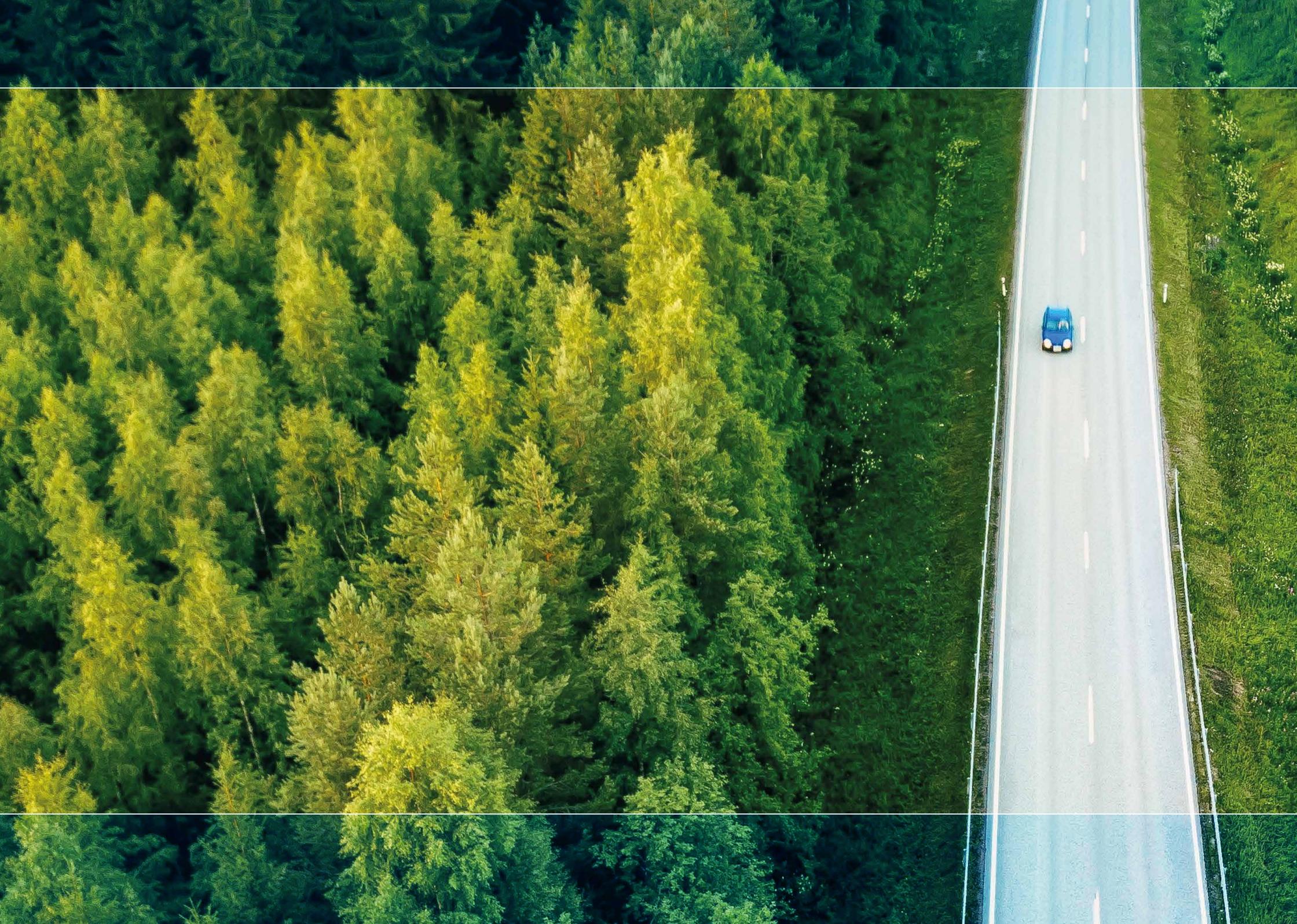


FINANCIAL STATEMENTS 2019



**KUUSAKOSKI**



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**KUUSAKOSKI**  
RECYCLING



**Alteams**

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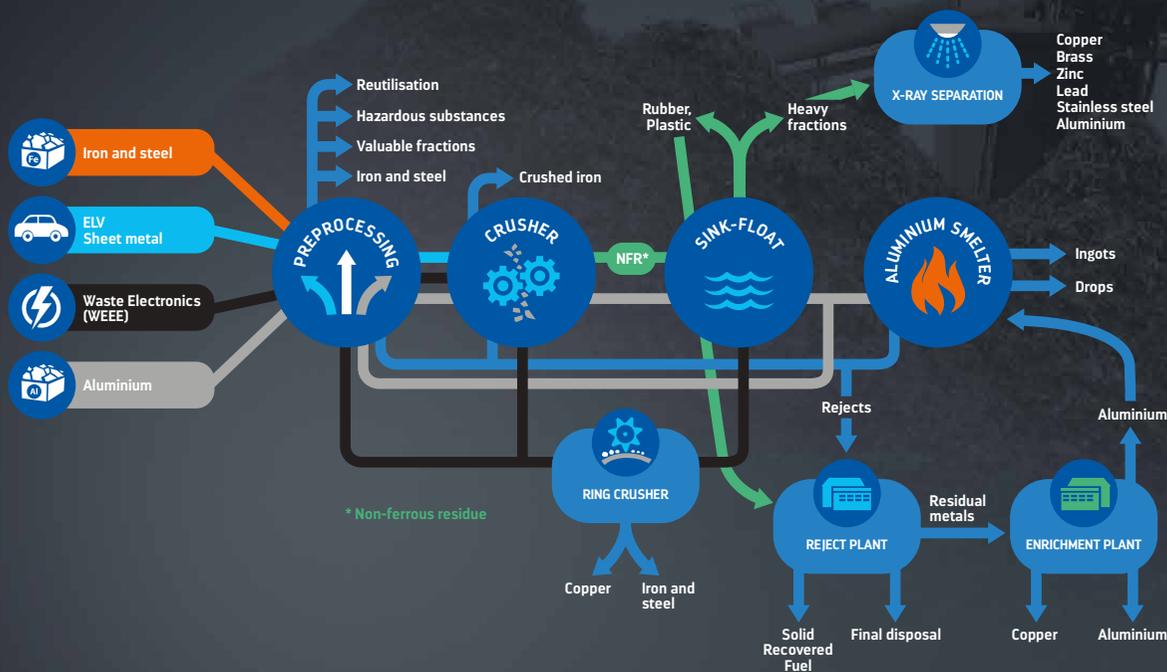


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# INTO LAST GEAR

Kuusakoski is an international recycling company whose core business is metal and waste electrical and electronic equipment (WEEE) recycling. End-of-life vehicles are an important source of raw materials in the company's home market, Finland. Vehicle recycling is an excellent example of the practically complete circulation of materials and of an efficient and responsible recycling process that has been carefully thought through from start to finish, paying special attention also to the customer experience. In Finland, Kuusakoski is a pioneer in vehicle recycling and the only operator that can separate and process all the different materials contained in a car using its own processes. In this way, the history of Kuusakoski and the development of vehicle recycling are strongly interconnected.



## End-of-life vehicles (ELV) in Kuusakoski's recycling process

Approximately 75% of the materials from end-of-life vehicles are different metals, which is why they are an important raw material in Kuusakoski's metal recycling process. With decades of investments and experience, Kuusakoski has precisely honed its recycling process. We are able to reutilise over 95% of the materials found in end-of-life vehicles, which enjoy a complete cycle at Kuusakoski.

### 1 RAW MATERIAL SOURCING

In Finland, end-of-life vehicles enter the Kuusakoski recycling process through around 140 collection points and more than 100 official end-of-life vehicle collectors. Before the actual recycling begins, the vehicle is inspected and deregistered.

### 2 PREPROCESSING

From an environmental perspective, expert preprocessing is one of the most critical steps in vehicle recycling. In the preprocessing stage, items such as the tyres, battery and catalytic converter are removed from the vehicle. The vehicle is also "dried", meaning that all its liquids are removed.

### 3 CRUSHING

In a matter of seconds, the crusher breaks up the end-of-life vehicle into smaller pieces that are easier to process. Magnetic iron is separated from the crushed vehicle, while other materials continue onwards for further processing.

### 4 FURTHER PROCESSING

Process equipment sorts the reduced items into separate fractions based on their specific gravity or exact elemental composition. In this way, the iron metals, copper and aluminium found in the vehicle can be returned to the metal cycle for use as industrial raw materials. Kuusakoski processes the fractions from vehicles with a high degree of precision in order to achieve the highest possible utilisation factor.



# FOLLOW THE LEADER

The development and industrialisation of vehicle recycling in Finland began in the 1970s following investments made by Kuusakoski and the introduction of a new crushing plant. This pioneering approach has continued to this day, as Kuusakoski is the only operator in Finland that offers the electronic NETit-se recycling service, which serves all parties in vehicle recycling. Since 2004, vehicle recycling has been subject to producer responsibility, and Kuusakoski is the official operator for the producer organisation Finnish Car Recycling Ltd (Suomen Autokierrätys Oy).

# 1 RAW MATERIAL SOURCING



## COLLECTION ORDER

The recycling wheels are set in motion at Kuusakoski as soon as the owner of an end-of-life vehicle orders free-of-charge collection using the NETitse online service. Owners can also deliver their cars directly to the nearest collection point.



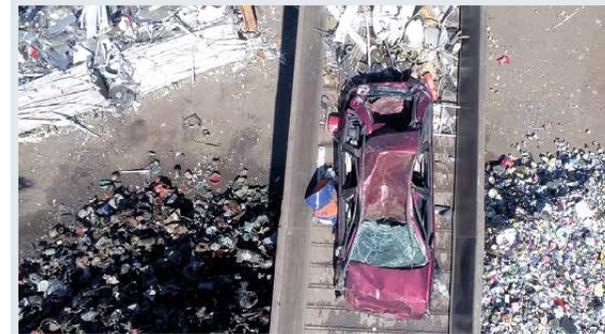
## TRANSPORTATION

Kuusakoski has around 140 collection points and more than 100 official end-of-life vehicle collectors in our Finnish network. End-of-life vehicles are collected for recycling within six working days of receiving the collection order.



## DELIVERY AND INSPECTION

At the collection point, the car's documents and registration and identification information are inspected. Owners have sole authority for allowing their vehicles to be scrapped. Owners are given a scrap certificate for vehicles delivered to the official recycling system that specifies their tax and insurance payment obligations.



## DEREGISTRATION

Kuusakoski's system automatically sends information once a vehicle has been removed from the register and delivered to the recycling system. Once a vehicle has entered the recycling system, it can no longer be registered again.



