Tulikivi

FINANCIAL STATEMENTS RELEASE Jan–Dec 2018

Tulikivi Corporation
Financial statements release, Jan–Dec 2018: Comparable result on the 2017 level and talc project making progress
15 February 2019 at 1 p.m.

- The Tulikivi Group's fourth-quarter net sales were EUR 8.7 million (EUR 8.6 million, Q4/2017).
- The Tulikivi Group's fourth-quarter operating result was EUR -0.5 (0.0) million and the result before taxes was EUR -0.7 (-0.2) million, including a goodwill impairment loss of EUR -0.5 (0.0) million. The Tulikivi Group's comparable fourth-quarter operating result was EUR 0.0 (0.0) million and EUR -0.2 (-0.2) million before taxes.
- The Tulikivi Group's net sales were EUR 28.6 million in 2018 (EUR 29.3 million in 1-12/2017). The operating result was EUR -1.0 (-0.4) million in 2018 and the result before taxes was EUR -1.8 (-1.2) million, including a goodwill impairment loss of EUR -0.5 (0.0) million. Comparable operating result was EUR -0.5 million (-0.4) in 2018 and EUR -1.3 million (-1.2) before taxes.
- Net cash flow from operating activities was EUR 0.5 (0.9) million in the fourth quarter and EUR 1.6 (1.9) million in the financial year.
- The year-end order books stood at EUR 3.0 (2.9) million.
- Sales of the new Karelia and Pielinen fireplace collections continued to develop well, both in exports and domestically.
- Future outlook: Net sales are expected to increase in 2019, and the comparable operating profit is expected to be positive.

Key financial ratios

	1-12/18	1-12/17	Change, %	10-12/18	10-12/17	Muutos, %
Sales, MEUR	28.6	29.3	-2.4 %	8.7	8.6	1.9
Operating profit/loss, MEUR	-1.0	-0.4	-179.3 %	-0.5	0.0	-6871.4
Operating profit/loss without impairment loss, MEUR	-0.5	-0.4	-40.9 %	0.0	0.0	385.7
Profit before tax, MEUR	-1.8	-1.2	-50.7 %	-0.7	-0.2	-204.9
Total comprehensive income for the period, MEUR	-1.8	-1.3	-44.2 %	-0.7	-0.2	-293.2
Earnings per share, Euro	-0.03	-0.02		-0.01	0.00	
Net cash flow from operating activities, MEUR	1.6	1.9		1.0	0.9	
Equity ratio, %	27.4	30.7				
Net indebtness ratio, %	156.6	135.3				
Return on investments, %	-3.8	-1.2		-1.9	0.0	

Comments by Heikki Vauhkonen, Managing Director:

The sales growth of the new Karelia and Pielinen collections continued to develop well in the last quarter but sales of traditional and lining stone products were lower than had been anticipated.

The overall fireplace market in our principal market areas decreased in 2018.

Export sales of Tulikivi products grew in the Central European and Scandinavian markets, however, thanks to the new collections. In Russia, the biggest export country, net sales in euros was at the 2017 level despite the weakening of the rouble against the euro.

Fireplace sales in Finland declined because low-rise housing construction did not reach the level of growth forecasted and the sales of fireplaces in the renovation market fell.

Net sales from saunas and interior stones continued to grow in the fourth quarter. Net sales were increased by the good demand for electric sauna heaters and the successful sales of interior stones to project sites.

Due to the decline in net sales in 2018, the sales margin decreased from 2017. A decrease in inventories had a negative effect on profitability of EUR 1.2 million. We were able to decrease fixed costs as planned.

In Central Europe, the new Karelia and Pielinen fireplace collections continued to significantly increase dealers' and consumers' interest in Tulikivi products. This has enabled us to open new dealer locations and reactivate old ones. These collections have increased our market share in Central Europe.

A new Saramo model with a horizontal door and the Senso fireplace controller have been added to the Karelia collection. The Senso makes it easier to use the fireplace easier and reduces emissions. In addition, three new door types were launched in the popular Pielinen collection in the first quarter of 2019.

In the fourth quarter, the company's order intake was EUR 8.4 (8.3) million.

The company's order books amounted to EUR 3.0 (2.9) million at the end of the financial year.

