Tulikivi

FINANCIAL STATEMENTS RELEASE 1–12/2019

Tulikivi Corporation
Financial statements release, 1–12/2019: Comparable operating profit turned profitable in 2019
28.2.2020 at 1 pm

- The Tulikivi Group's fourth-quarter net sales were EUR 8.8 million (EUR 8.7 million, 10–12/2018) and EUR 28.7 million in 2019 (EUR 28.6, 1–12/2018).
- The comparable operating profit was EUR 0.4 million (0.0) in the fourth quarter and EUR 0.0 million (-0.5) in 2019.
- An impairment loss of EUR 0.8 (0.5) million was recognised in Kermansavi's goodwill.
- The operating profit was EUR -0.5 (-0.5) million in the fourth quarter and the profit before taxes was EUR -0.7 million (-0.7), including a goodwill impairment loss of EUR -0.8 (-0.5) million.
- The operating profit was EUR -0.8 million (-1.0) in 2019 and the profit before taxes was EUR -1.5 million (-1.8), including a goodwill impairment loss of EUR -0.8 million (-0.5).
- Net cash flow from operating activities was EUR 1.1 (0.5) million in the fourth quarter and EUR 1.6 (1.6) million in the financial year.
- The year-end order books stood at EUR 2.9 (3.0) million.
- The sales of the new Karelia and Pielinen fireplace collections grew by 16%.
- The project for the sale of the talc deposits in Suomussalmi is proceeding.
- Future outlook: Net sales are expected to increase in 2020, and the comparable operating profit is expected to be positive.

Key financial ratios

	1-12/19	1-12/18	Change, %	10-12/19	10-12/18	Change, %
Sales, MEUR	28.7	28.6	0.3 %	8.8	8.7	0.6 %
Operating profit/loss, MEUR	-0.8	-1.0	24.7 %	-0.5	-0.5	7.2 %
Operating profit/loss without impairment loss, MEUR	0.0	-0.5	24.7 %	0.4	0.0	1660.0 %
Profit before tax, MEUR	-1.5	-1.8	12.0 %	-0.7	-0.7	2.9 %
Total comprehensive income for the period, MEUR	-1.6	-1.8	11.7 %	-0.7	-0.7	4.6 %
Earnings per share, Euro	-0.03	-0.03		-0.01	-0.01	
Net cash flow from operating activities, MEUR	1.6	1.6		1.1	0.5	
Equity ratio, %	23.0	27.4				
Net indebtness ratio, %	200.1	156.6				
Return on investments, %	-3.0	-3.8		-1.9	-1.9	

Comments by Heikki Vauhkonen, Managing Director:

In 2019, we succeeded in turning Tulikivi's net sales around, achieving small growth and the comparable operating profit. This turnaround took place thanks to increased sales of the renewed collections and improved profitability in Finland, Germany and Russia.

In 2019, net sales from fireplaces grew in Finland as a result of higher renovation sales. The sales of fireplaces for new buildings were slightly lower than in the previous year. We are continuing our efforts to enhance sales efficiency in Finland to further increase renovation sales. The sales of saunas developed favourably. The deliveries of interior stone products declined due to a lower number of deliveries to project sites.

The good reception of our new Pielinen products among customers had a positive effect on our net sales in Germany. In Russia, our revamped collections have enabled a stronger focus in sales on the premium market.

In the fourth quarter, net sales continued to develop favourably in the largest export countries Germany and Russia.

The sales margin improved in the fourth quarter due to price increases and measures improving productivity. Fixed costs decreased as planned in the review period.

The company's order books amounted to EUR 2.9 (3.0) million at the end of the financial year. In the fourth quarter, the company's order intake was EUR 8.6 (8.4) million.

The new Karelia and Pielinen fireplace collections continued to significantly increase dealers' and consumers' interest in Tulikivi products in Central Europe and Russia. This has enabled us to open new dealer locations and reactivate old ones. Thanks to these collections, Tulikivi has further strengthened its market position in exports.

The JORC study in connection with the Suomussalmi talc project was completed in August 2019. The mineral resource report shows that the deposit is significant on the European scale. Because of its extent and shape, the Haaponen deposit can be efficiently mined as an open pit. Open pit optimisation based on the mineral resource report and our cash flow models indicate that the deposit can be mined profitably.

