5%	802.9	777.6	3.3%	1,075.3
EBITA	39.1	7.2		78.5	40.9	91.9%	72.9
Items affecting comparability in EBITA ²⁾	-0.1	-6.2		-8.3	-14.6	43.2%	-17.7
Comparable EBITA	39.3	13.4		86.8	55.5	56.3%	90.6
Operating profit (EBIT)	35.6	4.1		64.7	31.5	105.2%	60.1
Profit before taxes	34.6	2.3		59.4	36.8	61.4%	63.2
Profit for the period	27.0	3.7		43.2	31.2	38.3%	52.4
Net change in the fair value of investment portfolio		-0.1		0.0	-20.4		-20.4
Earnings/share, EUR	0.33	0.04		0.53	0.37	40.5%	0.63
Equity per share, EUR				9.08	9.18		9.34
Cash flow from operating activities before financial items and taxes	115.6	10.5		134.0	32.8		117.5
Equity ratio, %				51 %	55 %		56 %
Net gearing, %				29 %	42 %		34 %
Capital expenditure	8.8	8.9	-1.8%	20.5	27.4	-25.2%	40.0
Personnel (FTE), average	6,027	6,853	-12.1%	6,140	6,938	-11.5%	6,840

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

2) In Q3 2020, items affecting comparability consisted mainly of items related to the Transformation program.

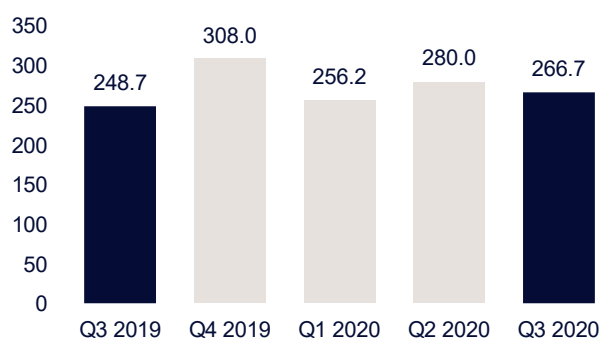


GROUP PERFORMANCE

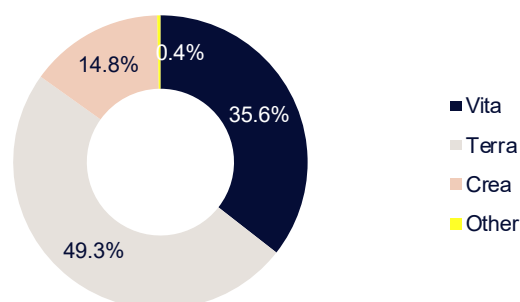
EUR million	Q3 2020	Q3 2019	Change	Comparable change*	Q1-Q3 2020	Q1-Q3 2019	Change	Comparable change*	2019
Net sales									
Group	266.7	248.7	7.2%	9.5%	802.9	782.4	2.6%	3.3%	1,090.4
Vita	111.0	117.6	-5.6%	-4.3%	285.5	329.1	-13.3%	-13.1%	500.8
Terra	113.1	95.1	18.9%	22.6%	396.0	347.1	14.1%	15.6%	442.9
Crea	41.5	35.0	18.7%	20.7%	118.5	103.4	14.7%	14.5%	142.9
Other	1.1	1.1	4.0%	4.0%	2.9	2.7	3.8%	3.8%	3.9
Comparable EBITA									
Group	39.3	13.4			86.8	55.5	56.3%		90.6
Vita	14.7	9.4	56.7%		3.2	11.8	-72.9%		38.8
Terra	13.4	0.1			59.9	33.4	79.3%		36.2
Crea	14.2	6.3	125.4%		32.5	20.0	63.0%		28.0
Other	-3.0	-2.3	-28.2%		-8.8	-9.6	9.0%		-12.5

*Using comparable exchange rates and excluding the Leborgne divestment.

NET SALES, EUR MILLION



NET SALES SPLIT BY SEGMENT, Q1-Q3 2020



FISKARS GROUP'S NET SALES IN Q3 2020

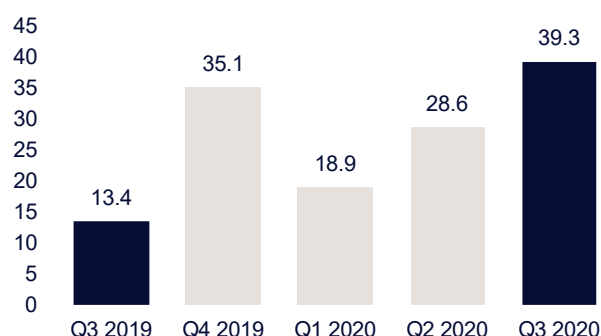
Fiskars Group's consolidated net sales increased by 7.2% to EUR 266.7 million (Q3 2019: 248.7). Comparable net sales increased by 9.5%. The increase was driven by the Terra and Crea segments, where the gardening and watering as well as the scissors and crafting categories supported the positive development. The Vita segment continued to face challenges, as the COVID-19 pandemic impacted the business and comparable net sales decreased. The decrease was, however, more moderate than during the first half of the year.

FISKARS GROUP'S NET SALES IN Q1-Q3 2020

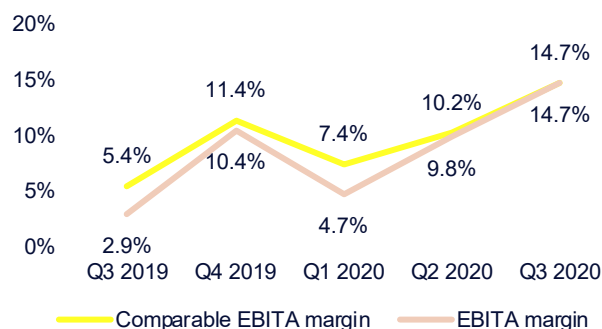
Fiskars Group's consolidated net sales increased by 2.6% to EUR 802.9 million (Q1-Q3 2019: 782.4). Comparable net sales increased by 3.3%. Comparable net sales increased in both the Terra and Crea segments, driven by strong demand and increased distribution. The increase was subdued by the challenges in the Vita segment, as the COVID-19 pandemic impacted the business and comparable net sales decreased.



FISKARS GROUP'S COMPARABLE EBITA, EUR MILLION



FISKARS GROUP'S COMPARABLE EBITA MARGIN AND EBITA MARGIN



FISKARS GROUP'S COMPARABLE EBITA IN Q3 2020

Fiskars Group's comparable EBITA increased by 192% to EUR 39.3 million (Q3 2019: 13.4). The comparable EBITA increased in all Business Areas. The increase was supported by the significant temporary cost-cutting measures, related to sales, marketing, travel and administration costs. The effects of the long-term efficiency actions in the ongoing programs were also visible.

Comparable EBITA increased in the Vita segment, supported by cost-cutting measures and an improved product mix, while the lower sales volumes had a negative impact on profitability.

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

In the Crea segment, comparable EBITA increased, supported by increased sales volumes, inventory efficiencies as well as cost-cutting measures.