## 2 PREPROCESSING

# FOCUS ON THE DETAILS

In the preprocessing stage, items such as the car's battery, tyres and electric cables are all removed along with the catalytic converter, which contains precious metals. From an environmental perspective, the so-called dryness of a vehicle is decisive, so all gasoline, oils and other liquids have to be removed by means of suction.



Tyres that are still in good condition can be reused as such or retreaded. As a recycled material, tyres are typically used in civil engineering projects.



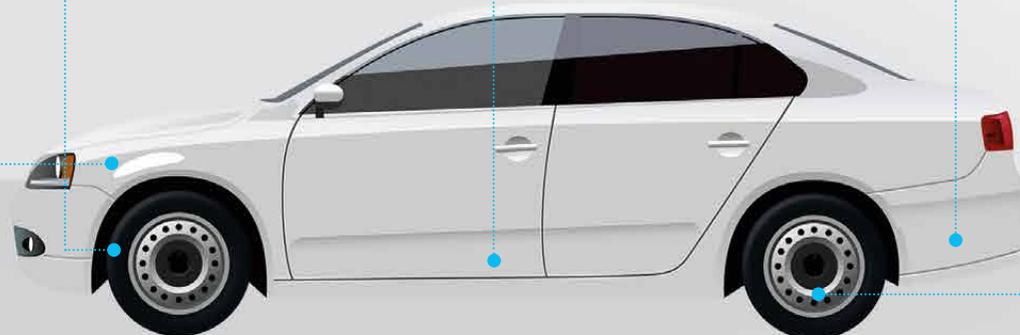
**i** More than **60,000 tonnes** of tyres are taken out of service in Finland each year. Kuusakoski recycles tyres for such applications as civil engineering, collision protection and blasting mats. Tyre rubber also has a high energy content that can be reutilised as an energy material in accordance with the waste hierarchy.



On average around **10 litres of liquids** are recovered from end-of-life vehicles. In addition to fuels, brake and power steering fluids are also removed. These liquids are then sent to a hazardous waste facility.



The honeycomb structure inside **catalytic converters** is coated with precious metals – the most commonly used are palladium and rhodium, which are valuable recycled materials.



Almost 100% of the materials classified as hazardous waste in **lead-acid batteries** can be reutilised. Recycling electric car batteries requires its own special expertise.



**i** Approximately **20,000 tonnes** of lead-acid batteries are recycled in Finland each year. Safe processing ensures that plastic parts and lead are reutilised and that environmentally harmful battery acids are neutralised into water and salt. The traction batteries of electric and hybrid cars can weigh up to 600 kilos and contain several hundred volts of energy. If the battery is not suitable for reuse, at least 50% of its materials can be recycled.



Special wheel rims or not, the **aluminium wheels** from passenger cars are easy to recycle. They can be sent straight for further processing, since they all have similar material compositions.

UP TO

50,000

KILOS/HOUR





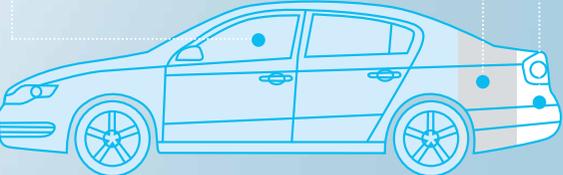
The new reject plant that started up in Heinola, Finland, at the beginning of 2020 will further process waste material (reject) from the crusher that still contains valuable metals. This new further processing stage enables **2000 tonnes** more metals to be recovered each year.



### 3 CRUSHING

The massive crushing plant at Kuusakoski's Heinola plant is capable of handling around 35 to 50 tonnes of scrap metal per hour, depending on the material feed. In Finland, Kuusakoski is a pioneer in vehicle recycling and the only operator that can separate and process all the different materials contained in a car using its own processes.

- More than 85% recycled as materials
  - metals, plastics, rubber
- Less than 10% reutilised for energy
  - textiles
- Less than 5% sent for final disposal
  - glass, liquids



Crushing allows the materials from the car to be separated industrially. The precise separation of materials today enables more than 95% of end-of-life vehicles to be reutilised.



FINELY TUNED

# TECHNOLOGY

The journey of the crushed raw material continues in Kuusakoski's recycling process onwards to further processing, where the various metals and other materials are separated from each other by such means as screening, specific gravity and elemental composition. The separation process utilises the power of magnets, water and airflow, for example. A small part is still separated by hand.

## 4 FURTHER PROCESSING



The powerful airflow of the **wind separator** helps separate light and heavy materials from each other.



**Magnets** separate iron and other magnetic metals from the crushed material right at the start.



An **eddy current separator** separates electrically conductive non-ferrous metals from the crushed material.



The **sink-float method** utilises the specific gravity of the materials. Lightweight aluminium floats and is recovered.



**X-rays** are used to separate heavy metals, such as copper, brass, zinc, lead and stainless steel.

The material recovered from end-of-life vehicles contains

**70%** steel

**5%** non-ferrous metals

**25%** rubber, plastic, textiles and glass



Steel



Platinum and palladium



Lead



Copper



Aluminium



Magnesium



Rubber



Plastic



Textiles



# THE JOURNEY CONTINUES

The journey of the recycled raw materials processed from end-of-life vehicles continues from Kuusakoski to different parts of the world, for example to steel mills and foundries – also to Alteams, which belongs to the Kuusakoski Group. Aluminium is a metal that Kuusakoski further processes and also supplies back to the automotive industry. Each year, the aluminium smelter at the Heinola plant produces approximately 25,000 tonnes of recycled aluminium ingots and drops according to precise customer-specific recipes. Recycled fuel made from waste material is supplied to power plants, while other recycled materials are sold to industry.



Approximately 300 million vehicles operate on European roads alone, making responsible vehicle recycling vital in terms of both material recovery and the environment.

# MILESTONES IN VEHICLE RECYCLING



**Kuusakoski is founded**  
Donuard Kuchakoff begins recycling in Vyborg. There was strong demand for scrap metal due to the First World War.

**1914**



**i** In the 1920s, half of the cars on the world's roads were Fords.

## BEFORE THE 1970S

**Recycling begins by hand**  
Initially, vehicle recycling involved manual labour for the most part. Once all the liquids had been removed, the engine, electrical equipment, wiring and seats were removed from the car. The body was then cut into pieces, and the recovered iron was added to other iron scrap. There were significantly fewer cars and also end-of-life vehicles back in the 1960s and 1970s. In Finland, processing only became industrialised when Kuusakoski Oy began developing vehicle recycling.

**1964**

**Aluminium for Volkswagen**  
Having established itself as a major metal recycler, Kuusakoski signs an aluminium export agreement with Volkswagen, which is known for its strict quality criteria.



**i** In 1972, the VW Beetle overtakes the Ford Model T to become the world's best-selling car.

**1976**

**Aluminium smelter opens in Heinola**  
The aluminium recycled by Kuusakoski from end-of-life vehicles is returned as a raw material for the production of new vehicles, as the smelter uses only scrap aluminium in its production. Each year, the smelter produces approximately 25,000 tonnes of aluminium ingots and drops according to precise customer-specific recipes.

**1972**

**First vehicle crushing plant in Finland**  
Finland's first vehicle crushing plant begins operations at Kuusakoski's Heinola site. Processing end-of-life vehicles becomes much more efficient when the separation of materials from crushed vehicles can be done industrially.



**1982**

**Unique sink-float plant introduced**  
A sink-float plant is built in Heinola to separate metals using a technique based on specific gravity, the same technique already used in the mining industry. This enables the different metals found in cars, such as copper, to be separated into individual fractions.

**1989**

**New processing plant for lead batteries**  
A new processing plant opens at Kuusakoski's Rauma site to render lead batteries harmless by discharging the surface voltage. Battery acid is collected and forwarded to an appropriate facility for neutralisation. Almost 100% of the material content of batteries can be reutilised.



**2000**

**Vacuum system introduced for preprocessing**  
The first preprocessing unit equipped with a vacuum system at Kuusakoski's Vantaa site removes tyres, the battery, liquids, the catalytic converter and any possible foreign objects from the end-of-life vehicle. Preprocessing enables safe and responsible further processing of vehicles in the crushing process. Around 10 litres of liquids are recovered from a single car.

**1995**

**Recycling of catalytic converters begins**  
Catalytic converters became mandatory for gasoline-powered cars at the start of the 1990s. In 1995, Kuusakoski begins recycling catalytic converters at Kuusakoski's Espoo site to recover the precious metals platinum, palladium, cerium and rhodium contained in the ceramic honeycomb.





**Producer organisation for vehicles is founded**

A new producer organisation, Finnish Car Recycling Ltd, is established by Finnish car importers to co-ordinate vehicle recycling in Finland. Kuusakoski is the official operator for the organisation and oversees recycling operations in practice. End-of-life vehicles are collected free of charge.

2004



**Car recycling services go online**

Kuusakoski launches the online NETitse service to make both customer service and the recycling process for end-of-life vehicles more efficient. The new service enables 24/7 customer service all year round. In the same year, NETitse is awarded ICT Project of the Year in Finland.

2010

**Direct connection to the Finnish Transport and Communications Agency**

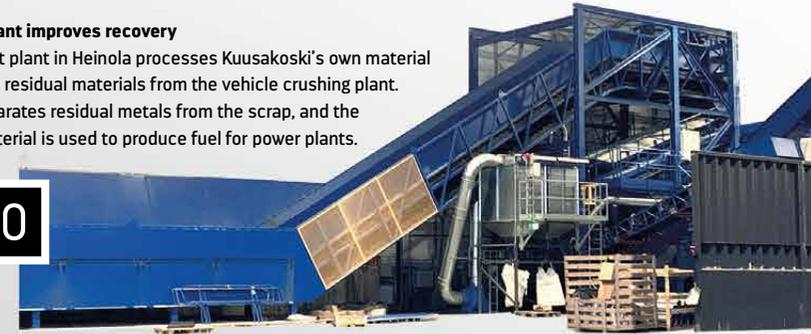
Direct data transfers are enabled between Kuusakoski and the Finnish Transport and Communications Agency (Traficom), making it faster to obtain electronic scrap certificates. Around 80,000 scrap certificates are issued in Finland each year.

2017

**New reject plant improves recovery**

The new reject plant in Heinola processes Kuusakoski's own material flows, such as residual materials from the vehicle crushing plant. The plant separates residual metals from the scrap, and the remaining material is used to produce fuel for power plants.

2020



2007

**Kuusakoski becomes operator for Finnish Tyre Recycling Ltd**

Since 1995, the producer organisation Finnish Tyre Recycling Ltd has fulfilled the recycling obligation based on producer responsibility. Over 60,000 end-of-life tyres are collected and recycled in Finland each year.