The results of the studies conducted in the Suomussalmi talc deposit project in 2018 exceeded our expectations. As a result of the JORC report, the size of the deposit has been increased to 12 million tonnes, making it the largest known talc deposit in Finland. The studies and cash flow models carried out as part of the studies have confirmed our view that if utilised the deposit could be profitable. The project has also prompted so much interest among potential buyer candidates and partners that in October 2018 the company appointed Initia Ltd to provide financial advice on the sale of the deposit. The process to sell the deposit is proceeding despite delays in the JORC report.

The new fireplace collections have been very well received in Finland and abroad. Low-rise construction is not expected to increase significantly in Finland despite the good general economic situation. 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 and profitability in both Finland and exports in 2019.

Financial statements Jan–Dec 2018

Operating environment

The recovery of low-rise construction and renovation projects over recent years, as well as the improvement in consumer confidence, have increased construction activity in Finland. Low-rise construction starts have begun to increase in the EU, which will boost the performance of the fireplace market in the near future. Demand for Tulikivi products is growing in Russia, but is dependent on the exchange rate of the rouble.

Net sales and result

The Tulikivi Group's fourth-quarter net sales totalled EUR 8.7 million (EUR 8.6 million in the fourth quarter of 2017). Fourth-quarter operating result totalled EUR -0.5 million (0.0) and the profit before taxes was EUR -0.7 (-0.2) million, including an impairment loss of goodwill of EUR -0,5 (0.0). As a result of impairment testing conducted in conjunction with the preparation of its financial statements, Tulikivi has decided to recognise an EUR 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. Comparable fourth-quarter operating result was EUR -0.5 (-0.4) million and the profit before taxes EUR -1.3 (-1.2) million. The sales growth of the new Karelia and Pielinen collections continued to develop well in the last quarter but the demand for traditional and lining stone products was weaker than had been anticipated. Net sales from saunas and interior stones continued to grow in the fourth quarter. Net sales were increased by the good demand for electric sauna heaters and the successful sales of interior stones to project sites.

Tulikivi Group net sales in 2018 totalled EUR 28.6 million (EUR 29.3 million in Jan-Dec/2017). The operating result in 2018 totalled EUR -1.0 million (-0.4), and the profit before taxes was EUR -1.8 (-1.2) million, including a goodwill impairment loss of EUR -0.5 (0.0). The comparable operating result in 2018 was EUR -0.5 (0.4) million, and the result before taxes was EUR -1.3 (-1.2) million. The overall fireplace market in our principal market areas decreased in 2018. The autumn fireplace season started slowly after the long and hot summer, which is why our net sales were lower than expected in the second half of the year. Due to the decline in net sales in 2018, the sales margin decreased from 2017. A decrease in inventories had a negative effect on profitability of EUR 1.2 million. We were able to decrease fixed costs as planned.

The company's order books amounted to EUR 3.0 (2.9) million at the end of the financial year. In the fourth quarter, the company's order intake was EUR 8.4 (8.3) million. Orders increased for interior stone products and saunas and for fireplace exports, and decreased for heater lining stones and for fireplaces in Finland.

Net sales in Finland increased in the financial year and were EUR 12.9 (13.4) million, or 45.1% (45.6%) of total net sales. Fireplace sales in Finland declined because low-rise housing construction did not reach the level of growth forecasted and the sales of fireplaces in the renovation market fell. Thanks to updated collections, changes to distribution channels and closer cooperation with the home-building industry, we have been able to increase our market share in 2018 according to statistics published by Rakennustutkimus RTS Oy.

Net sales in exports in the financial year were EUR 15.7 (15.9) million, or 54.9% (54.4%) of total net sales. The principal export countries were Russia, Germany, France, Sweden and Denmark. Export sales of Tulikivi products grew in the Central European and Scandinavian markets, however, thanks to the new collections. In Russia, the biggest export country, net sales in euros was at the 2017 level despite the weakening of the rouble against the euro. In Central Europe, the new Karelia and Pielinen fireplace collections continued to significantly increase dealers' and consumers' interest in Tulikivi products. This has enabled us to open new dealer locations and reactivate old ones. These collections have increased our market share in Central Europe.

The products in the 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, as well as markets where there is no expertise in installing heat-retaining fireplaces.

The new fireplace collections have been very well received in Finland and abroad. Low-rise construction is not expected to increase significantly in Finland despite the good general economic situation. 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 and profitability in both Finland and exports in 2019.