FISKARS GROUP'S COMPARABLE EBITA IN Q1-Q3 2020

Fiskars Group's comparable EBITA increased by 56.3% to EUR 86.8 million (Q1-Q3 2019: 55.5). The comparable EBITA increased in the Terra and Crea segments. The increase was supported by the significant temporary cost-cutting measures implemented during the second and third quarters. The effects of the long-term efficiency actions in the ongoing programs were also visible, for example related to the new organizational structure, which was implemented in the beginning of the second quarter.

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

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

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

OPERATING ENVIRONMENT IN Q3 2020

The operating environment remained volatile during the third quarter. Most markets continued to be impacted by the pandemic. Some categories were supported by the situation, while others continued to be challenged.

In some of the categories, the negative impact from the COVID-19 pandemic increased towards the end of the first quarter and continued into the second and third quarter. Overall, April was the most difficult month during the first nine months of the year. Significant challenges remained in the third quarter, including decreased footfall to stores and an impact on demand. On the other hand, the pandemic has had an opposite, positive effect on some other categories. Since people have spent more time at home, for example the gardening and crafting trends have benefitted.

The importance of e-commerce has increased during the year, as brick-and-mortar stores have been temporarily closed in many markets and movement has been restricted during the first half of the year. Despite the temporarily eased pandemic situation in certain markets during the third quarter, consumer behavior has differed from the pre-pandemic period. In the retail space, many department store chains have come under renewed pressure resulting from the pandemic. Consequently, the situation has accelerated the shift from traditional players to e-commerce.

Within the gardening and DIY channels, stores in many markets have been kept open. Demand in these channels remained strong during the quarter, supported by consumers' increased interest towards the gardening and watering categories, as people have spent more time at home. Additionally, weather conditions continued to be favorable in the third quarter.

REPORTING SEGMENTS

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

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

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

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

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

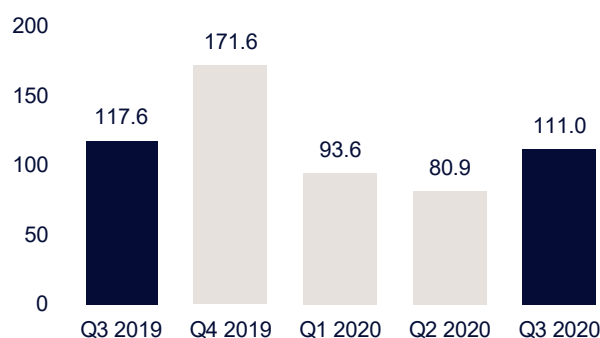
VITA SEGMENT

EUR million

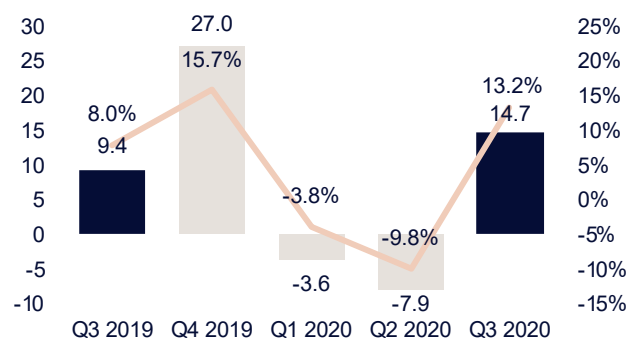
	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change	2019
Net sales*	111.0	117.6	-5.6%	285.5	329.1	-13.3%	500.8
Comparable EBITA	14.7	9.4	56.7%	3.2	11.8	-72.9%	38.8
Capital expenditure	5.1	3.7	38.9%	10.7	12.5	-14.5%	18.3

*Using comparable exchange rates, net sales decreased by 4.3% in Q3 2020 and by 13.1% in Q1-Q3 2020.

NET SALES, EUR MILLION



COMPARABLE EBITA (EUR MILLION) AND COMPARABLE EBITA MARGIN



VITA SEGMENT IN Q3 2020

Net sales in the Vita segment decreased year-on-year by 5.6% to EUR 111.0 million (Q3 2019: 117.6). Comparable net sales decreased by 4.3%. While net sales decreased, the situation improved from the first half of the year. The COVID-19 pandemic has continued to impact on Vita's business through a decrease in footfall to stores, retailers lowering their stocks and a decrease in gifting. Gifting has been impacted by a decline in tourism and social gatherings, which are both visible in the interior category.

Net sales increased in Scandinavia, Continental Europe and China. The growth plan in China proceeded with net sales more than doubling from the previous year's level. The positive development was overshadowed by continued challenges in the Americas, the UK and Japan. Net sales decreased in the direct channel, where the continued growth in direct e-commerce did not offset the decreased sales in own stores. The hospitality channel continued to be severely hit by the pandemic. On a brand level, net sales increased most for Iittala and Rörstrand.

Comparable EBITA in the Vita segment increased during the quarter and amounted to EUR 14.7 million (9.4). The comparable EBITA was supported by cost-cutting measures and a positive product mix, while the decrease in sales volumes had a negative impact on profitability.

VITA SEGMENT IN Q1-Q3 2020

Net sales in the Vita segment decreased year-on-year by 13.3% to EUR 285.5 million (Q1-Q3 2019: 329.1). Comparable net sales decreased by 13.1%.

Despite the challenges posed by the pandemic, net sales increased in Continental Europe and China, where the growth plan proceeded. The positive development was overshadowed by challenges in many of the key markets, in particular the Americas and the UK. Due to the pandemic, stores were temporarily closed in many markets and the wholesale channel limited their replenishment orders. The hospitality channel and tourism related purchases have been severely hit by the pandemic.

Net sales decreased in most channels, with the exception of direct e-commerce. On a brand level, net sales decreased most for Waterford, which has suffered from lockdowns in some key markets.

Comparable EBITA in the Vita segment decreased during the period and amounted to EUR 3.2 million (11.8). The comparable EBITA was mainly weighed down by the decrease in sales volumes. Cost-cutting has partly offset the impact from decreased net sales.



MARKETING HIGHLIGHTS IN Q3 2020

Wedgwood opened a new concept store at a luxury mall in Shenzhen, China. The store is the first to trial a shopping experience that brings to life Wedgwood's recent brand renewal and repositioning, which is designed to create an inclusive luxury lifestyle brand experience. The retail concept will be rolled out across flagship stores in key global locations which are scheduled to open during 2021 and 2022.

Royal Copenhagen's Blue Fluted Mega series is celebrating its 20th anniversary. The series is now Royal Copenhagen's best-selling series. To celebrate the anniversary, Mega Rose, a limited-edition version was launched.

