

MINT OF FINLAND LTD
BUSINESS ID 0912125-5

FINANCIAL STATEMENTS 2018

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REPORT OF THE BOARD OF DIRECTORS

Operating environment

Mint of Finland is one of the world's leading mints in terms of exports. The company manufactures circulation and commemorative coins, and blanks. Most of the company's production is exported. Mint of Finland's most important market areas in 2018 were Asia, Europe, Africa and South America. Finland accounted for 7% of the company's revenue. Customers are mostly central banks and mints worldwide.

Most of the company's business is of a project nature based on non-recurring or multiannual agreements. Mint of Finland Group comprises the companies in Finland and Germany, and the Spanish blank manufacturer Compañía Europea de Cospeles S.A. (CECO SA), in which Mint of Finland and Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda (Royal Mint of Spain) each have a 50% holding.

Major overcapacity in the industry has resulted in tougher competition on the international markets and is in return reflected in fierce price competition. Most European countries are closed to competition. At the beginning of 2019, the Finnish Government launched competitive tendering for circulation and commemorative coins.

New different means of payment are constantly increasing and this has led to a growing need to examine the future of cash as a means of payment. In the Nordic countries, digital payments are accounting for an increasing share of small payments. So far, cash has nevertheless retained its position in small transactions, which continue to account for a significant share of transactions worldwide. To compensate for the future decrease in demand, the company actively strives to develop new business and new business models in the service sector.

Revenue and result

Consolidated revenue was down year on year and amounted to €71.5m (2017: €85.0m). Operating profit before depreciation on consolidated goodwill (EBITA) rose to €3.6m (€0.0m). Operating result was +€1.7m, which equates to +2.4% of revenue (2017: -€1.9m, -2.2% of revenue). The Group's result for the accounting period was +€1.2m, which equates to +1.7% of revenue (2017: -€2.3m, -2.7% of revenue). The Group's result for the accounting period includes no non-recurring costs. Improved profitability was attributable to more profitable customer projects compared to the previous year, greater production efficiency and completion of the fixed cost adjustment programme.

The blank business contracted compared to 2017 although profitability was at a satisfactory level. The capacity utilisation rate in blank production was good during the first half of the year but contracted at the end of the year. The blank business contracted particularly in the Asian market.

In the circulation coins business, volumes grew significantly compared to 2017 and profitability was good. The capacity utilisation rate in circulation coin production centred around the second half of the year. Fluctuation in capacity utilisation reflects the cyclical nature of the industry, which is a result of central banks' purchasing cycles.

Sales in the commemorative coins business were down compared to the previous year, Finland's centennial year, as the Ministry of Finance decreased orders of new commemorative coins. Profitability of commemorative coin products was at a satisfactory level.

The four-year contract on the production of metal coins between the Finnish Ministry of Finance and Mint of Finland ended on 31 December 2018.

Balance sheet and cash flow

Consolidated assets at year-end 2018 were €58.1m (2017: €59.4m). Cash and cash equivalents grew by €2.0m to €3.7m (2017: €1.7m) at year-end. Current liabilities rose €3.7m to €27.2m (€23.5m). Investment at year-end 2018 was €48.0m (2017: €50.7m) and return on investment was 3.5% (-3.7%).

Consolidated cash flow from operating activities in 2018 was +€7.2m (2017: +€1.1m). Cash flow from investing activities in 2018 was -€1.1m (-€1.2m), more or less the same as a year earlier. Cash flow from financing activities was -€4.1% compared to +€0.2m a year earlier.

The company's equity ratio at year-end 2018 was 46.8% (2017: 44.2%). Return on equity was +6.4% (-6.9%).

Investments

Group net investments in fixed assets were €1.2m (2017: €1.2m). The most significant investments were in production equipment and information systems.