Financing

Net cash flow from operating activities was EUR 0.5 (0.9) million in the fourth quarter, and EUR 1.6 (1.9) million during the financial year. Working capital decreased by EUR 1.0 (1.5) million during the financial year. Inventories decreased by EUR 1.2 million during the financial year. At the end of 2018, working capital stood at EUR 1.3 (2.2) million.

Loan repayments totalled EUR 0.3 (0.7) million in the financial year. Interest-bearing liabilities stood at EUR 15.4 (15.7) million at the end of the financial year, and net financial expenses for the financial year were EUR 0.8 (0.8) million. The equity ratio at the end of the financial year was 27.4% (30.7%). The ratio of interest-bearing net debt to equity, or gearing, was 156.6% (135.3%). The current ratio was 0.5 (0.5), and equity per share was EUR 0.16 (0.19). At the end of the financial year, the Group's cash and other liquid assets totalled EUR 0.8 (0.6) million.

On 31 October 2018 the company signed a new financing agreement with its finance providers which replaced the earlier three-year agreement, including its amendments, which was signed on 11 December 2015. The financing agreement includes a repayment programme for 2018–2019 in relation to the responsibilities of the finance providers and loan covenants to finance providers. The financing agreement includes covenants concerning EBITDA, the equity ratio and the ratio of debt to EBITDA, for example. The company has negotiated a waiver on its covenants concerning EBITDA and the ratio of net debt to EBITDA at 31 December 2018. In the company management's opinion, the company will not meet its covenants concerning EBITDA and the ratio of net debt to EBITDA at 31 March 2019 and 30 June 2019. As a result of this, long-term financial liabilities have been classified as short-term financial liabilities in these financial statements in accordance with the IFRS standard. However, the management believes that it will receive waivers from its finance providers on said covenants and that as a result, they will not demand the repayment of debt. The company has agreed with its finance providers that it will commence negotiations on the 2020 repayment programme and its terms no later than 30 September 2019.

As a result of posting a loss, the parent company's equity has fallen to less than 50% of share capital. The parent company's equity was EUR 0.8 million (consolidated equity EUR 9.3 million) in the financial statements, 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. The financial statements as referred to in the Limited Liability Companies Act will be for the period January–December 2018. As required in the Limited Liability Companies Act, the Annual General Meeting that will decide on the Board's proposal concerning measures required by the company's financial situation will be the company's Annual General Meeting to be held on 24 April 2019. The Board of Directors' proposal to the Annual General Meeting will consider, among other things, the company's positive performance budgeted for 2019 and what is stated this financial statements release on the Suomussalmi talc deposit.

Investments and product development

The Group's investments in the financial year came to EUR 1.1 (1.5) million, including EUR 0.2 million in the talc project. A new Saramo model with a horizontal door and the Senso fireplace controller have been added to the Karelia collection. The Senso makes it easier to use the fireplace easier and reduces emissions. In addition, three new door types will be launched in the popular Pielinen collection in the first quarter of 2019.

Research and development expenditure in was EUR 0.9 (1.0) million in the financial year, or 3.1% (3.6%) of net sales. EUR 0.4 (0.5) million of this was capitalised on the balance sheet.

Suomussalmi talc reserves

On 20 April 2017, Tulikivi announced its decision to study opportunities to exploit the talc reserves in the Suomussalmi deposit. Tulikivi's soapstone reserves in Suomussalmi have talc reserves that are believed to be suitable for talc production. On 13 June 2017, Tulikivi announced that according to analyses conducted by the Geological Survey of Finland, the talc grades of the deposit correspond to previous talc projects carried out in Finland in terms of talc content, yield and brightness. Based on the test results received then and the drilling tests that were earlier carried out for the purpose of soapstone production, Tulikivi estimates that there are approximately 20 million tonnes of talc ore in Suomussalmi. On 24 August 2017, Tulikivi announced that during summer 2017, it had explored potential partners' interest in exploiting the Suomussalmi talc deposit on the basis of the Geological Survey of Finland's analysis and the earlier drilling tests.

In September 2017, based on the feedback received, Tulikivi's Board of Directors launched preparations for the sale of the talc deposit. In February 2018, as part of this process, the company ordered an official ore study of part of the Haaponen deposit in Suomussalmi from the Geological Survey of Finland that meets the international JORC code. The first stage of the study will cover a roughly six-million-tonne portion of the talc deposit. The purpose of the study is to verify the concentration capacity of the deposit for the purposes of talc production. Other studies will also be conducted concerning talc quarrying and concentration. The project has been granted EUR 0.1 million in EU structural funding.