Wedgwood's concept store in China



Royal Copenhagen's Blue Fluted Mega Rose

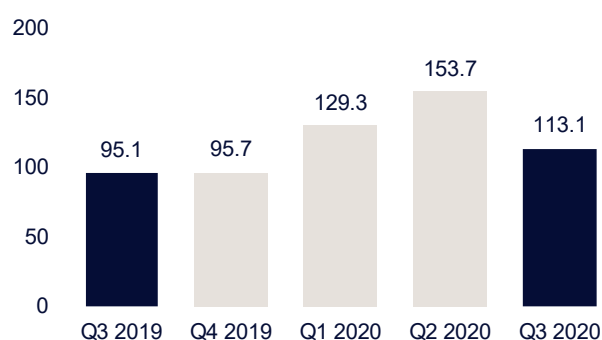


TERRA SEGMENT

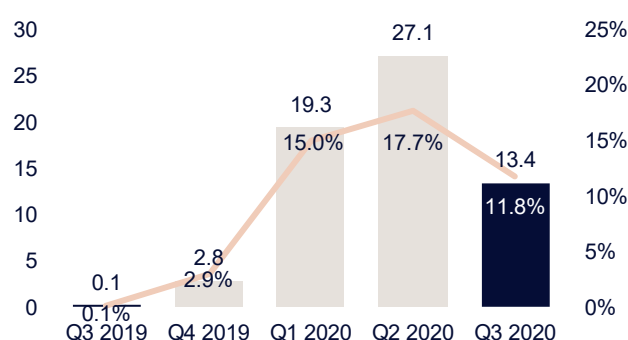
EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change	2019
Net sales*	113.1	95.1	18.9%	396.0	347.1	14.1%	442.9
Comparable EBITA	13.4	0.1		59.9	33.4	79.3%	36.2
Capital expenditure	2.7	4.3	-37.2%	7.0	11.1	-36.3%	16.6

*Using comparable exchange rates and excluding the Leborgne divestment, net sales increased by 22.6% in Q3 2020 and by 15.6% in Q1-Q3 2020.

NET SALES, EUR MILLION



COMPARABLE EBITA (EUR MILLION) AND COMPARABLE EBITA MARGIN



TERRA SEGMENT IN Q3 2020

Net sales in the Terra segment increased year-on-year by 18.9% to EUR 113.1 million (Q3 2019: 95.1). Comparable net sales increased by 22.6%.

Net sales increased in all categories and nearly all markets. The key growth drivers were the gardening and watering categories and the Americas region as a whole. Demand was strong overall, as people stayed at home, weather conditions were favorable and distribution increased.

In addition to the Americas, the business developed favorably in many other areas as well. The focus on Central Europe, Germany in particular, continued to deliver results. Net sales in the Outdoor category increased, supported by the strong performance of the Gerber Custom service, which was launched in March. This service is only available through the direct e-commerce channel.

Comparable EBITA in the Terra segment increased during the quarter and amounted to EUR 13.4 million (0.1). Profitability was supported by increased sales volumes and cost-cutting measures, and was partly offset by a weaker product mix.

TERRA SEGMENT IN Q1-Q3 2020

Net sales in the Terra segment increased year-on-year by 14.1% to EUR 396.0 million (Q1-Q3 2019: 347.1). Comparable net sales increased by 15.6%.

Net sales growth was driven by the watering and gardening categories, both of which developed positively in the Americas and Central Europe. Demand was strong overall, as people stayed at home, weather conditions were favorable and distribution increased.

In the Nordics and Baltics net sales development was subdued by store closures. Several actions were taken to improve the availability of Fiskars' products during the second quarter, both in e-commerce and in stores.

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

Comparable EBITA in the Terra segment increased during the period and amounted to EUR 59.9 million (33.4). Profitability was supported by increased sales volumes and cost-cutting measures, and was partly offset by a weaker product mix.

MARKETING HIGHLIGHTS IN Q3 2020

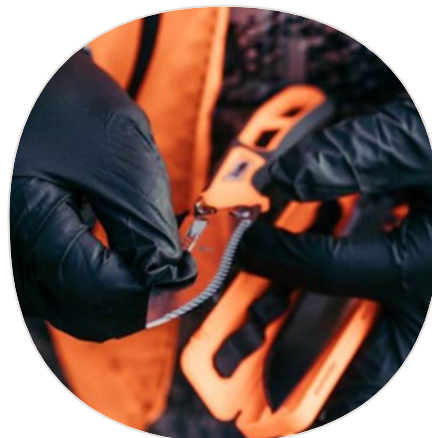
The Fiskars brand focused on leveraging and maximizing e-commerce opportunities across the direct and indirect channels to meet consumer demand. As part of this, the online presence of the gardening category was expanded with several online retailers. To promote awareness of Fiskars as well as consideration and conversion, several advertising campaigns with key online retailers were executed.

Gerber launched the Randy Newberg Signature Series. The series consists of two multi-purpose hunting knives, which were developed in partnership with Randy Newberg, a long-time brand ambassador, hunter and conservationist. The DTS (Dual Tool System) and EBS (Exchangeable Blade System) knives are available at major sporting goods retailers and at gerbergear.com.

Fiskars in indirect e-commerce channels



Randy Newberg series knife

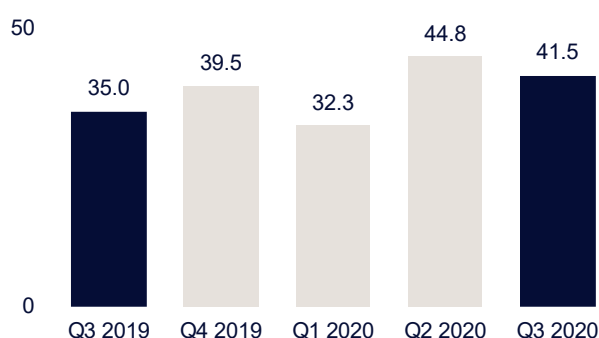


CREA SEGMENT

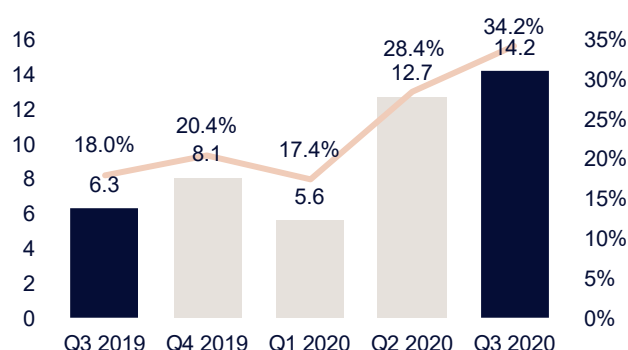
EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change	2019
Net sales*	41.5	35.0	18.7%	118.5	103.4	14.7%	142.9
Comparable EBITA	14.2	6.3	125.4%	32.5	20.0	63.0%	28.0
Capital expenditure	0.3	0.4	-9.7%	1.1	0.7	60.7%	0.9

*Using comparable exchange rates, net sales increased by 20.7% in Q3 2020 and by 14.5% in Q1-Q3 2020.

NET SALES, EUR MILLION



COMPARABLE EBITA (EUR MILLION) AND COMPARABLE EBITA MARGIN



CREA SEGMENT IN Q3 2020

Net sales in the Crea segment increased year-on-year by 18.7% to EUR 41.5 million (Q3 2019: 35.0). Comparable net sales increased by 20.7%. Sales increased in all categories. Net sales in the direct channel increased somewhat, as growth in e-commerce more than offset the decrease in own stores.

Net sales increased in all key markets, particularly in the Americas, where both mask-making activities as well as the broader crafts trend continued to support demand. This year, the back-to-school season has been prolonged by the pandemic, which adversely impacted overall demand for these products.

In Europe, net sales increased driven by solid demand and successful back-to-school campaigns. For example, new distribution was gained in the cooking category in Scandinavia. Distribution has also been expanded in other markets, including Germany and France.