Financial statements 1–12/2019

Operating environment

In Finland, low-rise housing construction and the renovation of fireplaces have stabilised at a lower level than before. The reduction in consumer confidence may weaken the demand for Tulikivi products.

In the EU area, the volume of low-rise housing construction and the demand for fireplaces are at the same level as in previous years. Demand may be affected by country-specific construction and emissions regulations and by investment subsidies. Demand for Tulikivi products is growing in Russia, but is dependent on the exchange rate of the rouble.

Rising consumer energy prices are increasing consumers' interest in alternative heating solutions.

Net sales and result

The Tulikivi Group's fourth-quarter net sales totalled EUR 8.8 million (EUR 8.7 million in 10–12/2018). In the fourth quarter, net sales continued to develop favourably in the largest export countries Germany and Russia. As a result of impairment testing conducted in conjunction with the preparation of its financial statements, Tulikivi has decided to recognise an EUR 0.8 (0.5) million impairment loss on goodwill in the Group's balance sheet. The impairment loss concerns the goodwill generated by the acquisition of Kermansavi Oy in 2006. The impairment loss has no impact on cash flow or on the indicators of the parent company Tulikivi Corporation. The comparable fourth-quarter operating profit was EUR 0.4 (0.0) million and the comparable profit before taxes EUR 0.1 (-0.2) million. Fourth-quarter operating profit totalled EUR -0.5 million (-0.5) and the profit before taxes was EUR -0.7 (-0.7) million, including a goodwill impairment loss of EUR -0,8 (-0.5). The sales margin improved in the fourth quarter due to price increases and measures improving productivity. Fixed costs decreased as planned in the review period.

Due to seasonal fluctuation in fireplace sales, the second half of the year is stronger than the first, in terms of both net sales and operating profit. The Tulikivi Group's net sales in 2019 totalled EUR 28.7 million (EUR 28.6 million in 1–12/2018). The comparable operating profit in 2019 was EUR 0.0 (-0.5) million, and the comparable profit before taxes was EUR -0.7 (-1.3) million. The operating profit totalled EUR -0.8 million (-1.0), and the profit before taxes was EUR -1.5 (-1.8) million, including a goodwill impairment loss of EUR -0.8 (-0.5). In 2019, we succeeded in turning Tulikivi's net sales around, achieving small growth and the comparable operating profit. This turnaround took place thanks to increased sales of the renewed collections and improved profitability in Finland, Germany and Russia.

The company's order books amounted to EUR 2.9 (3.0) million at the end of the financial year. In the fourth quarter, the company's order intake was EUR 8.6 (8.4) million.

Net sales in Finland in the financial year were EUR 12.5 (12.9) million, or 43.4% (45.1%) of total net sales. In 2019, the share of Finnish fireplace and sauna sales in net sales grew as a result of increased renovation sales. The sales of fireplaces for new buildings were slightly lower than in the previous year. We are continuing our efforts to enhance sales efficiency in Finland to increase renovation sales. The sales of saunas developed favourably. The deliveries of interior stone products declined due to a lower number of deliveries to project sites.

Net sales in exports in the financial year were EUR 16.2 (15.7) million, or 56.6% (54.9%) of total net sales. The principal export countries were Germany, Russia, France, Sweden and Denmark. Solid growth in the sales of the new Karelia and Pielinen collections continued in the fourth quarter, and growth in the financial year was 16%. The good reception of our new Pielinen collection among customers had a positive effect on our net sales in Germany. In Russia, our revamped collections have enabled a stronger focus in sales on the premium market. In Russia, net sales in euros were at the previous year's level. The new Karelia and Pielinen fireplace collections continued to significantly increase dealers' and consumers' interest in Tulikivi products in Central Europe and Russia. This has enabled us to open new dealer locations and reactivate old ones. Thanks to these collections, Tulikivi has further strengthened its market position in exports.

The products in the Karelia and Pielinen fireplace collections are based on modern Scandinavian design and feature a new soapstone surface finish technique. The Pielinen products are compact and easy to install. They are particularly well suited for the Central European market and for markets where there is no expertise in installing heat-retaining fireplaces.