2015

**95% of end-of-life vehicles reutilised**

The EU End-of-Life Vehicle Directive mandates that 95% of the weight of end-of-life vehicles must be reused and recovered as of 2015. Of this amount, at least 85% of parts must be reused and recycled. Reuse means that parts are used for the same or similar purpose for which they were originally intended. Recycled means that waste materials are reprocessed for the original purpose or for purposes other than energy recovery. Recovered means that the material is used, for example, to produce energy.



2019

**Electric vehicle batteries recycled**

Kuusakoski becomes the recycling operator for electric vehicles, processing them down to the cells and recovering recyclable materials. New uses are being sought all the time, and the recycling rate easily exceeds the 50% minimum requirement.

**i** The number of electric vehicles and rechargeable hybrids in Finland has increased from just a few hundred in 2012 to almost 30,000 passenger cars in 2019.



A man in a dark blue suit and light blue shirt stands in the center of the frame. He is looking directly at the camera with a neutral expression. Behind him is a large pile of crushed, mangled metal car parts, including what appears to be a silver SUV and a dark sedan. The scene is dimly lit, with a blueish tint, suggesting an industrial or recycling facility. The text is overlaid on the left side of the image.

MATERIALS  
NEED TO BE  
EXPERTLY SEPARATED  
BEFORE THEY CAN  
BE REUTILISED.



## THE JOURNEY OF AN END-OF-LIFE VEHICLE THROUGH THE RECYCLING PROCESS AND ONWARDS TO NEW USES

As the CEO of a recycling company, I often have the opportunity to host visits by our cooperation partners and present our operations. Many guests have never seen what everyday recycling operations involve in practice. Often the most impressive experience for first-timers is when we get to follow the vehicle crushing process, demonstrating the forces at work in the initial stages of car recycling. The crusher's hammers break up the car into fist-sized pieces in a matter of seconds. This is the start of a comprehensive material separation process that continues down the line.

In Finland, a scrapping premium has been used to promote the deregistration of older passenger cars and thereby reduce emissions. Finland is known to have one of the oldest car fleets in Europe. The average lifespan of a passenger car in Finland is currently around 12 years, and cars are eventually scrapped after more than 20 years. During government-sponsored scrapping schemes, the difference between the CO<sub>2</sub> emissions of scrapped cars and new cars purchased to replace them was around 70 g/km, which supported the government's goal of reducing the CO<sub>2</sub> emissions of Finland's car fleet.

Legislation has further increased recycling and reuse targets for end-of-life vehicles, which in turn has had an impact on the reutilisation of materials recovered from cars. For our part, Kuusakoski has contributed to the development of further processing to enable us to separate reusable fractions even more precisely. These investments help ensure that we will continue to be technologically prepared to respond to future changes in recycling targets.

In addition to setting high recycling targets, it must be ensured that industry has the desire and ability to use recycled raw materials when manufacturing new products. This also requires active development work to find new uses for recycled raw materials. Recycling companies have an important role to play here, as materials need to be expertly separated before they can be reutilised. Finding commercially viable applications will also require significant efforts from other segments of industry, however, so there is still a lot of work to do for years to come. Nevertheless, public awareness and the willingness of consumers to recycle will support these developments. This will help ensure that valuable resources can be used even better in the future.

**Mikko Kuusilehto**  
CEO  
Kuusakoski Oy





## ELECTRIC VEHICLES OFFER NEW OPPORTUNITIES FOR ALUMINIUM FOUNDRIES

The competitive situation for Alteams was extremely challenging in 2019. The launch of numerous new products continued to consume a lot of resources and generate additional quality costs, for example. At the same time, customer demand was at an exceptionally low level.

In the communications network segment, the launch of the 5G market has been clearly slower than expected, which had a negative impact on the number of orders. The sector's revenues did not achieve their target level and production volumes decreased especially at the Chinese plant. Our customers expect 5G investments to increase significantly in the second half of this year at the earliest.

In the industrial applications segment, the number of new customers developed positively. Electric vehicles offer new opportunities for aluminium foundries that Alteams is actively exploiting. For example, our inverter castings are already used in the products of some well-known car brands. We are currently working on several projects related to electric vehicles.

Our expertise in waste heat management has also opened up new opportunities. Significant progress was made on introducing the automotive industry's IATF quality certification at our plants in China and Poland. Customer projects are challenging and often long in duration; several stages of approval are involved, and it can take up to three years from the tender to the start of mass production. This has slowed production growth at our Polish plant, but now many products are entering mass production.

We expect the market situation in 2020 to be broadly similar to the year under review. There is overcapacity in the sector and competition is intense, in addition to which no growth in demand is expected at least until the end of the year. We have taken measures to adjust the cost structure of the entire company to lower revenue levels.

**Asko Nevala**  
CEO  
Alteams Oy



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**REPORT**  
**OF THE BOARD**  
**OF DIRECTORS**  
2019

# KUUSAKOSKI GROUP

## ★ Customer Experience project targets best service in the recycling industry

105-year-old Kuusakoski invited customers to help plan the future and create the best customer experience in the recycling industry. The project began in spring 2019 in the form of joint workshops to envision the future. Additional feedback was obtained from a customer satisfaction survey conducted in Finland and Sweden in September-October, which attracted responses from more than 500 corporate customers. Customer satisfaction was found to be notably high, with responses highlighting Kuusakoski's reliability and fulfilment of expectations regarding environmental responsibility and ethics.

Kuusakoski Group comprises the recycling company Kuusakoski Oy, the foundry company Alteams Oy, and the property companies Jokirantakiinteistöt Oy and Kiinteistö Oy Lahden Norokatu 5. The parent company of Kuusakoski Group is Kuusakoski Group Oy, which is owned in its entirety by the Kuusakoski family. Kuusakoski Oy and its subsidiaries form the recycling group and Alteams Oy and its subsidiaries the foundry group.

### Group's operating environment and financial result

The operating environment of the recycling group, which is essential to the performance of the Group as a whole, was once again variable in 2019. The market situation remained stable in the first half of the year. However, in the second half of the year, the global economy weakened and global political

instability increased, resulting in a sharp fall in the prices of commodities and basic metals and a fall in demand.

Kuusakoski Group posted revenues in 2019 of EUR 517.5 million, which is 15% less than in 2018 (610.8 million in 2018, 571.6 million in 2017). The consolidated operating result was EUR -1.3 million (11.4 million in 2018, 18.2 million in 2017). The net result for the financial period after taxes was EUR -6.9 million (3.5 million in 2018, 9.1 million in 2017). The result for the recycling group before appropriations was positive at EUR 2.0 million (6.2 million in 2018). The result for the foundry group before appropriations was negative at EUR -8.7 million (-1.8 million in 2018). The return on investment (ROI) was -0.7% (2.9% in 2018, 3.7% in 2017).

Revenues from recycling operations accounted for approximately 84% of the Group's revenues.

### Financing and capital expenditure

Kuusakoski Group's cash flow from operating activities before investments totalled EUR 14.3 million (37.6 million in 2018, 39.8 million in 2017) and after investments EUR -6.0 million (20.0 million in 2018, 32.0 million in 2017). The amount of working capital tied to Group activities decreased by approximately EUR 4.5 million compared to the previous year. The Group's focus on investments was very much in evidence during the year under review.

The Group's investments totalled EUR 20.3 million (17.5 million in 2018, 7.8 million in 2017), which represents 3.9% of revenues (2.9% in 2018, 1.4% in 2017). The recycling group invested in the development of further processing processes. With a total value of EUR 15-20 million, the investment programme has aimed at further developing the recovery efficiency and processing of metals, as

well as reducing the amount of waste for final disposal. The investment programme in 2018-2019 was mainly completed during the year under review, but the integration of new investments into existing processes will continue in part in 2020. Other Group companies also invested in solutions supporting further processing. The foundry group invested in new production processes and machinery, as well as in basic repairs and modernisations of existing machinery and buildings.

The Group's liquidity remained good. The total amount of revolving credit facilities binding on banks was reduced to EUR 50 million (55 million in 2018) to meet Kuusakoski's financing needs, and these revolving credit facilities in their entirety were unused at the end of the year under review. In June 2019, Kuusakoski signed its first loan agreement complying with green criteria for the purpose of investments. Green Business Loans are granted

★ **Kuusakoski's energy policy aims for continuous improvement**

Kuusakoski published an energy policy in May that aims for improved energy efficiency and competitiveness in all the daily operations and investments of the recycling business. Covering both the company itself and contractors, the energy policy defines legal requirements as being the minimum level. The policy also commits Kuusakoski to reducing the relative energy consumption and CO2 emissions of its operations.

★ **Kuusakoski continues as the operator for Finnish Tyre Recycling Ltd**

Kuusakoski has been a partner of Finnish Tyre Recycling (Suomen Rengaskierrätys Oy) since 2007 and will continue to oversee operative functions in 2021–2022 in accordance with the contract option. Each year, Kuusakoski collects around 60,000 tonnes of tyres for recycling from retailers throughout Finland. Flexible recycling services and efficient logistic enable Kuusakoski to combine other recycled materials in the same collection, which reduces transportation and its environmental impact.

The Group regularly reviews its risk management action plan and insurance cover. Insurance is used to cover all the risks that are appropriate to manage for financial or other reasons through insurance policies.

A risk management policy has been defined for the Group and approved by the Board of Directors that is used to manage risks connected with the Group's business operations, personnel and financing. Currency and metal derivatives that are used to hedge against risks are measured at their fair value, and the fair value is recorded as a gain or loss.

to finance projects that produce significant positive effects for the environment. The Group had no short-term commercial papers issued at the end of the year under review.

The Group's equity ratio at the end of the year under review was 42.9% (42.8% in 2018, 43.9% in 2017). The net gearing ratio was 41.7% at the end of the year (30.8% in 2018, 39.8% in 2017). The amount of net liabilities increased during the year under review by EUR 10 million.

The parent companies of the groups owned by Kuusakoski Group are responsible for their own financing in accordance with the financing policy of Kuusakoski Group. The Finance Department of Kuusakoski Oy monitors the implementation of the financing policy throughout the entire Group.

**Personnel**

At the end of the year under review, the Group had 2,036 employees.

**Number of personnel employed by Kuusakoski Group at the end of the year:**

	2019	2018	2017
In Finland	582	617	607
Outside Finland	1,454	1,799	1,814
<b>Total</b>	<b>2,036</b>	<b>2,416</b>	<b>2,421</b>

The number of personnel increased by 62 in the recycling group. In the foundry group, temporary labour employed by its Chinese subsidiaries has

been recorded in 2019 as external services instead of personnel expenses, which has also been taken into account in the presentation of the number of personnel. The figures for 2018 and 2017 have not been converted to make them compatible.