Key performance indicators 2014-2018

Mint of Finland Group

	2018	2017	2016	2015	2014
Revenue (€1 000)	71 464	84 996	66 557	88 219	76 208
Change in revenue, %	-15,9 %	27,7 %	-24,6 %	15,8 %	-21,7 %
Operating profit/loss %	2,4 %	-2,2 %	-2,5 %	-4,2 %	-3,4 %
ROE %	6,4 %	-6,9 %	-5,5 %	-11,1 %	-7,1 %
ROI %	3,5 %	-3,7 %	-3,0 %	-6,1 %	-4,0 %
Equity ratio %	46,8 %	44,2 %	44,1 %	45,8 %	47,1 %
Personnel, average	160	169	186	193	211

Mint of Finland Ltd

	2018	2017	2016	2015	2014
Revenue (€1 000)	54 895	66 630	40 857	48 995	23 620
Change in revenue, %	-17,6 %	63,1 %	-16,6 %	107,4 %	-28,4 %
Operating profit/loss %	5,8 %	-0,8 %	-2,9 %	-1,1 %	-11,6 %
ROE %	7,7 %	-1,4 %	-2,8 %	-1,3 %	-6,2 %
ROI %	5,2 %	-0,9 %	-1,8 %	-0,9 %	-4,9 %
Equity ratio %	61,9 %	61,0 %	58,7 %	55,8 %	60,8 %
Personnel, average	56	62	65	63	61

The operating profit and ROI percentages have been restated in the comparable information to better reflect the new profit and loss layout, where extraordinary items are included in operating profit/loss.

Personnel

During the year, the Group employed an average of 160 persons (2017: 169 persons), 56 (2017: 62) of whom worked in Finland. At year-end, there were a total of 156 persons in the Group's service. Wages and salaries paid to employees during the report year amounted to €7.4m (2017: €7.9m). Worker consultations initiated at the site in Finland in 2018 resulted in the loss of 7 jobs.

Management remuneration

In 2018, the Board of Directors were paid fees of €133,440 (2017: €160k). The CEO was paid a fixed salary of €213,603 and the Management Team was paid €595,768 in 2018. The financial statements include target bonuses of €81,600 paid to the CEO and €132,094 paid to the Management Team. The company has no long-term incentive programme. The company had no supplementary pension arrangements at year-end 2018.

Organisation

The company's CEO is Jonne Hankimaa. Minna Toiviainen joined the company as the new General Counsel in January 2018 and her remit also includes HR.

Risk management

Risks at Mint of Finland relate both to changes taking place in the business environment and to the company's operating activities.

Fluctuations in metal prices expose the company to risks that relate to the pricing of tenders. Efforts are made to mitigate this risk by negotiating fixed prices with metals suppliers as early as possible for projects and by negotiating price revision clauses in sales agreements to minimise the risks associated with price changes.

Mint of Finland is also dependent on the delivery reliability of its materials suppliers. To minimise this risk, the most important suppliers are evaluated at least once a year. In addition, it is important to be able to recognise the most critical materials and suppliers for each project and to align our own operations to demands.

Forex risks are minimised by hedging all significant items denominated in foreign currencies.

Operative risks involve potential process and quality issues, faults, malfunction of machinery or systems, which in turn could lead to delivery delays and unpredicted costs. Operative risks also include demand and customer risks. Demand risks means fluctuations in demand and economic, political and operative risks relating to the company's different market areas. Customer risks refers to changes in the buying behaviour of major individual customers, the project-like nature of operations, dependency on a number of customers and the ability to offer consumers interesting commemorative coin products. Global excess capacity and the approaches of different actors make for a challenging business playing field.

In 2017, the sites in Germany and Finland started to use a process modelling tool. All activities are systematically fed through the process. This will have long-term implications also on mitigating operative risks as operating quality improves and becomes more efficient.

With regard to insurance, efforts have been made to build comprehensive cost-effective insurance cover.

Decisions of the Annual General Meeting

Mint of Finland's Annual General Meeting was held in Helsinki on 28 March 2018. The Meeting adopted the financial statements for 2017 and discharged members of the Board of Directors and the CEO from liability for the accounting period 1

Kaisa Vikkula, Päivi Nerg, Petri Vihervuori, Pekka Leskinen and Ari Viinikkala were elected as members of the Board of Directors. Kaisa Vikkula was elected as chairperson to the Board of Directors and Pekka Leskinen as vice chairperson. Accounting firm EY were appointed as the company's auditors.