The new fireplace collections have been well received in Finland and abroad. Low-rise housing construction is not expected to increase anymore in Finland. We are continuing our efforts to enhance sales efficiency in Finland to increase renovation sales.

The highly successful development work on the Karelia and Pielinen collections provides us with an opportunity to increase our market share in euros and our profitability in both Finland and exports in 2020.

Financing

Net cash flow from operating activities was EUR 1.1 (0.5) million in the fourth quarter, and EUR 1.6 (1.6) million during the financial year. Working capital decreased by EUR 0.6 (1.0) million during the financial year. Inventories decreased by EUR 0.4 million during the financial year. Working capital stood at EUR 0.7 (1.3) million at the end of 2019.

Loans taken out in the review period totalled EUR 0.5 (0.0) million. Loan repayments totalled EUR 0.3 (0.3) million in the financial year. At the end of the financial year, MFI loans and working capital loans totalled EUR 15.6 (15.4) million, and net financial expenses were EUR 0.8 (0.8) million. The equity ratio at the end of the financial year was 23.0% (27.4%). The ratio of interest-bearing net debt to equity, or gearing, was 200.1% (156.6%). The current ratio was 1.1 (0.5), and equity per share was EUR 0.13 (0.16). At the end of the financial year, the Group's cash and other liquid assets totalled EUR 1.2 (0.8) million.

On 20 December 2019, Tulikivi Corporation signed a financing agreement with its finance providers concerning the 2019–2020 repayment programme in ratio to the finance providers' exposures and the loan covenants given to the finance providers. The company met the covenant conditions at 31 December, 2019. The company has also agreed with its finance providers that it will commence financing negotiations on the repayment programme for 2021 and subsequent years and its terms no later than 30.9.2020 and complete the negotiations by 31.12.2020.

As a result of posting a loss, the parent company's equity has fallen below 50% of share capital. The parent company's equity was EUR 0.3 million (consolidated equity EUR 7.7 million) at the end of the financial year, while share capital was EUR 6.3 million (consolidated share capital EUR 6.3 million). As a result, the company's Board of Directors has taken action as referred to in chapter 20, section 23, subsection 1 of the Limited Liability Companies Act.

Investments and product development

The Group's investments for the financial year totalled EUR 0.9 (1.1) million. In the spring, a new Saramo model with a horizontal door was added to the Karelia collection, along with a Senso digital fireplace controller that makes it easier to use the fireplace and further reduces its already-low emissions. Deliveries of Lako and Juva, fireplace models with vertical sliding doors launched in the Pielinen collection, started in the second quarter. New models have been well received in the market.

Research and development expenditure in was EUR 0.9 (0.9) million in the financial year, or 3.2% (3.1%) of net sales. EUR 0.3 (0.4) million of this was capitalised on the balance sheet.

Suomussalmi talc reserves

On 30.8.2019, Tulikivi announced that the JORC report on Tulikivi's Suomussalmi talc deposit had been completed on that date. According to the report, the indicated mineral resources of the Haaponen deposit are 12.3 million tonnes and the average talc content is 45%. Furthermore, additional drilling has indicated that the deposit continues unchanged to a depth of at least 75 metres below the known mineralisation. Based on the drilling, the potential additional mineralisation is approximately 7 to 10 million tonnes. In addition, according to the Geological Survey of Finland, the Kivikangas, Sivusuvanto and Kivisuvanto deposits, which are located in the same mining district, have a total mineral deposit potential in excess of 10 million tonnes. Concentration tests carried out by the Geological Survey of Finland show that the talc is suitable for most commercial products. The mineral deposit report was prepared by Markku Meriläinen, MAusIMM JORC (2012), and Pekka Loven, MAusIMM (CP) JORC (2012), as the Competent Persons.

The mineral resource report shows that the deposit is significant on the European scale. Because of its extent and shape, the Haaponen deposit can be efficiently mined as an open pit. Open pit optimisation based on the mineral resource report and our cash flow models indicate that the deposit can be mined profitably.

Evaluation of the possibility of selling the deposit or the financial impact of the deposit is premature.