The total sum of salaries, wages and rewards paid to personnel during the year under review in Kuusakoski Group was EUR 62.8 million (65.7 million in 2018, 65.8 million in 2017).

**Risks and risk management**

The aim of the Group's risk management is to identify the most significant risk factors related to operations and to manage risks in such a way that the Group's strategic and financial objectives are achieved.

Based on a risk assessment carried out during the year under review, the most significant risks in the recycling business in the current market situation are fires, risks connected to metal prices, risks related to personnel and production processes, rapid changes in the operating environment and the general global economic trend. After the end of the financial year, the coronavirus has spread throughout the world, and it is not possible to assess all the effects on the company at the time of signing the financial statements. The coronavirus pandemic will have an impact on the Kuusakoski Group, as well as on its sourcing and end customers.

For the foundry business, the fact that production is largely dependent on a few large customers can be considered a risk. Changes in substitute manufacturing technologies and materials are also risk factors and their development is actively monitored. It is not possible to predict all the effects of the coronavirus pandemic on the foundry business. In addition to the production shutdown at the Chinese plant, the coronavirus pandemic will also have other effects on the business.

# RECYCLING GROUP

Kuusakoski Oy and its subsidiaries form the recycling group.

## Market situation and business performance

In the recycling business, the positive trend in the markets ended in summer 2018, after which the market situation has remained challenging. The market situation remained stable in the first half of 2019, however, as the price levels of key metals for the most part strengthened compared to the levels at the end of 2018. At the start of the second half of 2019, the global economy weakened and global political uncertainty increased. This resulted in a sudden decline in the prices of commodities and basic metals, as well as weakened demand among many of our key clients. The price of ferrous scrap in particular fell sharply in the second half of 2019 to its lowest level in three years. The low price level and weak demand continued throughout the se-

cond half of the year. The situation became more positive during the very last weeks of the year. A major change in the global market for recycled metals was experienced in 2018, when China introduced tighter import restrictions. Kuusakoski had prepared for this change. In accordance with its key customer strategy, Kuusakoski had focused its deliveries to key customers in the Nordic and European markets, while also increasing the processing of its products.

Average metal prices in 2019 were clearly lower than in 2018: the average price of ferrous scrap was 17% lower, aluminium 15% lower and copper 8% lower than the previous year's average prices. On the other hand, the average price of nickel was higher than in the previous year (+7%) due to a price peak in the third quarter.

The revenues of the recycling group amounted to EUR 435.1 million, which is 16% less than in the

previous year (517.6 million in 2018, 475.4 million in 2017). The decrease in revenues was significantly affected by the average weakening of market prices compared to the previous year. There was no significant change in operating volumes compared to the previous year.

Due to the challenging market situation and weaker trend in the global economy, Kuusakoski introduced a cost reduction programme in late spring 2019. The aim is to reduce costs within the group by EUR 7-8 million. During the year under review, the company made personnel reductions in Finland, Sweden and the USA, in addition to which several organisational and structural changes were made. The effects of these efficiency measures will be fully reflected in the company's result from 2020 onwards.

The profitability of the recycling group weakened by EUR 6.6 million compared to the previous year.

This was primarily due to the sudden and significant change in the business environment and metal prices in the middle of the year. However, the business environment and prices picked up right at the end of the year. Strong performance at the start and end of the year combined with structural changes implemented in previous years helped the recycling group post a clearly positive operating result in 2019 amounting to EUR 5.4 million (12.0 million in 2018, 19.1 million in 2017), which represents 1.2% of revenues (2.4% in 2018, 4.0% in 2017).

The return on investment (ROI) was 0.4% (4.3% in 2018, 8.9% in 2017). The result for the financial period before appropriations was EUR 2.0 million (6.2 million in 2018, 11.4 million in 2017), which represents 0.5% of revenues (1.2% in 2018, 2.4% in 2017). The net result was EUR -2.6 million (0.1 million in 2018, 6.8 million in 2017). The net result includes EUR 4.6 million in group contributions to other group companies (2018: EUR 6.1 million, 2017: EUR 4.6 million).

In addition to the company's traditional metal and WEEE (Waste Electrical and Electronic Equipment) recycling operations, the focus areas for investments continued to be growing and developing business operations and recycling services that are independent of changes in metal prices in accordance with its strategy. The company continues to develop services for key customers in its Finnish and international markets. A customer satisfaction survey was conducted by an independent party at the end of the year under a review, the results of which demonstrate that the company's development activities have been successful.

**In Finland**, recycling operations remained clearly profitable. However, the challenges in the year under review were reflected in the result, which did not achieve the same level as in the previous year. Finland nevertheless retained its central position in terms of generating results in the recycling business in 2019.

**In Sweden**, the result from recycling operations became negative due to the negative development in the business environment and prices during the year under review.

**In Great Britain**, Kuusakoski Ltd, which specialises in processing stainless steel in Sheffield, continued to strengthen its collaboration with customers in accordance with its strategy. As in previous years, the company posted a positive result. The operating result of the WEEE joint venture SWEEEP Kuusakoski Ltd in Kent was clearly positive, as in the previous year.

**In Russia**, Kuusakoski focused on developing WEEE operations and recycling complex metals. The operating result in Russia was positive.

**In the USA**, Kuusakoski focuses on WEEE recycling. The business environment in the USA remained challenging. Work continued on improving operational efficiency and adjusting operations to the prevailing market situation during the year under review. The operating result in the USA improved over the previous year but remained negative. The role of the USA as a global sourcing channel is important for us in order to meet the growing demand generated by the ongoing electrification.

**In Estonia**, Kuusakoski's result remained positive despite the challenging business environment.

#### **R&D, environmental protection, and occupational health and safety**

The goals of Kuusakoski's research and development activities are efficient processing chains for material flows, high reutilisation rates and high-value recycled materials. Achieving these goals requires continuous and long-term development work; numerous projects, studies, practical test runs and testing were again implemented in 2019.

Kuusakoski's own R&D centre in Lahti, Finland, provides significant support for research, development and testing. Sample preparation and laboratory analysis at the R&D centre are used to study various recycled materials, such as challenging multi-metal materials. In addition, the properties of solid recycled fuels and fractions for final disposal are studied. The reliable material data obtained through this comprehensive R&D work supports Kuusakoski's sales, sourcing, production, processes and R&D work throughout the group and in a focused manner.

#### **★ Strategically important equipment investment in Sweden**

To strengthen its position as the primary raw material supplier to copper customers, Kuusakoski is investing in a new granulation system at Skelleftehamn. The investment in the processing of copper cables will improve Kuusakoski's competitiveness in Finland and Sweden. The new processing services improve our ability to provide customers with recycled raw materials optimised for their production.

#### **★ SWEEEP Kuusakoski contributes to protection of rainforests**

SWEEEP Kuusakoski's recycling plant has used renewable energy throughout its operations and has now taken another new step forward as an environmentally responsible operator. The company, along with its energy supplier Open Energy Market, have joined the Cool Earth project that focuses on the protection of rainforests. Thanks to SWEEEP's involvement, five hectares of rainforest in northern Peru are now under protection. The protected area corresponds to the size of the SWEEEP facility in England.

#### **★ Petromax to supply fuel to new waste incineration plants in Moscow**

The City of Moscow is constructing four new waste incineration plants over the next three years. Upon completion, Petromax JSC will be able to supply energy-containing materials from the recycling process as fuel for the plants. Each plant will be able to generate up to 70 megawatts of electricity a year. The incineration of residual waste into energy will increase the utilisation rate of recycled materials processed by Petromax JSC. Currently, residual waste material in Russia is deposited in landfills.

### ★ New processing line introduced in Estonia

At the end of the year, Kuusakoski AS introduced a new reject processing line, significantly increasing the company's production capacity and opportunities in Estonia. The new processing line will improve the recovery of materials and reduce waste costs.

### ★ Petromax receives export license for Li-ion batteries

After an extended application process that lasted more than one year, Petromax JSC in Russia was granted an export license for Li-ion batteries delivered for recycling. Russia does not yet have a Li-ion battery processor, so the export license will allow batteries that previously ended up mainly in landfills to be handled safely and in an environmentally friendly way, for example in Finland. In the recycling process, metals such as aluminium, copper, manganese, nickel and iron can be recovered from Li-ion batteries.

### ★ Employee surveys yield positive results

According to a work community survey conducted among Kuusakoski's Finnish units, employees reported a positive atmosphere. Of the 276 employees who responded to the survey, 75% felt that the working atmosphere was excellent or good. The average ratings provided by employees was either good or excellent in all areas of the survey. The most important strength was felt to be the relevance of their work. Areas in which they felt there was room for improvement included influencing the planning of their working day. In a similar survey among Swedish units, 85% of employees felt that their work was relevant and would recommend Kuusakoski as an employer.

The R&D centre opened in 2013, and since then the number of samples analysed has risen steadily. In 2019, a record 600 samples of recycled materials were analysed. In addition to the company's own internal R&D work, broad research collaboration was carried out with customers, universities, research institutes, equipment suppliers and other stakeholders.

In 2019, the environmental risk assessments of 16 Kuusakoski sites or processes were updated. In addition, 20 development programmes were introduced to further improve environmental issues in our operations. Kuusakoski has ten sites in Finland that are classified as installations subject to the Industrial Emissions Directive in accordance with the Environmental Protection Act. For these sites, surveys were carried out on how their activities comply with the new BAT Reference Document for

Waste Treatment. The impact of operations on the environment were monitored by water, air emission and noise surveys across Finland.

Kuusakoski's systematic and long-term work on improving occupational safety continued in 2019. The proactiveness of employees in reporting their safety observations and helping to prevent accidents increased significantly. The number of safety observations made per person almost doubled during the year under review. The trend in the number of accidents and the accident frequency was also favourable. Compared to the previous year, the frequency of accidents leading to absences was reduced by 30%. Close attention was paid again to fire safety. Fire safety training and evacuation exercises were organised for employees at all of the company's locations. In addition, fire safety audits were carried out at the biggest sites.

Scheduled external audits were conducted in the autumn for the ISO 14001 environmental system and OHSAS 18001 occupational health and safety system for operations in Finland. Certification audits were also conducted in order to extend the ISO 9001 quality system, which now covers all operations in Finland. Internal audits of environmental protection, occupational health and safety, and quality systems were conducted according to schedule.

#### Changes in group structure

No changes in the structure of the recycling group were made in 2019.

The decision was taken to dissolve the Swedish joint venture KS Recycling Ab in 2018. The dissoluti-

on of KS Recycling Ab is expected to be completed in 2020, and the company no longer conducted business operations during the year under review. KS Recycling Ab in Malmö is a joint venture between Kuusakoski Ab and the waste management company Sysav Ab, which is owned by local municipalities, and each has a 50% holding in the company.