Tulikivi announced on 25 September 2018 that it had appointed Initia Ltd to provide financial advice on the sale of the Suomussalmi talc deposit as of 24 September 2018.

On 21 December 2018, Tulikivi announced that the Suomussalmi talc deposit JORC report will expand to 12 million tonnes. The drilling indicated that the area of the deposit is larger than was estimated earlier and that it continues at a consistent quality and volume to 100 metres, the depth now studied. The GTK is currently carrying out laboratory tests on additional samples from the additional drilling work and its reports should be completed in early 2019.

Overall, the results of the studies conducted under the Suomussalmi talc deposit project in 2018 exceeded the company's expectations. As a result of the JORC report, the size of the deposit has been increased to 12 million tonnes, making it the largest known talc deposit in Finland.

Evaluation of the possible success or financial impact of sales is premature.

Personnel

The Group had an average of 200 (208) employees during the financial year. Salaries and bonuses during the financial year totalled EUR 8.6 (9.1) million. The number of personnel will be adjusted through lay-offs in accordance with the level of demand. The Tulikivi Group has an incentive pay scheme for all personnel. The company also has a stock option scheme for management that was launched in 2013.

Annual General Meeting

Tulikivi Corporation's Annual General Meeting, held on 19 April 2018, resolved not to distribute a dividend on the 2017 financial year. Jaakko Aspara, Markku Rönkkö, Paula Salastie, Reijo Svanborg, Jyrki Tähtinen and Heikki Vauhkonen were elected as members of the Board of Directors. The Board elected Jyrki Tähtinen as its Chairman. The auditor appointed was KPMG Oy Ab, Authorised Public Accountants, with Kirsi Jantunen, APA, as principal auditor.

In response to the company's equity falling below 50% of its share capital, the Annual General Meeting decided on restructuring measures. In accordance with the Board of Directors' proposal, the Annual General Meeting decided that the Board shall continue the measures it has already initiated and investigate other measures to restructure the company when the parent company's equity is below 50% of its share capital.

The Annual General Meeting authorised the Board of Directors to decide on issuing new shares and on the transfer of Tulikivi Corporation shares held by the company in accordance with the proposals of the Board. Tulikivi can issue new shares or transfer 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 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 the receivable. The authorisation includes the right to pay the company's share rewards. The Board is authorised to decide on other matters concerning share issues. The authorisation is valid until the 2019 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.

Board of Directors' proposal on the use of distributable equity

The parent company has no distributable equity. The Board will propose to the Annual General Meeting that no dividend be paid out for 2018.

Near-term risks and uncertainties

The Group's most significant risk is a decline in net sales in the principal market areas. A potential halt in the resumed growth in new construction and renovation projects would affect the demand for Tulikivi products in Finland. The slower-than-predicted recovery of the markets in Central Europe and the uncertain economic situation in Russia also affect the demand for fireplaces.

Improving the Group's financing position and securing the continuation 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. A further risk is that the company will not succeed in negotiating a sufficient repayment programme and terms with its financiers.

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 very 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 2017 annual report and in the 2018 annual report that will be published during the week beginning 15 March 2019 (week 13).

Future outlook

Net sales are expected to increase in 2019, and the comparable operating profit is expected to be positive.