Personnel

The Group had an average of 205 (200) employees during the financial year. Salaries and bonuses during the financial year totalled EUR 8.7 (8.6) million. The number of personnel will be adjusted through lay-offs in accordance with the level of demand.

Annual General Meeting

On 24.4.2019, Tulikivi Corporation's Annual General Meeting resolved not to distribute a dividend for the 2018 financial year. Jaakko Aspara, Liudmila Niemi, Markku Rönkkö, Reijo Svanborg, Jyrki Tähtinen and Heikki Vauhkonen were elected as members of the Board of Directors. The Board elected Jyrki Tähtinen as its Chair. The auditor appointed was KPMG Oy Ab, Authorised Public Accountants, with Kirsi Jantunen, APA, as principal auditor.

The Annual General Meeting authorised the Board of Directors to decide on issuing new shares and on assigning Tulikivi Corporation shares held by the company in accordance with the proposals of the Board. Tulikivi can issue new shares or assign treasury shares as follows: a maximum of 15,656,622 Series A shares and a maximum of 2,304,750 Series K shares.

The authorisation includes the right to decide on a directed rights issue, deviating from the shareholders' right of pre-emption, provided that there is a compelling financial reason for the company. The authorisation also includes the right to decide on a bonus issue to the company itself, where the number of shares issued to the company is no more than one tenth of the total number of the company's shares.

The authorisation also includes the right to issue special rights referred to in chapter 10, section 1 of the Limited Liability Companies Act, which would give entitlement to Tulikivi shares against payment or by setting off a receivable. The authorisation includes the right to pay the company's share remuneration. The Board is authorised to decide on other matters concerning share issues. The authorisation is valid until the 2020 Annual General Meeting.

Treasury shares

The company did not purchase or assign any treasury shares during the reporting period. At the end of the period, the total number of Tulikivi shares held by the company was 124,200 Series A shares, corresponding to 0.2 per cent of the company's share capital and 0.1 per cent of all voting rights.

Near-term risks and uncertainties

The Group's most significant risk is a decline in net sales in the principal market areas. New construction and renovation projects affect the sales of Tulikivi products in Finland. The political and economic uncertainty in Central Europe and Russia are having an effect on the demand for Tulikivi's products.

Improving the Group's financing position and securing the continuity of financing require an improvement in profitability. If the company's business operations and result do not develop as planned, the repayment of its loans may create a greater burden on the company's cash flow than anticipated. There is also a risk of breach of the covenants and that the talc project will not succeed. A further risk is that the company will not succeed in negotiating a sufficient repayment programme and terms with its financiers. If the profitability of the business does not improve as planned, there is also a risk of the company being forced to recognise impairment on its business operations and to reduce the amount of deferred tax assets on its balance sheet.

With regard to the company's foreign currency risk, the most significant currencies are the Russian rouble and the US dollar. About 90% of the company's cash flow is in euros, meaning that the company's exposure to foreign currency risks is low. A weakening of currencies may have an adverse effect on the sales margin.

The risks are described in more detail on page 82 of the Annual Report 2018.

Future outlook

Net sales are expected to increase in 2020, and the comparable operating profit is expected to be positive.