Comparable EBITA in the Crea segment increased during the quarter, and amounted to EUR 14.2 million (6.3). The comparable EBITA was supported by increased sales volumes and inventory efficiencies as well as cost-cutting measures.

CREA SEGMENT IN Q1-Q3 2020

Net sales in the Crea segment increased year-on-year by 14.7% to EUR 118.5 million (Q1-Q3 2019: 103.4). Comparable net sales increased by 14.5%. Sales increased in all categories. Net sales in the direct channel decreased, as growth in e-commerce did not offset the decrease in own stores.

The increase in net sales was mostly driven by the strong demand in the Americas. While net sales increased in Europe, there were significant differences by market. New distribution supported growth in Scandinavia and Germany, whereas there were challenges in France, Spain and Italy.

Comparable EBITA in the Crea segment increased during the period, and amounted to EUR 32.5 million (20.0). The comparable EBITA was supported by increased volumes and inventory efficiencies as well as cost-cutting measures. The improvement was partly offset by a weaker product mix.



MARKETING HIGHLIGHTS IN Q3 2020

Fiskars and Unilever started a collaboration with a premium gifting concept. The different gift sets combine Unilever's food category products with products from the Fiskars Group, including Fiskars cooking products as well as Iittala and Royal Doulton branded products. The gifting concept offers retailers the possibility to put together customizable premium gift sets. The pilot concept was launched in the Netherlands.

In Crea, the Fiskars brand gained significant earned media and influencer coverage in the U.S. A total of 49 unique partners across Crafting, Sewing, Back-To-School and Cooking gave the brand coverage. This organic content supports Fiskars' position in these categories as a loved and trusted brand, thereby supporting the business.

Gifting collaboration



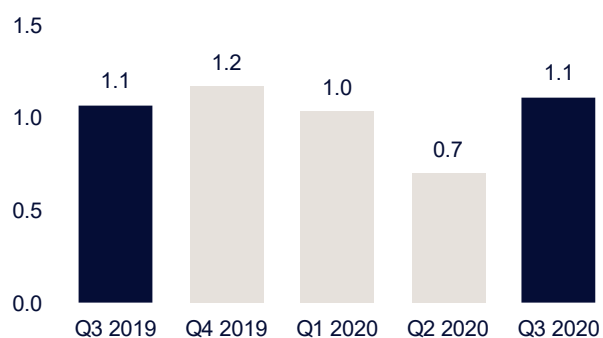
Earned social media coverage



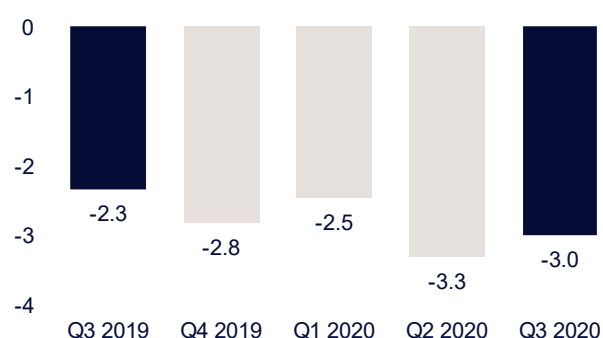
OTHER SEGMENT

EUR million	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change	2019
Net sales	1.1	1.1	4.0%	2.9	2.7	3.8%	3.9
Comparable EBITA	-3.0	-2.3	-28.2%	-8.8	-9.6	9.0%	-12.5
Capital expenditure	0.6	0.5	12.6%	1.6	3.1	-48.5%	4.2

NET SALES, EUR MILLION



COMPARABLE EBITA (EUR MILLION) AND COMPARABLE EBITA MARGIN



OTHER SEGMENT IN Q3 2020

Net sales in the Other segment amounted to EUR 1.1 million (Q3 2019: 1.1), consisting of timber sales and rental income. The comparable EBITA for the Other segment amounted to EUR -3.0 million (-2.3).

OTHER SEGMENT IN Q1-Q3 2020

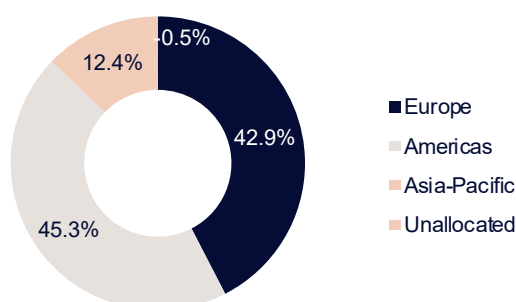
Net sales in the Other segment amounted to EUR 2.9 million (Q1-Q3 2019: 2.7), consisting of timber sales and rental income. The comparable EBITA for the Other segment amounted to EUR -8.8 million (-9.6).



NET SALES BY GEOGRAPHY

EUR million	Q3 2020	Q3 2019	Change	Comparable change*	Q1-Q3 2020	Q1-Q3 2019	Change	Comparable change*	2019
Europe	121.3	114.3	6.1%	6.5%	344.4	365.2	-5.7%	-5.0%	518.9
Americas	112.9	100.4	12.5%	17.1%	363.4	321.0	13.2%	12.6%	427.5
Asia-Pacific	35.6	33.8	5.2%	7.5%	99.5	95.9	3.8%	3.9%	143.6
Unallocated	-3.2	0.2			-4.3	0.3			0.3

FISKARS GROUP'S NET SALES SPLIT BY GEOGRAPHY, Q1-Q3 2020



NET SALES IN Q3 2020

Net sales in Europe increased by 6.1% and amounted to EUR 121.3 million (Q3 2019: 114.3). Comparable net sales increased by 6.5%, driven by the Terra and Crea segments. Net sales increased particularly in Continental Europe and Sweden, whereas there were challenges in the UK and Ireland.

Net sales in the Americas increased by 12.5% to EUR 112.9 million (100.4). Comparable net sales increased by 17.1%, driven by the Terra and Crea segments, while it decreased in the Vita segment.

Net sales in Asia-Pacific increased by 5.2% to EUR 35.6 million (33.8). Comparable net sales increased by 7.5%, driven by Vita's performance in China and Terra's in Australia and New Zealand. Japan continued to be a challenging market, as the pandemic weighed on footfall to stores.

NET SALES IN Q1-Q3 2020

Net sales in Europe decreased by 5.7% and amounted to EUR 344.4 million (Q1-Q3 2019: 365.2). Comparable net sales decreased by 5.0%, weighed down by the Vita segment. Sales net increased in the Terra and Crea segments. Overall, net sales increased particularly in Germany. Net sales decreased in most markets, with Finland, UK and Ireland weighing on the performance in particular, as a result of the lockdowns.

Net sales in the Americas increased by 13.2% to EUR 363.4 million (321.0). Comparable net sales increased by 12.6%, driven by the Terra and Crea segments, whereas it decreased in the Vita segment.

Net sales in Asia-Pacific increased by 3.8% to EUR 99.5 million (95.9). Comparable net sales increased by 3.9%, driven by all but one market in the region, since there have been challenges in Japan. These challenges related to lockdowns and low footfall to stores, as a result on the pandemic.