#### Events after the financial period

Since the end of the financial period, the coronavirus has spread throughout the world, and international protection measures have had a significant impact on the general business environment. This is expected to have a negative impact on the group's operations.



The new reject plant has covered space of approximately 3000 m<sup>2</sup>.

★ **New reject processing plant starts up in Heinola**

Kuusakoski's almost EUR 15 million investment in a new reject processing plant in Heinola was completed at the end of 2019. The new plant was started up in January 2020 and enables almost all metals that have previously ended up in the residual waste stream to be recovered and further processed. The Heinola plant is the largest of the Kuusakoski Group's units, handling approximately 220,000 tonnes of materials annually. The remaining non-hazardous waste is used to produce recycled fuel that is delivered to power plants. The total capacity of the reject plant is 70-80,000 tonnes a year.

★ **A new step in the development of electronic services**

Kuusakoski's delivery system now automatically generates an electronic transfer document for all deliveries, even if the Waste Act does not require it. For public authorities, and in particular for owners of hazardous waste, transfer documents are important as they contain all the information about the movement of waste from the place of origin to the point of destination. Documents from Kuusakoski's transportation system are stored in the eService system, where they can be viewed by the sender, driver and recipient.

★ **Kuusakoski begins recycling batteries for electric and hybrid vehicles**

In November, Kuusakoski signed an agreement with Finnish Car Recycling Ltd (Suomen Autokierrätys Oy) to join the recycling system for electric and hybrid vehicle propulsion batteries. As a recycling operator, Kuusakoski is responsible for collecting and recycling all types of batteries safely and responsibly. Since the high voltage of electric and hybrid vehicle batteries requires careful anticipation and management of associated risks, Kuusakoski has centralised collection and processing activities to a few selected locations.

# FOUNDRY GROUP

## ★ Alteams invests in developing corporate responsibility

Alteams adopted a corporate responsibility reporting model in accordance with Global Reporting Initiative (GRI). The new model makes it possible to provide customers and other stakeholders with comparable and detailed information concerning responsibility. The report includes energy use, water consumption, air emissions, the CO<sub>2</sub> carbon footprint and material efficiency. In addition, Alteams has ISO 14001:2015 environmental certification, and environmental aspects are also assessed through internal audits.

Alteams Oy and its subsidiaries form the foundry group.

### Market situation and business performance

The revenues of the foundry group decreased by 12.2% in 2019 compared to the previous year and amounted to EUR 84.5 million (96.3 million in 2018, 99.3 million in 2017). Within the industrial applications segment, sales declined. This was mainly due to a delay in customer approvals related to the manufacturing process of new products, which in turn delayed the start of mass production. Nevertheless, the company succeeded in gaining new customer relationships and launching projects related to the manufacture of components for electric and hybrid vehicles. Sales also declined in the communications network segment. The competi-

tive situation was challenging, and the company's plants had difficulties responding to the changing needs of customers. However, a significant number of 5G-related projects finally entered mass production during the year under review.

The operating result of the foundry group weakened compared to the previous year and became negative at EUR -6.5 million (0.2 million in 2018, -0.7 million in 2017). Earnings before taxes amounted to EUR -4.3 million (3.9 million in 2018, 2.6 million in 2017). The net result was EUR -4.4 million (3.2 million in 2018, 2.2 million in 2017). The net result and earnings before appropriations and taxes include a Group contribution of EUR 4.3 million (5.3 million in 2018, 4.2 million in 2017).

**In China**, customer demand was weak and at the same time the plant faced challenges responding

to customer needs. In addition, costs related to new products weighed on the result, which weakened significantly. The introduction of the automotive industry's quality control standards continued according to plan.

**In Finland**, the volumes of the group's plants declined especially in the second half of the year, causing profitability challenges towards the end of the year. Nevertheless, several new customer projects were introduced, and the Finnish plants played a significant role in the group's R&D projects.

**In Poland**, customer projects related to new products progressed more slowly than anticipated. However, most of these products entered mass production by the end of the year. The result of the Polish plant was negative due in part to heavy R&D expenditure. The introduction of the automotive

industry's quality control standards continued according to plan.

**In India**, the group's joint venture posted significantly lower sales in the commercial vehicles segment compared to the previous year, and the company's result was negative.

### Research and development

R&D activities were transferred to a separate company in China, which is expected to accelerate product development. As in previous years, waste heat management played an important role in several R&D projects. A project related to the development of a highly thermally conductive aluminium alloy progressed to the next stage. The results are promising, and the project will be continued. New methods for attaching cooling fins, in addition

to gluing, were also developed. This research work is important, because cooling fins made from casting often add excessive weight to the product. Investments in friction welding, more efficient smelting processes and leak testing also continued.

The foundry group's management system is based on international quality standards (ISO 9001 and TS 16949), and its environmental management system is based on the ISO 14001 standard. The group's plants in Laihia, Finland, and India are certified in accordance with the automotive industry's IATF 16949 standard.

#### Changes in group structure

During the year under review, a new company was founded in China, Alteams (Suzhou) Industrial Technology Co., Ltd, to which the tool manufacturing and R&D functions of Alteams (Suzhou) Co., Ltd were transferred.

#### Events after the financial period

The decision was taken to close the Jyväskylä office and transfer its finance and administration functions mainly to the Laihia unit.

The decision was taken to combine the functions of Loppi and Ruovesi and transfer Ruovesi's functions to the Loppi plant.

The coronavirus pandemic that began in January is expected to have a negative impact on revenues and profitability during the 2020 financial period.

## KUUSAKOSKI GROUP PROSPECTS FOR 2020

At the time of signing the financial statements, the effects of coronavirus, which began to spread in early 2020, are expected to be reflected in the profitability of the recycling group from the second quarter onwards. Although the overall financial impact of coronavirus is unknown, the Board is committed to using all necessary means to secure the group's cash flow and business operations.

The market situation is expected remain unstable due to the impact of coronavirus and the unpredictability in the global economy and politics. Operational efficiency will be further improved in all countries. The focus will also be on improving added value, managing working capital, serving key customers and risk management. As a result of the investments made in the development of further processing processes in 2018-2019 and the cost reduction measures initiated in the year under review, the group's preparedness for unstable times has improved compared to previous years.

Regarding the foundry group, both demand and profitability are expected to develop positively in 2020 compared to the year under review. However, it is not yet possible to assess all the effects of the coronavirus.

## PROPOSAL OF THE BOARD

The distributable funds of Kuusakoski Group Oy amount to EUR 110.8 million, of which the net profit for the financial year accounts for EUR 9.2 million.

The Board of Directors proposes to the Annual General Meeting that the distributable funds be used as follows:

For payment of a dividend of EUR 25.00 per share	<b>EUR 1.5 million</b>
To be retained in shareholders' equity	<b>EUR 109.3 million</b>
<b>Total</b>	<b>EUR 110.8 million</b>

No significant changes have occurred in the company's financial position after the end of the financial year. The company's liquidity is good, and in the view of the Board the proposed distribution of funds does not risk the company's financial standing.

## ORGANISATION, MANAGEMENT AND AUDITOR

The Members of the Board elected by the Annual General Meeting on 7 May 2019 comprise **Olli Vaartimo, Veikko Kuusakoski, Mariella Kuusakoski-Toivola, Lauri Peltonen** and **Johan Kronberg**. **Tapio Kuusakoski** and **Tiina Orasaari**, have served as deputy members. **Olli Vaartimo** has served as Chairman of the Board.

Authorised Public Accountants KPMG Oy Ab has acted as the company's regular auditor and Authorised Public Accountant **Jukka Rajala** as the responsible auditor. **Veikko Kuusakoski** has served as President of Kuusakoski Group Oy.

Espoo, 28 April 2020

Olli Vaartimo, Chairman of the Board	Lauri Peltonen
Veikko Kuusakoski	Johan Kronberg
Mariella Kuusakoski-Toivola	

# CORPORATE RESPONSIBILITY

Responsible operations are an integral part of Kuusakoski's strategy, business and everyday work. The company's recycling operations have a significant impact on the responsible operations of our customers through the recycling and re-utilisation of materials.

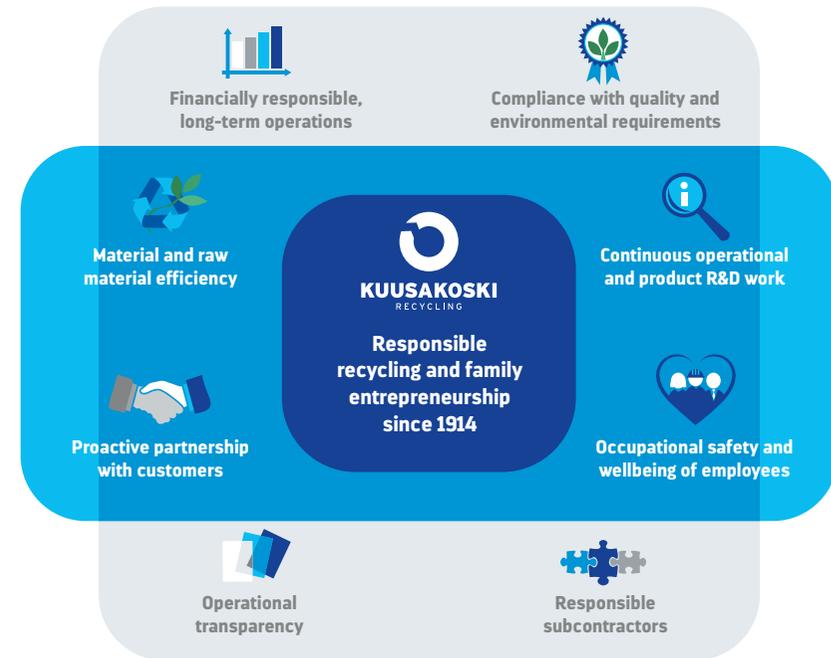
We are constantly striving for ever better results in reutilising the materials in our possession. A high utilisation rate of recycled raw materials helps ensure the efficient use of resources and reduces the use of virgin raw materials. Kuusakoski takes into account economic, social and environmental responsibility in a balanced way and defines targets and priorities for sustainable development. In our own operations, we uncompromisingly ensure compliance and responsibility. We also require suppliers and subcontractors to operate in accordance with Kuusakoski's responsibility principles.

In 2019, Kuusakoski defined the priorities for corporate responsibility based on the targets for the company's strategy, stakeholders and employees. Materiality analysis was used to outline the current state of responsibility and identify the relevant responsibility themes. The four key themes are: material and raw material efficiency, continuous research and development work, Occupational safety and wellbeing of employees, and a proactive partnership with customers.