FINANCIAL STATEMENT Jan-Dec 2018. SUMMARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Eur million	1-12/18	1-12/17	Change. %	10-12/18	10-12/17
Sales	28.6	29.3	-2.4	8.7	8.6
Other operating income	0.3	0.3		0.1	0.1
Increase/decrease in inventories in finished goods and in work in progress	-0.9	0.2		-0.4	-0.2
Production for own use	0.5	0.7		0.1	0.5
Raw materials and consumables	-7.1	-7.0		-2.1	-2.0
External services	-3.5	-4.1		-1.0	-1.4
Personnel expenses	-10.4	-10.8		-3.1	-2.9
Depreciation and amortisation	-2.4	-2.1		-1.0	-0.5
Other operating expenses	-6.1	-7.0		-1.8	-2.1
Operating profit/loss	-1.0	-0.4	-179.3	-0.5	0.0
Percentage of sales	*-3.6 %*	*-1.3 %*		*-5.6 %*	*-0.1 %*
Finance income	0.0	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	-1.8	-1.2	-50.7	-0.7	-0.2
Percentage of sales	*-6.2 %*	*-4.0 %*		*-7.9 %*	*-2.6 %*
Direct taxes	0.0	-0.1		0.0	0.0
Profit/loss for the period	-1.8	-1.2	-44.8	-0.7	-0.3
Other comprehensive income					
Items that may later have effect on profit or loss					
Interest rate swaps	0.0	0.1		0.0	0.0
Translation difference	0.0	-0.1		0.0	0.0
Total comprehensive income for the period	-1.8	-1.3	-44.2	-0.7	-0.2
Earnings per share attributable to the equity holders of the parent company, EUR, basic and diluted	-0.03	-0.02		-0.01	0.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (EUR million)	12/18	12/17
Non-current assets		
Property, plant and equipment		
Land	0.8	0.8
Buildings	3.4	3.9
Machinery and equipment	1.7	2.3
Other tangible assets	1.0	0.9
Intangible assets		
Goodwill	3.7	4.2
Other intangible assets	9.7	9.6
Investment properties	0.1	0.1
Available-for sale-investments	0.0	0.0
Receivables		
Other receivables	0.1	0.2
Deferred tax assets	3.1	3.2
Total non-current assets	23.5	25.1
Current assets		
Inventories	6.9	8.1
Trade receivables	2.6	2.2
Current income tax receivables	0.0	0.0
Other receivables	0.7	0.6
Cash and cash equivalents	0.8	0.6
Total current assets	11.1	11.5
Total assets	34.6	36.6

EQUITY AND LIABILITIES (EUR million)	12/18	12/17
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	0.0	0.1
Retained earnings	-11.3	-9.5
Total equity	9.3	11.2
Non-current liabilities		
Deffered income tax liabilities	0.7	0.8
Provisions	0.3	0.3
Interest-bearing debt	0.0	0.0
Other debt	0.0	0.1
Total non-current liabilities	0.9	1.1
Current liabilities		
Trade and other payables	9.0	8.7
Short-term interest bearing debt	0.0	0.0
Current liabilities	15.4	15.7
Total current liabilities	24.4	24.4
Total liabilities	25.3	25.5
Total equity and liabilities	34.6	36.6

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR million)

	1-12/18	1-12/17
Cash flows from operating activities		
Profit for the period	-1.8	-1.2
Adjustments		
Non-cash transactions	2.3	1.6
Interest expenses and interest income and taxes	0.8	0.9
Change in working capital	1.1	1.5
Interest paid and received and taxes paid	-0.8	-0.8
Net cash flow from operating activities	1.6	1.9
Cash flows from investing activities		
Investment in property, plant and equipment and intangible assets	-1.1	-1.5
Grants received for investments and sales of property, plant and equipment	0.0	0.0
Net cash flow from investing activities	-1.1	-1.5
Cash flows from financing activities		
Proceeds from non-current and current borrowings	0.0	0.0
Repayment of non-current and current borrowings	-0.3	-0.7
Dividends paid and treasury shares	0.0	0.0
Net cash flow from financing activities	-0.3	-0.7
Change in cash and cash equivalents	0.2	-0.3
Cash and cash equivalents at beginning of period	0.6	0.9
Cash and cash equivalents at end of period	0.8	0.6

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, 2018	6.3	14.4	0.0	-0.1	0.1	-9.5	11.2
Adoption of IFRS 15						0.0	0.0
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
Equity Jan. 1, 2017	6.3	14.4	-0.1	-0.1	0.2	-8.3	12.4
Total comprehensive income for the period			0.1		-0.1	-1.2	-1.2
Transactions with the owners							
Dividends paid						0.0	0.0
Equity Dec. 31, 2017	6.3	14.4	0.0	-0.1	0.1	-9.5	11.2