THE IMPACT OF THE COVID-19 PANDEMIC ON FISKARS GROUP IN JANUARY-SEPTEMBER 2020

Market situation

The market situation has been highly volatile. It was most challenging in March and April, and improved towards the end of the second quarter. The third quarter was still volatile, as some categories gained support, while others continued to be challenged. Throughout the year there have been significant differences by category and market. Overall, consumers have shifted focus to e-commerce channels due to lockdowns and store closures, which has impacted retailers as well.

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

In Terra's and Crea's categories the pandemic has had a different impact. Demand has been strong, especially in June, and continued at a good level in the third quarter. In particular, the gardening and watering categories have seen increased consumers interest. Also, these categories have not been hit by store closures to the same extent as for Vita. For Crea, demand for scissors and sewing products has increased as people have spent more time at home. On the other hand, the important back-to-school season in the US started slowly as school openings were impacted by the pandemic.

Temporary cost-cutting measures

At the beginning of the pandemic, proactive steps were swiftly taken to lessen the negative impacts of COVID-19 on operations around the world. Most of these measures were taken during the second and third quarter of the year and were visible in the financial performance of these quarters.

Own stores

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

remained closed.

Own production

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

Financial position

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

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

Impact on financial reporting

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

The credit risk of trade receivables, and the amount of bad debt provision has been analyzed at the end of the reporting period, with the conclusion being that sufficient provisions have been made.

FINANCIAL ITEMS, NET RESULT AND CASH FLOW IN Q3 2020

Other financial income and expenses amounted to EUR -1.0 million (Q3 2019: -1.9). Foreign exchange differences accounted for EUR -0.5 million (-0.4) of financial items.

Profit before taxes was EUR 34.6 million (2.3) in the third quarter of 2020. Income taxes for the third quarter were EUR -7.6 million (1.4). Earnings per share were EUR 0.33 (0.04).

The third quarter cash flow from operating activities before financial items and taxes amounted to EUR 115.6 million (10.5). The change was driven by timing differences, working capital efficiencies and an increase in profit before taxes. Cash flow from financial items and taxes amounted to EUR -10.5 million (-1.7).

Cash flow from investing activities was EUR -8.6 million (-14.2), including EUR -8.8 million of capital expenditure on fixed assets. Cash flow from financing activities was EUR -107.8 million (3.8), including EUR -77.9 million change in current debt, EUR -22.8 million of dividends paid and EUR -6.0 million of lease liability payments. The comparison figure from Q3 2019 included EUR 37.0 million of change in current debt, EUR -28.9 million of dividends paid and EUR -5.3 million of lease liability payments.

Capital expenditure for the third quarter totaled EUR 8.8 million (8.9), mainly relating to IT solutions and replacements. Depreciation, amortization and impairment amounted to EUR 15.1 million (14.7) in the third quarter.

FINANCIAL ITEMS, NET RESULT AND CASH FLOW IN Q1-Q3 2020

Other financial income and expenses amounted to EUR -5.8 million (Q1-Q3 2019: 5.1, including EUR 7.8 million of dividends on Wärtsilä shares). Foreign exchange differences accounted for EUR 0.1 million (-0.1) of financial items.

Profit before taxes was EUR 59.4 million (36.8) in the first nine months of 2020. Income taxes for the first nine months were EUR -16.1 million (-5.6). Earnings per share were EUR 0.53 (0.37).

The cash flow from operating activities before financial items and taxes during the first nine months of the year amounted to EUR 134.0 million (32.8). The change was driven by timing differences, working capital efficiencies and an increase in profit before taxes. Cash flow from financial items and taxes amounted to EUR -17.2 million (-16.5).

Cash flow from investing activities was EUR -20.2 million (-26.3), including EUR -20.5 million of capital expenditure on fixed assets. Cash flow from financing activities was EUR 60.3 million (-5.5), including EUR 85.4 million of change in current debt, EUR 39.9 million of change in non-current debt, EUR -45.6 million of dividends paid and EUR -18.2 million of lease liability payments. The comparison figure from Q1-Q3 2019 included EUR 60.6 million of change in current debt, EUR -51.0 million of dividends paid and EUR -15.9 million of lease liability payments.

Capital expenditure for the first nine months of the year totaled EUR 20.5 million (27.4), mainly relating to IT solutions and replacements. Depreciation, amortization and impairment amounted to EUR 50.1 million (44.1) in the nine months of the year.

BALANCE SHEET AND FINANCING

Fiskars Group's working capital totaled EUR 171.5 million (242.0) at the end of September. The equity ratio was 51% (55%) and net gearing was 29% (42%).

Cash and cash equivalents at the end of the period totaled EUR 165.4 million (9.1). Net interest-bearing debt amounted to EUR 214.0 million (317.1), of which leases classified as interest-bearing debt under IFRS 16 accounted for EUR 95.1 million (100.6).

Excluding leasing debt, short-term borrowing totaled EUR 233.8 million (75.3) and long-term borrowing EUR 51.1 million (151.3). Short-term borrowing consisted mainly of commercial papers issued and bilateral loans from credit institutions maturing within 12 months.

New bilateral loans issued during the first half of the year amounted to EUR 110 million, of which EUR 20 million were repaid during the third quarter.

Loans excluding leasing debt are due as follows:

- EUR 44 million in 2020,
- EUR 190 million in 2021 and
- EUR 50 million in 2022.

EUR 43.0 million (65.0) of the company's EUR 400 million commercial paper program was in use at the end of the period. In addition to outstanding loans, Fiskars Group had EUR 300 million of unused long-term committed credit facilities with Nordic banks.



RESTRUCTURING PROGRAM

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

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

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

The total costs of the program are expected to be approximately EUR 30 million by the end of 2021, of which EUR 7.9 million had been recorded by the end of September 2020. They will be recorded as items affecting comparability (IAC) and have a cash flow impact. At the same time, Fiskars Group continues investments in growth initiatives that are expected to add sustainable value in the long-term, e.g., in e-commerce and new business opportunities.

TRANSFORMATION PROGRAM

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

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

The total costs of the program are approximately EUR 40 million in 2018–2021, of which EUR 20.6 million had been recorded by the end of the September 2020. The costs are recorded as items affecting comparability (IAC).

RISKS AND BUSINESS

UNCERTAINTIES

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

The COVID-19 global pandemic continues to impact societies around the world and pose a risk for the full-year performance. The development of the situation varies by country, and visibility is low. Lockdowns, store closures, social distancing and other measures taken to combat the pandemic could impact the financial performance of the company as the overall consumer confidence may suffer. In particular, in the U.S. the development of the pandemic and the implications of increased unemployment may impact the business environment.

The COVID-19 pandemic profoundly impacts consumers' lives in terms of changes in values, attitudes, disposable income, and purchasing behavior. Continuing safety concerns around COVID-19 are likely to negatively impact sales in the Group's physical stores. However, in the absence of an escalation of the pandemic in the company's key markets, consumer confidence could also strengthen and demand surge.

The seasonality of the product categories plays a role. Demand in the gardening and watering categories in the Terra segment increased during the second quarter, which is seasonally the most important quarter for these categories. Further, back-to-school and the holiday seasons are important for the sales performance during the second half of the year. For Vita segment, the fourth quarter is the most important quarter both in terms of net sales and comparable EBITA. Therefore, in the current volatile market conditions consumer demand in the fourth quarter impacts sales performance particularly during the gifting season. In previous years approximately one third of full-year sales in BA Vita has been generated through the company's direct channel, i.e. own stores and direct e-commerce.