## Material and raw material efficiency

Using recycled materials significantly reduces the CO<sub>2</sub> emissions from the manufacture of new products. The raw material for the Kuusakoski's aluminium smelter in Heinola is recycled aluminium. The production of ingots from this recycled aluminium requires 95% less energy compared to smelters that use virgin raw material.

In Finland, 94.7% (94.0% in 2018) of the materials entering Kuusakoski's recycling process were reutilised and in Sweden 96.5% (97.9% in 2018). This includes materials that were reused, recycled or recovered for use in energy production, for example. The electricity we consume is generated by 100% hydropower, which is a renewable and environmentally friendly form of energy.



	2019	2018
Total energy consumption, MWh	79304	80040
Greenhouse gas intensity, kg/CO <sub>2</sub> e/tn	21.3	24.9
Energy intensity of all forms of energy production, kWh/tn	134	130
Greenhouse gas intensity from road transport,* kg/CO <sub>2</sub> e/tn	20	84

\* Note: Figures are not directly comparable as the calculation method has changed

Kuusakoski has strongly developed the planning of logistics in both Finland and Sweden. New and better tools have been introduced, including new logistics software that makes it easier to plan efficient transports and minimise redundant driving. This helps us reduce environmental loads.

Kuusakoski is also exploring the use of alternative fuels. In Finland, the first gas-powered truck has already been introduced in the Helsinki metropolitan area.

## Kuusakoski's key responsibility themes



**Material and raw material efficiency**

- Preserving natural resources through recycling
- Minimising waste
- Increasing recycling rates



**Continuous research and development work**

- Producing information to promote reutilisation of materials
- Reducing CO<sub>2</sub> emissions
- Investing in improvements to efficiency and environmental friendliness



**Occupational safety and wellbeing of employees**

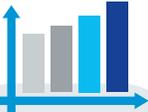
- Developing skills of employees
- Promoting long careers
- Providing a safe working environment for everyone



**Proactive partnership with customers**

- Long-term basis of family business builds trust
- Taking the initiative in contacting and communicating with customers

## Dimensions of our responsibility



**Financially responsible, long-term operations**

- Based on our long history as a stable family enterprise
- Investments to improve our operating conditions



**Responsible subcontractors**

- We know our subcontractors
- We only work with subcontractors who meet our requirements



**Compliance with quality and environmental requirements**

- We comply with the requirements of international quality and environmental certificates
- We continue to develop the certification of our operations



**Operational transparency**

- We focus on transparency in our activities
- We demand the same from our subcontractors

### Continuous research and development work

Kuusakoski's research and development work aims to achieve efficient processing chains for material flows, high utilisation rates and valuable recycled materials. Kuusakoski's own R&D centre in Lahti, Finland, provides significant support for research, development and testing.

Alongside our internal R&D activities, we work in close partnership with customers, universities, research institutes, equipment suppliers, public authorities and other stakeholders. In addition, Kuusakoski is a shareholder in CLIC Innovation Oy, an open innovation cluster that specialises in supporting and developing leading Finnish expertise.

### Wellbeing of employees

Kuusakoski's employees have been the core of the family business for 105 years. Our goal is to have healthy, committed and skilled employees in order to provide the best customer experience. We value the expertise and development of our employees. Kuusakoski has certified quality, environmental and occupational health and safety systems, and the company invests in the occupational safety of its employees and subcontractors.

An employee satisfaction survey was conducted in Finland and Sweden towards the end of 2019, according to which the most important strength was the meaningfulness of their work. In Sweden, for example, 85% of employees felt that their work was relevant and would recommend Kuusakoski as an employer.

Kuusakoski's systematic and long-term work on improving occupational safety continued in

2019. The proactiveness of employees in reporting their safety observations and helping to prevent accidents increased significantly, and the number of safety observations made per person doubled. The trend in the number of accidents and the accident frequency was also favourable, and the frequency of accidents leading to absences was reduced by 30% compared to the previous year. In Finland, the accident frequency rate, i.e. the frequency of accidents leading to absences per million working hours, was 28.7 in 2019 (40.7 in 2018). The corresponding figure in Sweden was 13.4 (17.0 in 2018).

The percentage of absences due to sick leave in Finland and Sweden was significantly lower than the industrial average. The percentage of absences due to sick leave in 2019 was 4.9% in Finland and 4.1% in Sweden.

### Proactive partnership with customers

Kuusakoski clarified the priorities of its strategy in 2019. To support the strategy, an extensive Customer Experience project was implemented in which a large number of employees were involved in developing Kuusakoski's customer experience in cooperation with customers.

In September-October, a customer satisfaction survey was conducted by Innolink Oy in Finland and Sweden. According to this survey, Kuusakoski's customer satisfaction is high and customers consider Kuusakoski to be a reliable partner. Kuusakoski achieved an NPS\* of 56, which is clearly higher than the comparison database.

\*The Net Promoter Score is an index that measures the willingness of customers to recommend a company's products or services to others.

# ACCOUNTING PRINCIPLES

## Consolidated Financial Statements

The consolidated financial statements and those of the parent company Kuusakoski Group Oy have been prepared in accordance with the Finnish Accounting Act.

The consolidated financial statements include the parent company, as well as companies in which the parent company directly or indirectly held more than 50 percent of the voting rights at the end of the financial year or in which the parent company has the power to exercise control.

All inter-company receivables and liabilities, internal margins and the effects of other internal transactions have been eliminated. Share ownership has been eliminated using the acquisition cost method. The difference between the acquisition cost and the equity of subsidiary companies at the time of acquisition is presented as goodwill. Goodwill is depreciated on a straight-line basis over 5 years.

Minority interests are separated from the Group's result and shareholders' equity and presented as separate items in the consolidated income statement and balance sheet.

The financial information of associated companies is included in the consolidated financial statements using the equity method. The Group's share of the results in associated companies is presented in the financial items. Similarly, the Group's share of the shareholders' equity of associated companies is presented in the balance sheet as the value of the shares and any possible goodwill. Associated companies are companies in which the parent company held 20 to 50 percent of the voting rights at the end of the financial year.

## Revenue Recognition

Revenue from sales of products and services is reported as net sales adjusted for indirect taxes, discounts and exchange rate differences on foreign currency sales. The recycling group sells recycled metal and other recycled materials and offers various recycling services to its customers. Income from material sales is recorded when the product is delivered to the customer under the terms of delivery and the risks and benefits associated with it have been transferred to the recipient. Revenue from services is recognised when the service has been performed.

The foundry group sells aluminium castings to its customers, as well as the tools used to manufacture their products. Income from product sales is recorded when the

product is delivered to the customer under the terms of delivery. Income from tool projects is recorded on a billing basis in accordance with the terms of the customer agreement. Specific margins for projects are recognised at the end of each project. Anticipated losses from non-profitable projects are recognised as an expense in their entirety.

## Foreign Currency Items

Foreign currency receivables, liabilities and commitments are valued according to the European Central Bank's average exchange rates on the closing date. Currency derivatives are valued at market value on the closing date, and profits and losses are charged to the appropriate items in the income statement.

The balance sheets of non-Finnish subsidiaries are translated into euros at the average exchange rate on the closing date and their income statement at the average of the monthly average exchange rates for the financial year. Exchange rate differences arising from translating shareholders' equity are presented in retained earnings.

## Research and Development Costs

Research and development costs are charged to the income statement as annual costs.

## Inventories

Inventories are presented in the balance sheet at the lower of cost or net realisable value; they are calculated using the FIFO method as the amount of the variable costs arising from acquisition and manufacturing, or the probable sales price. In addition to variable costs, the value of inventories includes fixed costs arising from acquisition and manufacturing.

## Fixed Assets and Depreciation

The balance sheet values of tangible and intangible fixed assets are based on their original acquisition costs, less accumulated depreciation. The acquisition cost of assets manufactured by the company includes variable manufacturing costs.

Straight-line depreciation is made according to the plan for depreciation, which is based on the estimated useful economic life of the assets.

## Estimated useful economic life of fixed assets:

Intangible assets	3–5 years
Goodwill	5–10 years
Other long-term expenditure	5 years
Buildings and structures	10–30 years
Machinery and equipment	5–12 years
Other tangible assets	5–20 years

The reducing balance method according to the Finnish Business Income Tax Act is applied to the straight-line depreciation of Kivikolmio Oy.

## Financial Assets

Financial assets are valued according to their acquisition cost or the probable sales price.

## Pension Arrangements

Pension costs for Group companies outside Finland are calculated in accordance with local legislation and practice and recorded in the consolidated financial statements. Pension obligations for Group personnel in Finland are covered through payments to pension insurance institutions.

## Deferred Taxes

Deferred tax liabilities and assets in the consolidated financial statements are calculated for temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes using the official tax rate confirmed on the balance sheet date for the following financial periods.

Taxation requirements in Finland and certain other countries allow companies to reduce or increase their taxable income through appropriations. Any increase or reduction in these is recorded in the income statement as a change in appropriations, with the counter-entry in the balance sheet appropriations. In the consolidated financial statements, appropriations are divided between the result for the year, accumulated reserves and deferred tax liability.

## Recognition and Measurement of Derivative Instruments

Derivative instruments include currency options, forward foreign exchange contracts, interest rate swaps and commodity derivatives as part of an overall risk management

policy. Currency options and forward foreign exchange contracts are used to reduce anticipated foreign currency risks related to sales and purchases. Derivatives are valued at market value on the closing date, and their changes in value are recorded in the income statement. The change in value of electricity derivatives is recorded only in the notes to the consolidated financial statements.

## Environmental Provisions

When acquiring new areas of land, an environmental provision is recorded with mandatory provisions about any possible contaminated soil of which the company is aware.

Kuusakoski Oy's location-specific environmental permit regulations are complied with closely and monitored continuously throughout the financial year. Upcoming environmental investments and any possible soil cleaning provisions for land on which operations are to be discontinued are recorded in the financial statements as mandatory provisions.

## Comparability of information in financial statements

In 2019, the presentation of some income statement items has been changed compared to 2018. These changes apply only to the foundry group.

Temporary labour employed by the foundry group's Chinese subsidiaries has been recorded in 2019 as external services instead of personnel expenses, which has also been taken into account in the presentation of the number of personnel. In addition, the foundry's group's energy expenses in 2019 have been presented in other operating expenses instead of in purchases for the financial period.

## Impact of coronavirus

Since the end of the financial period, the coronavirus has spread throughout the world, and international protection measures have had a significant impact on the general business environment. This is expected to have a negative impact on the Group's operations. It is not possible to assess all the effects on Group companies at the time of signing the financial statements. The Board is committed to using all necessary means to secure the group's cash flow and business operations.