FINANCIAL STATEMENT Jan-Dec 2019. SUMMARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Eur million	1-12/19	1-12/18	Change. %	10-12/19	10-12/18
Sales	28.7	28.6	0.3	8.8	8.7
Other operating income	0.2	0.3		0.1	0.1
Increase/decrease in inventories in finished goods and in work in progress	-0.2	-0.9		0.2	-0.4
Production for own use	0.4	0.5		0.2	0.1
Raw materials and consumables	-6.9	-7.1		-2.2	-2.1
External services	-3.7	-3.5		-1.2	-1.0
Personnel expenses	-10.5	-10.4		-3.2	-3.1
Depreciation and amortisation	-3.3	-2.4		-1.5	-1.0
Other operating expenses	-5.5	-6.1		-1.6	-1.8
Operating profit/loss	-0.8	-1.0	24.7	-0.5	-0.5
Percentage of sales	*-2.7 %*	*-3.6 %*		*-5.2 %*	*-5.6 %*
Finance income	0.1	0.0		0.0	0.0
Finance expense	-0.8	-0.8		-0.2	-0.2
Share of the profit of associated company	0.0	0.0		0.0	0.0
Profit before tax	-1.5	-1.8	12.0	-0.7	-0.7
Percentage of sales	*-5.4 %*	*-6.2 %*		*-7.6 %*	*-7.9 %*
Direct taxes	-0.1	0.0		0.0	0.0
Profit/loss for the period	-1.6	-1.8	8.6	-0.7	-0.7
Other comprehensive income					
Items that may later have effect on profit or loss					
Interest rate swaps	0.0	0.0		0.0	0.0
Translation difference	0.0	0.0		0.0	0.0
Total comprehensive income for the period	-1.6	-1.8	11.7	-0.7	-0.7
Earnings per share attributable to the equity holders of the parent company, EUR, basic and diluted	-0.03	-0.03		-0.01	-0.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (EUR million)	12/19	12/18
Non-current assets		
Property, plant and equipment		
Land	0.8	0.8
Buildings	4.4	3.4
Machinery and equipment	1.4	1.7
Other tangible assets	1.0	1.0
Intangible assets		
Goodwill	2.8	3.7
Other intangible assets	9.8	9.7
Investment properties	0.1	0.1
Available-for sale-investments	0.0	0.0
Receivables		
Other receivables	0.1	0.1
Deferred tax assets	3.1	3.1
Total non-current assets	23.3	23.5
Current assets		
Inventories	6.6	6.9
Trade receivables	2.6	2.6
Current income tax receivables	0.0	0.0
Other receivables	0.4	0.7
Cash and cash equivalents	1.2	0.8
Total current assets	10.7	11.1
Total assets	34.0	34.6

EQUITY AND LIABILITIES (EUR million)	12/19	12/18
Equity		
Share capital	6.3	6.3
The invested unstricted equity fund	14.4	14.4
Revaluation reserve	0.0	0.0
Treasury shares	-0.1	-0.1
Translation difference	0.1	0.0
Retained earnings	-13.0	-11.3
Total equity	7.7	9.3
Non-current liabilities		
Deffered income tax liabilities	0.7	0.7
Provisions	0.3	0.3
Interest-bearing debt	13.9	0.0
Other debt	1.4	0.0
Total non-current liabilities	16.2	0.9
Current liabilities		
Trade and other payables	8.9	9.0
Short-term interest bearing debt	0.0	0.0
Current liabilities	1.2	15.4
Total current liabilities	10.1	24.4
Total liabilities	26.3	25.3
Total equity and liabilities	34.0	34.6

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR million)

	1-12/19	1-12/18
Cash flows from operating activities		
Profit for the period	-1.6	-1.8
Adjustments		
Non-cash transactions	3.3	2.3
Interest expenses and interest income and taxes	0.9	0.8
Change in working capital	-0.2	1.1
Interest paid and received and taxes paid	-0.7	-0.8
Net cash flow from operating activities	1.6	1.6
Cash flows from investing activities		
Investment in property, plant and equipment and intangible assets	-1.0	-1.1
Grants received for investments and sales of property, plant and equipment	0.3	0.0
Net cash flow from investing activities	-0.7	-1.1
Cash flows from financing activities		
Proceeds from non-current and current borrowings	0.5	0.0
Repayment of non-current and current borrowings	-0.3	-0.3
Payments of lease liabilities	-0.8	0.0
Dividends paid and treasury shares	0.0	0.0
Net cash flow from financing activities	-0.6	-0.3
Change in cash and cash equivalents	0.3	0.2
Cash and cash equivalents at beginning of period	0.8	0.6
Cash and cash equivalents at end of period	1.2	0.8

Consolidated statement of changes in equity (EUR Million)