Demand for some of Fiskars Group's products is dependent on the weather, particularly garden tools and watering products during the spring and snow tools during the winter. Unfavorable weather conditions such as cold and rainy spring and summer and snowless winter could have a negative impact on the sale of these products

whereas favorable conditions could boost their sales.

Any negative issues related to product availability or demand during the important seasons for the each of the businesses could affect the full-year result significantly.

Fiskars Group imports and exports products from and to the UK. The UK withdrawal from the EU is in a transition period until 31 December 2020. If no trade deal has been agreed by the end of the year, the UK faces the prospect of major changes in customs, business trading, free movement of people and other changes in taxation, laws and regulations. Exiting transition period without a trade deal will lead to increased costs and trade disruptions.

Fiskars Group operates globally with a considerable part of the business in the U.S., and with several suppliers in Asia. Growing signs of rising protectionism and country of origin consumer concerns may impact Fiskars Group's business and operations. Continuing trade tensions between the U.S. and China could have a further negative impact on Fiskars Group's business and on the comparable EBITA in 2020.

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

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

RESEARCH AND DEVELOPMENT

The Group's research and development expenditure in the third quarter of 2020 totaled EUR 3.7 million (Q3 2019: 4.5), equivalent to 1.4% (1.8%) of net sales. During the first nine months of the year, research and development expenses totaled EUR 12.3 million (Q1–Q3 2019: 13.3), which is equivalent to 1.5% (1.7%) of net sales.

PERSONNEL

The average number of full-time equivalent employees (FTE) was 6,027 (Q3 2019: 6,853) in the third quarter. At the end of the quarter, the Group employed 6,432 (7,289) employees, of whom 1,058 (1,118) were in Finland. The main drivers behind the change were the Transformation and Restructuring programs.

CHANGES IN ORGANIZATION AND MANAGEMENT

On April 21, 2020, Fiskars Group announced the resignation of President and CEO Jaana Tuominen. CFO Sari Pohjonen was appointed interim CEO. On July 10, the company announced the appointment of M.Sc. (Tech.) Nathalie Ahlström (born 1974) as President and Chief Executive Officer of Fiskars Corporation. On September 2, the company announced that she will start in the position on November 30, 2020. At the same time, she will step down from the Board of Directors at Fiskars, where she has been a member since March 2020.

Starting on November 30, 2020, Interim President and CEO Sari Pohjonen will continue in her role as Chief Financial Officer, Deputy to the CEO and member of the Group Leadership team.

OTHER SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Record date and payment date of the second dividend instalment

The Board of Directors of Fiskars Corporation resolved on September 8, 2020, in accordance with the resolution of the Annual General Meeting, that the dividend payment date for the second dividend instalment of EUR 0.28 per share was to be September 17, 2020. The ex-dividend date for the dividend instalment was September 9, 2020 and the record date September 10, 2020.

SHARES AND SHAREHOLDERS

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

Fiskars shares are traded in the Large Cap segment of Nasdaq Helsinki. The volume-weighted average share price during the third quarter was EUR 11.20 (Q3 2019: 12.37). At the end of September, the closing price was EUR 11.60 (EUR 12.42) per share and Fiskars had a market capitalization of EUR 945.1 million (1,012.6). The number of shares traded on Nasdaq Helsinki and in alternative marketplaces from July to September was 2.2 million (3.3), which represents 2.7% (4.1%) of the total number of shares. The total number of shareholders was 25,546 (23,073) at the end of September 2020.

Flagging notifications

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

EVENTS AFTER THE REPORTING PERIOD

On October 13, Fiskars reinstated its guidance on the outlook for 2020.

OUTLOOK FOR 2020 REINSTATED ON OCTOBER 13, 2020

Fiskars reinstated its guidance on the outlook for 2020 on October 13. The company expects the comparable EBITA to increase from 2019.

Helsinki, Finland, October 29, 2020

FISKARS CORPORATION

Board of Directors

CONSOLIDATED INCOME STATEMENT

EUR million	Q3 2020	Q3 2019	Change %	Q1-Q3 2020	Q1-Q3 2019	Change %	2019
Net sales	266.7	248.7	7	802.9	782.4	3	1,090.4
Cost of goods sold	-157.1	-155.1	-1	-482.0	-468.2	-3	-643.1
Gross profit	109.6	93.6	17	320.9	314.2	2	447.3
Other operating income	0.3	0.1	124	1.2	0.9	39	2.0
Sales and marketing expenses	-51.4	-64.6	20	-177.7	-206.5	14	-284.3
Administration expenses	-19.2	-20.5	6	-66.2	-63.9	-4	-86.2
Research and development costs	-3.7	-4.5	17	-12.3	-13.3	7	-18.4
Goodwill and trademark amortization and impairment				-1.0			
Other operating expenses	0.0	-0.0		-0.2	0.1		-0.3
Operating profit (EBIT)*	35.6	4.1		64.7	31.5	105	60.1
Change in fair value of biological assets	0.1	0.1	-33	0.4	0.2		-0.2
Other financial income and expenses	-1.0	-1.9	-47	-5.8	5.1		3.4
Profit before taxes	34.6	2.3		59.4	36.8	61	63.2
Income taxes	-7.6	1.4		-16.1	-5.6		-10.8
Profit for the period	27.0	3.7		43.2	31.2	38	52.4
Attributable to:							
Equity holders of the parent company	26.9	3.5		42.9	30.6	40	51.7
Non-controlling interest	0.1	0.2	-37	0.3	0.6	-45	0.7
Earnings for equity holders of the parent company per share, euro (basic and diluted)	0.33	0.04		0.53	0.37	40	0.63
*Comparable EBITA (detailed in notes)	39.3	13.4	192	86.8	55.5	56	90.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Profit for the period	27.0	3.7	43.2	31.2	52.4
Other comprehensive income for the period					
Items that may be reclassified subsequently to profit or loss					
Translation differences	-16.7	9.4	-19.5	19.6	9.3
Cash flow hedges	-0.0	-0.0	0.3	0.0	0.2
Items that will not be reclassified to profit or loss					
Net change of investments at fair value through comprehensive income, net of tax	0.0	-0.0	0.0	-24.3	-24.3
Defined benefit plan, actuarial gains (losses) net of tax	0.1	0.1	0.0	-0.0	2.0
Other comprehensive income for the period net of tax total	-16.6	9.5	-19.2	-4.8	-12.9
Total comprehensive income for the period	10.4	13.2	24.0	26.4	39.5
Attributable to:					
Equity holders of the parent company	10.4	12.8	24.1	25.5	38.5
Non-controlling interest	0.0	0.4	-0.1	0.9	1.0