The fee for the chairperson of the Board of Directors was fixed at €2,800 a month, the vice chairperson's fee at €1,970 a month and ordinary members at €1,400 a month. In addition, an attendance fee of €600 is paid to each member for each meeting at which he or she is present. In addition, it was confirmed that members of the Board of Directors' committees to be established would be paid an attendance fee of €600 for each committee meeting at which he or she is present. During 2018, the Board of Directors met nine times and held three email meetings.

Share capital

The company's share capital at 31 December 2018 was €5,000,000. The company has 16,000 shares, each of which conveys one (1) vote at shareholder meetings. At year-end 2018, the Finnish State owned all the shares.

Market and business outlook for 2019

Competition in the industry is tough and margins are very low. The arrival of new actors, for example from China, on the international market, especially in the coin blank business, will further increase competition. Potential factors of uncertainty that could impact the company's business are discussed in the "Risks" section. The coin blank business is characterised by excess capacity on the one hand, although on the other hand most suppliers have been unable to optimise their production processes in response to peaks in demand and thus their production suffers from bottlenecks caused by demand peaks. As demand fluctuates strongly, Mint of Finland is seeking ways to develop its service business, new business models and to further improve its organisation to enable profitable operations looking ahead.

To improve business performance, Mint of Finland continues to implement its change programme. Under this programme, activities are centred on strategic focus areas drawing on the company's values and strengths, and on improving competitiveness with an eye to the company's future.

Events since the balance sheet date

The Finnish Ministry of Finance launched competitive tendering for contracts for circulation coins in accordance with the EU's new Procurement Directive. Tendering resulted in the decision of the Ministry of Finance in February 2019 to award a contract to Mint of Finland Limited to supply Finland's circulation coins for the period 2019-2022.

The Ministry of Finance appointed a new Commemorative Coin Committee effective from the beginning of 2019. Competitive tendering for commemorative coins is still pending and according to present information received by the company, this would take place already during 2019.

Funding in respect of the real estate in Vantaa was restructured through a €10 million interest rate corridor in February 2019.

Board of Directors' proposal for the distribution of profit

Mint of Finland Ltd's Board of Directors proposes that the parent company pay no dividend for 2018 and that the profit of €2,732,949.07 be retained.

Annual General Meeting

Mint of Finland Ltd's Annual General Meeting will be held on Wednesday 28 March 2019 at the Government Palace at Snellmaninkatu 1 A, 00100 Helsinki.

Vantaa, 20 March 2019

Mint of Finland Ltd's Board of Directors

CONSOLIDATED PROFIT AND LOSS STATEMENT Note 1.1. - 31.12.2018 1.1. - 31.12.2017

1 000 EUR

Revenue	(1)	71 464	84 996
Increase (+) / decrease (-) in stocks of finished and unfinished products		-3 955	-5 220
Other operating income	(2)	105	219
Materials and services	(3)	-36 659	-52 613
Personnel expenses	(4)	-8 912	-9 505
Depreciation and impairment	(6)	-3 600	-3 927
Other operating expenses	(8)	-16 738	-15 845
Operating profit/loss		1 705	-1 896
Financial income and expenses	(7)	-384	18
Profit/loss before appropriations and taxes		1 321	-1 878
Income taxes for the period	(9)	-101	-419
Profit/loss for the period		1 220	-2 297