# AUDITOR'S REPORT

To the Annual General Meeting of Kuusakoski Group Oy

## Report on the Audit of Financial Statements

### Opinion

We have audited the financial statements of Kuusakoski Group Oy (business identity code 0200662-5) for the year ended 31 December 2019. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company. In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of Financial Statements

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

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

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the parent company's or the group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### Other Reporting Requirements

#### Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement in the information included in the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

#### Other opinions

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable profit is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Managing Director be discharged from liability for the financial period audited by us.

Helsinki, 30 April 2020

KPMG OY AB

Jukka Rajala, Authorised Public Accountant

## CONSOLIDATED INCOME STATEMENT

M€	2019	2018
Revenues 1)	517.5	610.8
Other operating income 2)	2.6	2.0
Materials and services 3)	371.7	445.9
Personnel expenses 4)	73.1	76.6
Depreciation and write-downs 6)	18.0	21.5
Other operating expenses	58.5	57.4
	521.3	601.4
<b>Operating profit</b>	<b>-1.3</b>	<b>11.4</b>
Financial income and expenses 7)	-4.5	-4.7
<b>Profit before taxes</b>	<b>-5.8</b>	<b>6.7</b>
Income taxes 8)	-0.5	-3.0
Minority interest	-0.7	-0.1
<b>Net profit for the financial year</b>	<b>-6.9</b>	<b>3.5</b>

## CONSOLIDATED BALANCE SHEET

M€	2019	2018
<b>Assets</b>		
<b>Non-current assets 9)</b>		
Intangible assets	2.9	4.6
Tangible assets	120.1	115.5
Investments	3.9	4.9
	126.9	125.0
<b>Current assets</b>		
Inventories 10)	57.4	64.8
Long-term receivables 11)	0.0	0.1
Short-term receivables 11)	56.2	60.7
Cash and cash equivalents	38.4	51.6
	152.0	177.2
	<b>278.9</b>	<b>302.2</b>
<b>Shareholders' equity and liabilities</b>		
Equity and reserves 12)		
Share capital	0.1	0.1
Share premium fund	0.2	0.2
Retained earnings	124.9	123.8
Net profit for the financial year	-6.9	3.5
	118.3	127.6
Minority interest	1.0	1.3
Obligatory provisions 13)	12.1	12.2
<b>Liabilities 14)</b>		
Non-current liabilities	66.1	69.6
Current liabilities	81.4	91.5
	147.5	161.1
	<b>278.9</b>	<b>302.2</b>

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

M€	2019	2018
<b>Cash flow from operations</b>		
Profit (loss) before appropriations and taxes	-5.8	6.7
Adjustments:		
Depreciation and write-downs	18.0	21.5
Gains (-) and losses (+) on fixed assets	-0.3	-0.1
Share of results of associated companies	0.9	-0.9
Unrealised exchange rate profits and losses	0.2	-0.5
Financial income and expenses	3.3	6.1
Cash flow before change in working capital	16.4	32.7
Change in working capital:		
Increase (-), decrease (+) in inventories	7.5	0.5
Increase (+), decrease (-) in non-interest-bearing trade receivables	5.8	11.3
Increase (+), decrease (-) in non-interest-bearing liabilities	-8.8	-0.4
Cash flow from operations before financial items and taxes	20.8	43.9
Interest paid and other financial expenses	-3.9	-5.0
Dividends received	0.4	0.5
Interest received	0.2	0.2
Taxes	-3.3	-2.2
<b>Cash flow from operations</b>	<b>14.3</b>	<b>37.6</b>
<b>Cash flow from investments</b>		
Investments in tangible and intangible assets	-20.0	-17.5
Associated companies acquired	-0.3	-0.2
Increase (+), decrease (-) in other investments	0.0	0.1
<b>Cash flow from investments</b>	<b>-20.3</b>	<b>-17.5</b>

M€	2019	2018
<b>Cash flow from financing</b>		
Increase (+), decrease (-) in non-current liabilities	5.1	14.0
Increase (+), decrease (-) in current liabilities	-9.2	-11.6
Dividend distribution	-3.4	-6.0
Cash flow from financing	<b>-7.4</b>	<b>-3.6</b>
Change in cash and cash equivalents	-13.4	16.4
Cash and cash equivalents 1 Jan	51.6	35.4
Effect of exchange rate changes	0.2	-0.3
Cash and cash equivalents 31 Dec	38.4	51.6

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

M€	2019	2018
<b>Income statement</b>		
<b>1. Revenues by business sector and market area</b>		
Revenues by business sector		
Recycling	433.0	514.5
Foundries	84.5	96.3
Total	517.5	610.8
Revenues by market area		
Finland	119.5	132.3
Other Europe	266.7	315.1
Asia	110.7	141.0
Other areas	20.7	22.3
Total	517.5	610.8

M€	2019	2018
<b>2. Other operating income</b>		
Gains on sale of fixed assets	0.4	0.5
Other operating income	2.2	1.5
Total	2.6	2.0
<b>3. Materials and services</b>		
Materials, goods and supplies		
Purchased during the financial year	285.2	367.6
Increase(-), decrease (+) in inventories	7.9	0.0
	293.1	367.5
Outside services	78.6	78.4
Total	371.7	445.9
<b>4. Personnel expenses</b>		
Wages and salaries	62.8	65.7
Pension expenses	6.1	6.3
Other personnel expenses	4.3	4.6
Total	73.1	76.6
Salaries and remuneration to senior management		
Managing Directors and Members of the Board of Directors	2.8	3.4
Group management had no loans from the parent company.		
Average number of personnel		
Wage earners	1,482	1,816
Salaried employees	613	604
Total	2,095	2,420

M€	2019	2018
<b>5. Auditor's fees</b>		
Auditing	0.3	0.2
Other services	0.0	0.1
Total	0.3	0.3
<b>6. Depreciation and write-downs</b>		
Planned depreciation, intangible	0.7	1.5
Planned depreciation, goodwill	1.3	1.6
Planned depreciation, tangible	16.3	18.4
Write-downs	-0.3	0.0
Total	18.0	21.5
<b>7. Financial income and expenses</b>		
Income from associated companies	-0.9	0.9
Other interest and financial income, from others	0.6	1.0
Other interest and financial expenses, to others	4.2	6.6
Total financial expenses and expenses	-4.5	-4.7
Foreign currency exchange differences included in total financial income and expenses	0.3	-1.2
<b>8. Income taxes</b>		
Income taxes payable from current and previous tax years	1.0	2.3
Change in deferred tax liability	-0.7	0.5
Other direct taxes	0.1	0.3
	0.5	3.0

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

M€

### Balance sheet, assets

#### 9. Non-current assets

	Acquisition cost 1 Jan 2019	Translation difference	Increases	Decreases	Re-classifications	Accumulated depreciation 1 Jan 2019	Translation adjustment	Accumulated depreciation on decreases	Depreciation for the financial year	Write-downs	Total 31 Dec 2019
<b>Intangible assets</b>											
Intangible rights	2.3	0.0	0.0	0.0	0.0	-1.2	0.0	0.0	-0.1	0.0	1.0
Goodwill	54.2	0.4	0.0	0.0	0.0	-52.6	-0.4	0.0	-1.3	0.0	0.3
Other intangible assets	15.0	0.0	0.3	-0.2	0.3	-13.4	0.0	0.2	-0.7	0.0	1.5
Capital work in progress	0.4	0.0	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total intangible assets</b>	<b>71.8</b>	<b>0.4</b>	<b>0.3</b>	<b>-0.2</b>	<b>0.0</b>	<b>-67.2</b>	<b>-0.4</b>	<b>0.2</b>	<b>-2.0</b>	<b>0.0</b>	<b>2.9</b>
<b>Tangible assets</b>											
Land	7.7	0.0	0.0	-0.2	0.0	0.7	0.0	0.0	0.0	0.0	8.3
Buildings and structures	101.5	0.4	0.9	-1.1	1.6	-54.2	-0.2	1.9	-4.1	0.0	46.7
Machinery and equipment	229.5	0.6	4.2	-13.7	6.1	-180.3	-0.3	11.9	-12.2	0.3	45.9
Other tangible assets	6.5	0.1	0.3	-0.7	0.5	-4.5	-0.1	-0.4	0.0	0.0	1.8
Capital work in progress	8.7	0.0	16.9	-0.1	-8.2	0.0	0.0	0.0	0.0	0.0	17.4
<b>Total tangible assets</b>	<b>353.9</b>	<b>1.2</b>	<b>22.3</b>	<b>-15.7</b>	<b>0.0</b>	<b>-238.3</b>	<b>-0.6</b>	<b>13.4</b>	<b>-16.3</b>	<b>0.3</b>	<b>120.1</b>
<b>Investments</b>											
Shares in associated companies	4.8	0.1	0.3	-0.6	0.0	0.0	0.0	0.0	0.0	-0.1	3.8
Other shares and shareholdings	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
<b>Total investments</b>	<b>4.9</b>	<b>0.2</b>	<b>0.3</b>	<b>-0.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>3.9</b>
<b>Total non-current assets</b>	<b>430.6</b>	<b>1.6</b>	<b>22.9</b>	<b>-16.5</b>	<b>0.0</b>	<b>-305.6</b>	<b>-1.0</b>	<b>13.6</b>	<b>-18.3</b>	<b>0.2</b>	<b>126.9</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

M€	2019	2018
<b>10. Inventories</b>		
Materials and supplies	38.3	38.6
Finished goods	18.4	26.0
Advance payments	0.7	0.1
	57.4	64.8
<b>11. Current receivables</b>		
Long-term receivables		
Deferred tax liabilities	0.0	0.1
	0.0	0.1
Short-term receivables		
Deferred tax liabilities	3.1	3.0
Trade receivables	45.6	50.4
Other receivables	1.7	2.4
Accrued income	5.8	4.8
	56.2	60.7
<b>Balance sheet, assets</b>		
<b>12. Shareholders' equity</b>		
Share capital	0.1	0.1
Share premium fund	0.2	0.2
	0.3	0.3
Retained earnings 1 Jan	127.3	131.2
Dividends paid	-3.0	-6.0
Translation adjustment	0.6	-1.4
Retained earnings 31 Dec	124.9	123.8
Net profit for the financial year	-6.9	3.5
Total retained earnings	118.0	127.3
<b>Total</b>	<b>118.3</b>	<b>127.6</b>

M€	2019	2018
<b>13. Provisions</b>		
Environmental provisions	7.3	7.3
Other provisions	4.8	4.9
Total	12.1	12.2
<b>14. Liabilities</b>		
Non-current liabilities		
Deferred tax liabilities	3.0	3.7
Loans from financial institutions	62.8	65.6
Other non-current liabilities	0.3	0.3
Total non-current liabilities	66.1	69.9
Current liabilities		
Loans from financial institutions	22.0	22.4
Advances received	0.7	0.9
Trade payables	37.5	47.2
Other current liabilities	6.2	4.3
Accrued expenses	15.0	16.6
Total current liabilities	81.4	91.5
Main items in accrued expenses		
Accrued personnel expenses	7.7	7.6
Taxes	0.4	1.5
Accrued financial expenses	0.3	0.6
Other	6.6	6.8
	15.0	16.6