CONSOLIDATED BALANCE SHEET

EUR million	Sep 30 2020	Sep 30 2019	Change %	2019
ASSETS				
Non-current assets				
Goodwill	215.8	220.3	-2	219.6
Other intangible assets	279.9	288.1	-3	288.7
Property, plant & equipment	151.1	160.9	-6	162.2
Right-of-use assets	90.9	98.0	-7	108.6
Biological assets	43.9	43.8	0	43.4
Investment property	4.1	3.8	8	3.6
Financial assets				
Financial assets at fair value through profit or loss	24.6	35.9	-31	28.9
Other investments	8.4	8.2	3	7.9
Deferred tax assets	23.0	28.1	-18	27.9
Non-current assets total	841.6	887.0	-5	890.7
Current assets				
Inventories	205.3	246.5	-17	232.1
Trade and other receivables	214.0	194.4	10	203.2
Income tax receivables	40.3	36.4	11	28.8
Interest-bearing receivables	0.0	0.0	-24	0.0
Investments at fair value through other comprehensive income				
Cash and cash equivalents	165.4	9.1		9.4
Current assets total	624.9	486.5	28	473.5
Assets total	1,466.5	1,373.5	7	1,364.3
EQUITY AND LIABILITIES				
Equity				
Equity attributable to the equity holders of the parent company	739.6	748.4	-1	760.9
Non-controlling interest	3.5	3.5	0	3.6
Equity total	743.1	752.0	-1	764.5
Non-current liabilities				
Interest-bearing liabilities	51.1	151.3	-66	51.4
Lease liabilities	73.4	78.9	-7	88.4
Other liabilities	3.7	4.7	-21	4.4
Deferred tax liabilities	30.1	33.1	-9	32.8
Pension liability	12.8	12.6	2	13.2
Provisions	3.5	4.4	-19	4.1
Non-current liabilities total	174.7	285.0	-39	194.3
Current liabilities				
Interest-bearing liabilities	233.8	75.3		108.7
Lease liabilities	21.7	21.7	0	22.9
Trade and other payables	275.0	226.3	22	267.7
Income tax liabilities	13.1	9.1	43	2.1
Provisions	5.2	4.0	28	4.1
Current liabilities total	548.7	336.5	63	405.5
Equity and liabilities total	1,466.5	1,373.5	7	1,364.3



CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q3 2020	Q3 2019	Q1–Q3 2020	Q1–Q3 2019	2019
Cash flow from operating activities					
Profit before taxes	34.6	2.3	59.4	36.8	63.2
Adjustments for					
Depreciation, amortization and impairment	15.1	14.7	50.1	44.1	59.6
Gain/loss on sale and loss on scrap of non-current assets	-0.1	-0.1	-0.4	-0.3	-0.2
Other financial items	1.0	1.8	5.8	-4.9	-4.0
Change in fair value of biological assets	-0.1	-0.1	-0.4	-0.2	0.2
Change in provisions and other non-cash items	-2.2	1.6	5.1	-1.3	-4.7
Cash flow before changes in working capital	48.4	20.2	119.5	74.2	114.1
Changes in working capital					
Change in current assets, non-interest-bearing	26.0	14.6	-23.4	34.4	23.0
Change in inventories	7.1	-2.7	19.8	-23.3	-6.6
Change in current liabilities, non-interest-bearing	34.2	-21.6	18.0	-52.4	-12.9
Cash flow from operating activities before financial items and taxes	115.6	10.5	134.0	32.8	117.5
Financial income received and costs paid	-2.5	0.1	-2.3	-2.5	-2.5
Taxes paid	-8.0	-1.8	-14.9	-14.0	-18.4
Cash flow from operating activities (A)	105.1	8.8	116.7	16.3	96.5
Cash flow from investing activities					
Investments in financial assets	-0.4	-5.5	-1.7	-8.0	-8.2
Capital expenditure on fixed assets	-8.8	-8.9	-20.5	-27.4	-40.0
Proceeds from sale of fixed assets	0.5	-0.2	0.6	0.7	0.9
Proceeds from sale of investments at fair value through other comprehensive income	0.0	0.4	0.0	0.4	0.5
Other dividends received	0.0	0.0	0.0	7.8	7.8
Cash flow from other investments	0.0	0.0	1.4	0.1	1.9
Cash flow from investing activities (B)	-8.6	-14.2	-20.2	-26.3	-37.0
Cash flow from financing activities					
Purchase of treasury shares		-0.1	-0.3	-0.7	-1.1
Change in current receivables	-0.0	0.0	0.0	0.0	0.0
Change in non-current debt	0.0	0.0	39.9	0.1	0.8
Change in current debt	-77.9	37.0	85.4	60.6	-2.2
Payment of lease liabilities	-6.0	-5.3	-18.2	-15.9	-21.6
Cash flow from other financing items	-1.0	1.1	-0.9	1.4	0.7
Dividends paid	-22.8	-28.9	-45.6	-51.0	-51.0
Cash flow from financing activities (C)	-107.8	3.8	60.3	-5.5	-74.5
Change in cash and cash equivalent (A+B+C)	-11.3	-1.6	156.9	-15.5	-15.1
Cash and cash equivalent at beginning of period	177.4	10.6	9.4	24.4	24.4
Translation difference	-0.8	0.1	-0.8	0.1	0.0
Cash and cash equivalent at end of period	165.4	9.1	165.4	9.1	9.4

CONSOLIDATED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR million	Attributable to the equity holders of the parent company							Non-controlling interest	Total
	Share capital	Treasury shares	Cumul. transl. diff.	Fair value reserve	Actuarial gains and losses	Financial assets at FVTOCI	Retained earnings		
Opening Balance Jan 1, 2019	77.5	-6.0	11.1	-0.4	-3.9	-95.0	1,223.6	2.7	1,209.7
Total comprehensive income for the period			19.2	0.0	0.0	-24.3	30.6	0.9	26.4
Purchase and issue of treasury shares		-0.7					0.7		0.0
Dividend distribution						119.3	-603.3	-0.1	-484.1
Other changes									
Sep 30, 2019	77.5	-6.7	30.3	-0.4	-3.9	0.0	651.6	3.5	752.0
Opening Balance Jan 1, 2020	77.5	-7.1	20.1	-0.2	-1.9	0.0	672.5	3.6	764.5
Total comprehensive income for the period			-19.1	0.3	0.0		42.9	-0.1	24.0
Purchase and issue of treasury shares		-0.3					0.2		-0.1
Dividend distribution							-45.6		-45.6
Other changes		0.3					0.1		0.3
Sep 30, 2020	77.5	-7.2	1.0	0.1	-1.9	0.0	670.1	3.5	743.1



NOTES TO THE INTERIM REPORT

ACCOUNTING PRINCIPLES

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

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

GOODWILL AND INTANGIBLE ASSETS

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

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

Gingher trademark amounts to EUR 2.3 million.