Key financial ratios and share ratios

	1-12/18	1-12/17	10-12/18	10-12/17
Earnings per share, EUR	-0.03	-0.02	-0.01	0.00
Equity per share, EUR	0.16	0.19	0.16	0.19
Return on equity, %	-17.6	-10.5	-7.5	-2.2
Return on investments, %	-3.8	-1.2	-1.9	0.0
Equity ratio, %	27.4	30.7		
Net debtness ratio, %	156.6	135.3		
Current ratio	0.5	0.5		
Gross investments, MEUR	1.1	1.5		
Gross investments, % of sales	4.0	5.1		
Research and development costs, MEUR	0.9	1.0		
%/sales	3.1	3.6		
Outstanding orders, MEUR	3.0	2.9		
Average number of staff	200	208		
Rate development of shares, EUR				
Lowest share price, EUR	0.08	0.18		
Highest share price, EUR	0.21	0.26		
Average share price, EUR	0.16	0.22		
Closing price, EUR	0.10	0.19		
Market capitalization at the end period, 1000 EUR	5 795	11 591		
(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)	10 528	28 244		
% of total amount of A-shares	20.3	54.5		
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 January 2018. The company has chosen cumulative effect as its IFRS 15 approach, which means that the accumulated effect is recognised on 1 January 2018, the initial date of applying the standard. The amendments to standards do not have a material effect on the company's net sales or operating result. As of 1 January 2019, the company will implement the IFRS 16 Leases standard. Under the standard, a lessee will recognise the asset and liability based on the right of use on its balance sheet. The impact of IFRS 16 Leases on the opening balance sheet of 2019 is approximately EUR 1.5 million euros, of which approximately EUR 0.9 euros is non-current and approximately EUR 0.6 million current liability. The Buildings asset will increase by approximately EUR 1.3 million and Machinery and equipment by approximately EUR 0.2 million. Rental costs are estimated to decrease by approximately EUR 0.6 million and depreciation to increase by approximately EUR 0.6 million in the 2019 financial year as a result of the IFRS 16 standard. 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 2017. As there are no non-recurring expenses in this or the previous review period, no figures based on non-recurring expenses are presented. The formulas can be found on page 86 of the Annual Report 2017.

	1-12/2018	1-12/2017
Sales, MEUR		
Finland	12.9	13.4
Other european countries	14.9	15.0
North America	0.8	0.9
Total	28.6	29.3

Income taxes (EUR million)

	1-12/18	1-12/17
Taxes for current and previous reporting periods	0.0	0.1
Deferred taxes	0.0	0.0
Total	0.0	0.1

Commitments (EUR million)

	12/18	12/17
Loans from credit institutions and other long term debts and loan guarantees, with related mortgages and pledges	15.4	15.7
Mortgages granted and collaterals pledged	35.8	35.8
Other given guarantees and pledges on behalf of own liabilities	0.5	0.5
Derivates		
Interest rate swpas: nominal value	0.0	1.9
Interest rate swaps; fair value	0.0	0.0

The fair value of derivatives is the gain or loss for closing the contract based on market rates on the balance sheet date. Derivatives contracts belong to Level 2 of the fair value hierarchy. 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	Warranty provision
	12/18	12/18
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. 31.	0.2	0.1

	12/18
Non-current provisions	0.3
Current provisions	0.0
Total	0.3

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

	1-12/18	1-12/17
Acquisition costs	0.2	0.5
Proceeds from sale	0.0	-0.1
Total	0.2	0.4

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

	1-12/18	1-12/17
Acquisition costs, net	1.0	1.0
Amortisation loss	0.0	0.0
Total	1.0	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 December 2018	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 (EUR 1 000)

There are no transactions with associated companies.

Transactions with other related parties

Tulikivi Corporation is a founder member of the Finnish Stone Research Foundation. The company has leased offices and storage facilities from a property owned by the Foundation and the North Karelia Educational Federation of Municipalities. The rent paid for these facilities was EUR 17 000 (36 000) in the financial year. The rent corresponds to market rents. The company's sales of services and land leases from the Foundation came to EUR 2 000 (6 000).

Management benefits (EUR 1,000)

	1-12/18	1-12/17
Board members' and Managing Director's salaries and other short-term employee benefits	392	374

Principal shareholders on 31 December 2018

Name of shareholder	Shares	Percentage of votes
1. Vauhkonen Heikki	6,873,839	45.9%
2. Elo Mutual Pension Insurance Company	4,545,454	3.5%
3. Ilmarinen Mutual Pension Insurance Company	3,720,562	2.9%
4. Elo Eliisa	3,108,536	5.7%
5. Toivanen Jouko	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. Nikkola Jarkko	1,390,000	1.1%
10. EVK-Capital Oy	800,000	0.6%
Others	31,485,961	27.2%

The companies included in the Group are the parent company Tulikivi Corporation, Tulikivi U.S. Inc. in the USA 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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