	Share capital	The invested unstricted equity fund	Revaluetion reserve	Treasury shares	Translations diff.	Retained earnings	Total
Equity Jan. 1, 2019	6.3	14.4	0.0	-0.1	0.0	-11.3	9.3
Total comprehensive income for the period			0.0		0.0	-1.6	-1.6
Transactions with the owners							
Dividends paid						0.0	0.0
Equity Dec. 31, 2019	6.3	14.4	0.0	-0.1	0.1	-13.0	7.7
Equity Jan. 1, 2018	6.3	14.4	0.0	-0.1	0.1	-9.5	11.1
Total comprehensive income for the period			0.0		0.0	-1.8	-1.8
Transactions with the owners							
Dividends paid						0.0	0.0
Equity Dec. 31, 2018	6.3	14.4	0.0	-0.1	0.0	-11.3	9.3

Key financial ratios and share ratios

	1-12/19	1-12/18	10-12/19	10-12/18
Earnings per share, EUR	-0.03	-0.03	-0.01	-0.01
Equity per share, EUR	0.13	0.16	0.13	0.16
Return on equity, %	-19.3	-17.6	-8.6	-7.5
Return on investments, %	-3.0	-3.8	-1.9	-1.9
Equity ratio, %	23.0	27.4		
Net debtness ratio, %	200.1	156.6		
Current ratio	1.1	0.5		
Gross investments, MEUR	0.9	1.1		
Gross investments, % of sales	3.1	4.0		
Research and development costs, MEUR	0.9	0.9		
%/sales	3.2	3.1		
Outstanding orders, MEUR	2.9	3.0		
Average number of staff	205	200		
Rate development of shares, EUR				
Lowest share price, EUR	0.10	0.08		
Highest share price, EUR	0.19	0.21		
Average share price, EUR	0.14	0.16		
Closing price, EUR	0.17	0.10		
Market capitalization at the end period, 1000 EUR	10 038	5 795		
(Supposing that the market price of the K-share is the same as that of the A-share)				
Number of the shares traded, (1000 pcs)	8 263	10 528		
% of total amount of A-shares	16.0	20.3		
Number of shares average	59 747 043	59 747 043	59 747 043	59 747 043
Number of the shares at the end of period	59 747 043	59 747 043	59 747 043	59 747 043

Notes to the financial statements

The information presented in the financial statements release has not been audited.

This financial statements release has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The company has applied the standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers as of 1.1.2018. The company has chosen cumulative effect as its IFRS 15 approach, which means that the accumulated effect is recognised on 1.1.2018, the initial date of applying the standard. The company adopted the IFRS 16 Leases standard on 1.1.2019. Under the standard, a lessee will recognise assets and liabilities based on the right of use on its balance sheet. The company applied some of the recognition exemptions allowed by the standard, according to which short-term leases and leases where the underlying asset has a low value are not recognised on the balance sheet. With regard to leases valid until further notice, the company only recognises leases with a notice period of more than 12 months on its balance sheet. The impact of IFRS 16 Leases on the opening balance sheet of 2019 was EUR 1.5 million, of which EUR 0.9 million were non-current and EUR 0.6 million were current liabilities. The balance sheet value of assets recognised under Buildings increased by EUR 1.4 million and that of assets under Machinery and Equipment by EUR 0.1 million. Leasing costs decreased by EUR 0.8 million and depreciation increased by EUR 0.7 million during the financial year 2019 due to the impact of IFRS 16, and hence IFRS 16 had no significant impact on profit or loss in 2019. The company chose the simplified approach in the transition to the standard, and thus the comparative figures for the previous year were not adjusted. Lease liabilities on the balance sheet according to IFRS 16 at 31 December 2019 was EUR 1.5 million. The weighted average discount rate for lease liabilities under IFRS 16 was 3.0%. Otherwise Tulikivi has applied the same IFRS accounting principles in this financial statements release as in the previous consolidated financial statements. The key figures presented in the financial statements release have been calculated using the same formulas as the latest financial statements for 2018. As there no longer were non-recurring expenses in this or the previous review period, no figures based on non-recurring expenses are presented. The formulas are presented on page 86 of the Annual Report 2018.