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



REPORTING SEGMENTS

EUR million	Q3 2020	Q3 2019	Change %	Q1–Q3 2020	Q1–Q3 2019	Change %	2019
Net sales							
Vita	111.0	117.6	-6	285.5	329.1	-13	500.8
Terra	113.1	95.1	19	396.0	347.1	14	442.9
Crea	41.5	35.0	19	118.5	103.4	15	142.9
Other	1.1	1.1	4	2.9	2.7	4	3.9
Group total	266.7	248.7	7	802.9	782.4	3	1,090.4
EUR million	Q3 2020	Q3 2019	Change %	Q1–Q3 2020	Q1–Q3 2019	Change %	2019
Operating profit (EBIT)							
Vita	12.0	1.6		-10.5	-7.4	42	14.6
Terra	12.7	-0.6		54.1	30.0	80	31.9
Crea	13.9	5.9	136	30.2	18.9	60	26.7
Other	-3.0	-2.8	-6	-9.1	-10.0	9	-13.2
Group total	35.6	4.1		64.7	31.5	105	60.1
EUR million	Q3 2020	Q3 2019	Change %	Q1–Q3 2020	Q1–Q3 2019	Change %	2019
Depreciation, amortization and impairment							
Vita	9.6	7.9	21	30.9	23.2	33	33.1
Terra	4.6	4.8	3	13.3	14.0	-4	18.4
Crea	0.7	1.1	-37	3.5	2.9	22	3.8
Other	0.2	0.9	-75	2.4	4.0	-40	4.1
Group total	15.1	14.7	3	50.1	44.1	14	59.6
EUR million	Q3 2020	Q3 2019	Change %	Q1–Q3 2020	Q1–Q3 2019	Change %	2019
Capital expenditure							
Vita	5.1	3.7	39	10.7	12.5	-14	18.3
Terra	2.7	4.3	-37	7.0	11.1	-36	16.6
Crea	0.3	0.4	-10	1.1	0.7	61	0.9
Other	0.6	0.5	13	1.6	3.1	-48	4.2
Group total	8.8	8.9	-2	20.5	27.4	-25	40.0

NET SALES BY GEOGRAPHY

EUR million	Q3 2020	Q3 2019	Change %	Q1–Q3 2020	Q1–Q3 2019	Change %	2019
Net sales							
Europe	121.3	114.3	6	344.4	365.2	-6	518.9
Americas	112.9	100.4	12	363.4	321.0	13	427.5
Asia-Pacific	35.6	33.8	5	99.5	95.9	4	143.6
Unallocated	-3.2	0.2		-4.3	0.3		0.3
Group total	266.7	248.7		802.9	782.4		1,090.4



OPERATING PROFIT AND COMPARABLE EBITA

EUR million	Q3 2020	Q3 2019	Change %	Q1-Q3 2020	Q1-Q3 2019	Change %	2019
Operating profit (EBIT)	35.6	4.1		64.7	31.5	105	60.1
Amortization	-3.6	-3.1	-15	-13.8	-9.4	-47	-12.9
EBITA	39.1	7.2		78.5	40.9	92	72.9
Items affecting comparability in EBITA							
Restructuring Program	-0.2			7.5			0.4
Alignment program		0.0			-0.1		-0.2
Transformation program	0.3	6.5		1.1	14.5		17.0
Leborgne divestment		-0.2			0.6		0.8
Other adjustments to operating profit	0.0			-0.3	-0.3		-0.3
Total items affecting comparability in EBITA	0.1	6.2	-98	8.3	14.6	-43	17.7
Comparable EBITA	39.3	13.4	192	86.8	55.5	56	90.6

INTANGIBLE AND TANGIBLE ASSETS

EUR million	Sep 30 2020	Sep 30 2019	Dec 31 2019
Intangible assets and goodwill			
Book value, Jan 1	508.2	497.9	497.9
Currency translation adjustment	-6.1	5.6	10.3
Additions	7.8	10.8	17.6
Amortization and impairment	-13.8	-9.4	-12.7
Decreases and transfers	-0.4	3.6	-4.9
Book value at end of period	495.7	508.4	508.2
Tangible assets and investment property			
Book value, Jan 1	165.9	163.4	163.4
Currency translation adjustment	-6.3	3.6	4.1
Additions	12.3	15.3	23.0
Depreciation and impairment	-17.0	-17.5	-23.8
Decreases and transfers	0.3	0.0	-0.7
Book value at end of period	155.2	164.7	165.9
Investment commitments for property, plant and equipment	2.2	4.7	2.4
Right-of-use assets			
Book value, Jan 1	108.8	119.3	119.3
Currency translation adjustment	-2.3	1.4	0.7
Additions	9.6	5.5	25.2
Depreciation	-18.7	-17.1	-22.9
Decreases	-6.6	-11.2	-13.7
Book value at end of period	90.9	98.0	108.6

CONTINGENCIES AND PLEDGED ASSETS

EUR million	Sep 30 2020	Sep 30 2019	Dec 31 2019
As security for own commitments			
Guarantees	11.6	18.4	14.7
Other contingencies*	2.8	5.5	4.3
Contingencies and pledged assets total	14.4	23.9	19.0

*Other contingencies include a commitment of USD 1.7 million to invest in private equity funds.

Tax risks

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

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

DERIVATIVES

EUR million	Sep 30 2020	Sep 30 2019	Dec 31 2019
Nominal amounts of derivatives			
Foreign exchange forwards and swaps	295.6	342.6	316.6
Interest rate swaps		50.0	50.0
Electricity forward agreements		0.1	
Fair value of derivatives			
Foreign exchange forwards and swaps	-0.3	0.3	-0.4
Interest rate swaps		-0.4	-0.3
Electricity forward agreements		0.1	

Derivatives have been valued at market value.



EXCHANGE RATE SENSITIVITY OF THE OPERATIONS

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

EUR million	THB	SEK	USD	AUD	JPY	IDR	GBP	CAD
Operational currency position	-32.4	19.3	-25.0	11.0	10.7	-11.0	7.9	10.2
Exchange rate sensitivity of the operations*	3.2	-1.9	2.5	-1.1	-1.1	1.1	-0.8	-1.0

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

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

Sep 30, 2020

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss			24.6	24.6
Investments at fair value through other comprehensive income				
Other investments	0.3		8.1	8.4
Derivative assets				
Total assets	0.3	0.0	32.7	33.0
Derivative liabilities		0.3		0.3
Total liabilities		0.3		0.3

Sep 30, 2019

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss			35.9	35.9
Investments at fair value through other comprehensive income				
Other investments	0.4		7.8	8.2
Derivative assets		0.1		0.1
Total assets	0.4	0.1	43.7	44.1
Derivative liabilities		0.1		0.1
Total liabilities		0.1		0.1

Dec 31, 2019

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



FAIR VALUE CATEGORIES

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

Investments EUR million	FVTPL	Other		Total
	Level 3	Level 1	Level 3	
Book value, Sep 30, 2019	35.9	0.4	7.8	44.0
Additions	0.2			0.2
Decreases	-8.7			-8.8
Change in fair value	1.5	-0.1	-0.2	1.2
Book value, Dec 31, 2019	28.9	0.3	7.6	36.6
Additions	1.7			1.7
Decreases	-4.1			-4.1
Change in fair value	-1.9	-0.0	0.5	-1.3
Book value, Sep 30, 2020	24.6	0.3	8.1	33.0

Investments at fair value through profit or loss (FVTPL) consist of unlisted funds. The fair value of unlisted funds is based on the market value reported by the fund (level 3) and changes are recognized in the income statement.

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

Other financial assets comprise unlisted shares as well as non-current receivables. Unlisted shares and other investments are measured at the lower of cost and fair value (level 3).

ACQUISITIONS AND DIVESTMENTS

Acquisitions and divestments in 2020

There have been no acquisitions or divestments in 2020.

Acquisitions and divestments in 2019

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



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