M€	2019	2018
<b>Other notes</b>		
<b>15. Collateral given</b>		
Liabilities for which collateral given		
Loans from financial institutions	3.6	5.4
Mortgages given as collateral		
Business mortgages	0.0	9.4
Book value of pledged shares	0.5	0.5
<b>16. Contingent liabilities</b>		
Leasing and rental liabilities		
Payable within one year	7.0	7.6
Payable after one year	20.4	18.7
Total leasing and rental liabilities	27.4	26.4
Guarantees given on behalf of companies belonging to the same group	10.9	11.2
Other guarantees	4.9	9.8
Total contingent liabilities	43.2	47.4

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

M€	2019	2018
<b>17. Derivative instruments</b>		
Open derivative instruments 31 Dec 2019		
Forward foreign exchange contracts		
Fair value	0.2	0.2
Contract amounts	16.6	14.8
Change in value marked to the Income Statement	0.1	0.0
Currency options		
Written options		
Fair value	0.0	0.0
Contract amounts	0.0	0.0
Change in value marked to the Income Statement	0.0	0.0
Purchased options		
Fair value	0.0	0.0
Contract amounts	0.0	0.0
Change in value marked to the Income Statement	0.0	0.0
Metal options		
Fair value	0.0	0.0
Contract amounts	0.0	0.0
Change in value marked to the Income Statement	0.0	0.0
Electricity derivatives		
Fair value	0.2	0.8
Contract amounts	1.6	1.4

Forward foreign exchange contracts, currency options and metal options have been made for hedging purposes, and they have been booked for the most part as a gain or loss in the financial statements at their fair value. Exercised and terminated electricity derivatives have been booked in the income statement upon their termination. The values of open agreements are not booked in the balance sheet but are instead listed here. At the end of the financial year the Group had open currency options, forward foreign exchange contracts and electricity derivatives. All open forward foreign exchange contracts and metal options mature within 14 months. Most open electricity derivatives mature after more than 6 months.

	Country	Group Shareholding %	Parent Company Shareholding %
<b>18. Group holdings in other companies</b>			
<b>Group companies</b>			
Alteams Oy	Finland	100	100
Alteams Finland Oy	Finland	100	
Jokirantakiinteistöt Oy	Finland	100	100
Kivikolmio Oy	Finland	100	
Kuusakoski Oy	Finland	100	100
Koy Lahden Norokatu 5	Finland	100	100
Revanssi Oy	Finland	51	
Alteams Eesti Oü	Estonia	100	
Alteams Japan K.K.	Japan	100	
Alteams Poland Sp.zo.o	Poland	100	
Alteams Stilexo AB	Sweden	100	
Alteams Suzhou Co. Ltd.	China	100	
Alteams Suzhou Industrial Technology Co. Ltd.	China	100	
Crown Works Ltd	Great Britain	100	
KS Recycling AB	Sweden	50	
Kuusakoski AS	Estonia	100	
Kuusakoski Glass Recycling LLC	USA	100	
Kuusakoski Inc	USA	100	
Kuusakoski Ltd	Great Britain	100	
Kuusakoski Philadelphia LLC	USA	100	
Kuusakoski Sverige AB	Sweden	100	
Kuusakoski US LLC	USA	100	
Petromax JSC	Russia	100	
SWEEEP Kuusakoski Ltd	Great Britain	61	
Vintage Tech LLC	USA	100	
<b>Associated companies</b>			
Suomen Erityisjäte Oy	Finland	49	
Sähkö-Saarnikannas Oy	Finland	20	
Ashley Alteams India Private Limited	India	50	

## KEY FIGURES

	2019	2018	2017	2016	2015
<b>Group key financial indicators</b>					
Revenues, MEUR	5175	610.8	571.6	494.4	5681
Exports and sales outside Finland, MEUR	3981	478.4	440.4	394.4	441.5
% of revenues	76.9	78.3	77.0	79.8	777
Operating profit, MEUR	-1.3	11.4	18.2	-41	-379
% of revenues	-0.2	1.9	3.2	-0.8	-6.7
Net financing expenses (excluding exchange rate differences), MEUR	4.8	3.5	2.0	2.6	2.5
% of revenues	0.9	0.6	0.3	0.5	0.5
Profit before taxes, MEUR	-5.8	6.7	11.6	-71	-38.4
% of revenues	-11	11	2.0	-1.4	-6.8
Return on equity (ROE), %	-5.6	2.7	71	-8.4	-23.6
Return on investment (ROI), %	-0.7	2.9	3.7	-1.0	-12.6
Equity ratio, %	42.9	42.8	43.9	39.2	41.4
Interest-bearing debt, MEUR	881	91.2	88.2	113.9	121.2
Net debt, MEUR	49.7	39.7	52.8	86.0	110.7
Net gearing, %	41.7	30.8	39.8	70.4	83.9
Investments, MEUR	20.3	17.5	7.8	4.8	23.9
% of revenues	3.9	2.9	1.4	1.0	4.3
Number of personnel (average)	2,095	2,420	2,395	2,512	2,914
<b>Information per share</b>					
Number of shares	60,000	60,000	60,000	60,000	60,000
Net profit per share, EUR	-115.7	58.8	151.7	-180.4	-632.9
Equity per share, EUR	1,970.9	2,127.2	2,191.1	2,031.0	2,265.6
Dividend per share, EUR	25.0	50.0	100.0	60.0	0.0
Dividend as % of net profit	-21.6	85.0	65.9	-33.3	-

## PARENT COMPANY INCOME STATEMENT

M€	2019	2018
<b>Revenues</b>	11	1.2
Other operating income	0.7	0.8
Personnel expenses	0.6	0.5
Depreciation and write-downs	0.0	0.1
Other operating expenses	1.7	1.7
Operating profit	-0.5	-0.4
Financial income and expenses	9.5	10.3
Profit before appropriations and taxes	9.0	9.9
Group contributions	0.2	0.2
Income taxes	0.0	0.0
<b>Net profit for the financial year</b>	<b>9.2</b>	<b>10.1</b>

## NOTE TO PARENT COMPANY FINANCIAL STATEMENT

M€	2019	2018
<b>Specification of shareholders' equity</b>		
Share capital	0.1	0.1
Share premium fund	0.2	0.2
Retained earnings on 1 Jan	104.6	100.6
Dividends paid	-3.0	-6.0
Retained earnings on 31 Dec	101.6	94.6
Net profit for the financial year	9.2	10.1
Total retained earnings	110.8	104.6
<b>Total</b>	<b>111.1</b>	<b>104.9</b>
<b>Parent company's distributable funds</b>	<b>110.8</b>	<b>104.6</b>

## PARENT COMPANY BALANCE SHEET

M€	2019	2018
<b>Assets</b>		
<b>Fixed assets and other long-term investments</b>		
Non-current assets	0.0	0.0
Tangible assets	11	1.2
Investments	100.9	100.9
	102.0	102.0
<b>Current assets</b>		
Long-term receivables	7.7	8.3
Short-term receivables	2.3	2.7
Cash and cash equivalents	26.0	34.4
	36.0	45.4
<b>Shareholders' equity and liabilities</b>	<b>138.0</b>	<b>147.4</b>
<b>Shareholders' equity</b>		
Share capital	0.1	0.1
Share premium fund	0.2	0.2
Retained earnings	101.6	94.6
Net profit for the year	9.2	10.1
	111.1	104.9
<b>Liabilities</b>		
Non-current liabilities	0.0	3.6
Current liabilities	26.8	38.9
	26.8	42.5
	<b>138.0</b>	<b>147.4</b>

# BOARDS OF DIRECTORS, MANAGEMENT AND AUDITOR

## Board of directors of Kuusakoski Group Oy

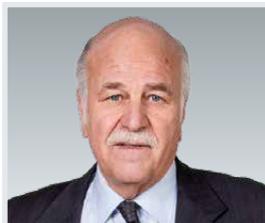
### Members



Olli Vaartimo  
MSc (Econ), Chairman of the Board

Chairman of the Board of  
Sampo-Rosenlew Oy

Member of the Board of  
Black Bruin Oy



Veikko Kuusakoski  
MSc (Law)



Mariella Kuusakoski-Toivola  
Commercial College Graduate



Lauri Peltonen  
MD, PhD  
Vice Chairman of the Board of  
Music Institute Nurmijärvi



Johan Kronberg  
MSc (Econ)  
Member of the Board of  
Elomatic Oy,  
Jaakko Taara Oy,  
Silo AI Oy and  
Nordic Business Group Oy

### Deputy members

Tiina Orasaari  
BBA

Tapio Kuusakoski  
MSc (Econ)

## President of Kuusakoski Group Oy

Veikko Kuusakoski, MSc (Law)

### Auditor

KPMG OY AB  
Jukka Rajala, APA

## Board of Directors of Kuusakoski Oy

Veikko Kuusakoski, Chairman of the Board  
Pekka Erkkilä  
Mikko Kuusakoski  
Harri Nikunen  
Johan Viklund

## President and CEO of Kuusakoski Oy

Mikko Kuusilehto, MSc (Eng)

## Management Team of Recycling Group

Mikko Kuusilehto, CEO (Chairman)  
Teuvo Kuusakoski, Business Director, Non-Ferrous  
Timo Kuusakoski, Business Director, Metals  
Tuomas Mantere, Director, Production  
Martti Sinisalo, Business Director, Energy & Waste  
Lauri Siukonen, CFO  
Oskar Stavrén, Sales Director

## Board of Directors of Alteams Oy

Arno Pelkonen, Chairman of the Board  
Mika Hassinen  
Risto Kuusakoski  
Timo Kuusakoski  
Petteri Walldén

## President and CEO of Alteams Oy

Asko Nevala, MSc (Eng)

## Management Team of Foundry Group

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Mika Haapala, Executive Vice President, Operational Excellence Development  
Petteri Kili, CFO  
Kimmo Pesonen, Executive Vice President, Global Accounts, NET 2 CBU  
Timo Puska, Executive Vice President, Industrial Applications CBU  
Alicja Kobiela, Plant Manager, Alteams Poland Sp. z.o.o.  
David Twomey, President and CEO, Alteams (Suzhou) Ltd., Co. (as of 110.2019)  
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Kuusakoski's first LNG-powered truck has been on the road since September 2019.





**KUUSAKOSKI**