IFRS 16 Reconciliation calculation of lease liability (MEur)

Minimum lease liabilities according to IAS 17 at 31 December 2018		0.53
Leases where the underlying asset has a low value and leases of less than 12 months	-0.02	
Minimum lease liabilities in total according to IFRS 16 at 31 December 2018		0.51
Changes due to IFRS 16, based on the management's estimate	1.03	
Effect of discounting	-0.06	
Lease liabilities on the balance sheet according to IFRS 16 at 1 January 2019		1.48

Sales, MEUR	1-12/2019	1-12/2018
Finland	12.4	12.9
Other european countries	15.3	14.9
North America	0.9	0.8
Total	28.7	28.6

Commitments (EUR million)

	12/19	12/18
Loans from credit institutions and other long term debts and loan guarantees, with related mortgages and pledges	15.1	15.4
Mortgages granted and collaterals pledged	35.8	35.8
Other given guarantees and pledges on behalf of own liabilities	0.5	0.5

Available-for-sale financial assets are investments in unlisted shares. They are valued at acquisition cost because their fair value cannot be reliably determined.

Provisions (EUR million)

	Environmental provision 12/19	Warranty provision 12/19
Provisions Jan. 1.	0.2	0.1
Increase in provisions	0.0	0.0
Used Provisions	0.0	0.0
Discharge on reserves	0.0	0.0
Provisions Dec. 30.	0.2	0.1

	12/19
Non-current provisions	0.3
Current provisions	0.0
Total	0.3

Changes in tangible assets are classified as follows (EUR million):

	1-12/19	1-12/18
Acquisition costs	0.0	0.2
Proceeds from sale	0.0	0.0
Total	0.0	0.2

Changes in intangible assets are classifies as follows (EUR million):

	1-12/19	1-12/18
Acquisition costs, net	0.9	1.0
Amortisation loss	0.0	0.0
Total	0.9	1.0

Share capital
Share capital by share series

	Shares, number	Percentage, % shares	Percentage, % votes	Percentage, EUR share capital
Series K shares (10 votes)	7,682,500	12.8	59.5	810,255
Series A shares (1 vote)	52,188,743	87.2	40.5	5,504,220
Total, 31.12.2019	59,871,243	100.0	100.0	6 314 475

There have been no changes in Tulikivi Corporation´s share capital during the financial year. According to the Articles of Association, the dividend paid on Series A shares shall be EUR 0.0017 higher than the dividend paid on Series K shares. The A share is listed on NASDAQ OMX Helsinki. At the end of the review period, the company held 124,200 series A shares.

Related party transactions
Tulikivi announced on 7.8.2019 that it had decided to take out interest-bearing debt of EUR 0.5 million due to the delay of the Suomussalmi talc project. The loan period is three years, and the annual interest of the loans is 8%. Tulikivi Corporation will not issue collateral for the loans. In terms of repayment, the company's senior debt takes precedence over these loans. The company may, however, repay these loans if the talc project is concluded before it repays the senior debt of its principal financing providers. Of the loan agreements, EUR 0.2 million have been signed with

Jaakko Aspara, Markku Rönkkö, Reijo Svanborg and Jyrki Tähtinen, who are Tulikivi Corporation's related parties and members of its Board of Directors.

There were no other transactions with associated companies or related parties during the review period.

Management benefits (EUR 1,000)

	1–12/19	1–12/18
Board members' and Managing Director's salaries and other short-term employee benefits	403	392

Principal shareholders on 31.12.2019

Name of shareholder	Shares	Percentage of votes
1. Heikki Vauhkonen	6,873,839	45.9%
2. Elo Mutual Pension Insurance Company	4,545,454	3.5%
3. Ilmarinen Mutual Pension Insurance Company	3,420,951	2.7%
4. Eliisa Elo	3,108,536	5.7%
5. Jouko Toivanen	2,531,259	2.7%
6. Finnish Cultural Foundation	2,258,181	2.4%
7. Susanna Mutanen	1,643,800	6.8%
8. Fennia Mutual Insurance Company	1,515,151	1.2%
9. Jarkko Nikkola	1,415,000	1.1%
10. EVK-Capital Oy	800,000	0.6%
Others	31,760,572	27.4%

The companies included in the Group are the parent company Tulikivi Corporation; Tulikivi U.S., Inc., in the United States; and OOO Tulikivi in Russia. Group companies also include Tulikivi GmbH and The New Alberene Stone Company, Inc., which are dormant.

TULIKIVI CORPORATION

Board of Directors

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