CONSOLIDATED BALANCE SHEET

1 000 EUR

	Note	31.12.2018	31.12.2017
Assets			
Fixed assets			
Intangible assets	(10)	4 472	6 266
Tangible assets	(10)	22 345	22 919
Investments	(10)	<u>4</u>	<u>4</u>
		26 821	29 189
Current assets			
Inventories	(12)	10 445	14 294
Long-term receivables	(13)	205	70
Current receivables	(13)	16 926	14 132
Cash in hand and at banks		<u>3 716</u>	<u>1 718</u>
		31 292	30 214
Total assets		58 113	59 403
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital		5 000	5 000
Share premium reserve		6 448	6 448
Reserve fund		377	377
Retained earnings		14 164	16 709
Profit/loss for the period		<u>1 220</u>	<u>-2 297</u>
	(14)	27 209	26 237
Liabilities			
Long-term liabilities	(16)	3 655	9 682
Current liabilities	(16)	<u>27 249</u>	<u>23 484</u>
		30 904	33 166
Total shareholder's equity and liabilities		58 113	59 403

CASH FLOW STATEMENT

1 000 EUR

1.1.-31.12.2018**1.1.-31.12.2017**

Net cash flow from operating activities		
Profit/loss before appropriations and taxes	1 321	-1 878
Depreciation according to the plan	3 600	3 927
Change in working capital	2 137	-872
Financial income and expenses	384	-18
Proceeds from the disposal of fixed assets	-104	-19
Proceeds from the divestment of fixed asset shares	0	0
Income taxes paid	-96	0
	<u>7 242</u>	<u>1 140</u>
Net cash flow from investing activities		
Net investments in tangible and intangible assets	-1 231	-1 230
Dividends received	4	4
Proceeds from the disposal of fixed assets	104	19
Proceeds from the divestment of fixed asset shares	0	0
	<u>-1 123</u>	<u>-1 208</u>
Net cash flow from financing activities		
Change in long-term loans	-6 027	-10 101
Change in short-term loans	2 681	10 433
Change in long-term loan receivables	0	0
Interest received and financial income	142	1
Interest paid, dividends and other financial expenses	-917	-178
	<u>-4 121</u>	<u>155</u>
Change in cash and cash equivalents	1 998	88
Cash and cash equivalents at 1 Jan	1 718	1 630
Cash and cash equivalents at 31 Dec	3 716	1 718
Change in working capital (increase - / decrease +)		
Change in zero-interest receivables	-2 794	-1 904
Change in inventories	3 848	5 220
Change in zero-interest borrowings	1 083	-2 444
	<u>2 137</u>	<u>872</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting principles

The consolidated financial statements, which include all Group companies, have been prepared using the acquisition cost method. The difference between the acquisition cost and equity of subsidiaries at the time of acquisition is stated as consolidated goodwill and Group reserve without allocating them to the subsidiaries' asset items. Consolidated goodwill and Group are shown separately on the balance sheet. Depreciation of consolidated goodwill and Group reserve have been offset in the profit and loss statement.

Intra-Group transactions and margins have been eliminated. Companies in which the Group has a 50% holding have been consolidated as joint ventures.

The profit and loss statements of foreign subsidiaries have been translated into euros at the average exchange rate period. The balance sheets have been translated into euros at the exchange rates at the balance sheet date. The exchange differences arising in translation and the translation differences in the equities of foreign subsidiaries are shown in the profit and loss statement.

The figures in the financial statements are shown in thousands of euros.

Valuation of fixed assets

Fixed assets have been recognised in the balance sheet at acquisition cost less depreciation according to the plan. Fixed assets are depreciated on a straight-line basis over their useful lives.

Depreciation periods are:

Intangible rights and other capitalised long-term expenditure	3 - 5	years
Goodwill	5	years
Consolidated goodwill and Group reserve	5 - 10	years
Buildings	25	years
Structures	10	years
Production machinery	3 - 10	years
Equipment	3 - 5	years

Valuation of inventories

Inventories are stated according to the FIFO method at the acquisition cost, replacement value or probable realisable value, whichever is the lower. The inventory value includes variable costs.

Cash in hand and at banks

Cash in hand and at banks includes liquid assets, bank balances and deposits of less than three months.

Derivatives

Derivatives include currency forwards, which are used to hedge forecast cash flows in sales and purchase contracts denominated in foreign currency.

The negative fair values of currency derivatives in respect of trade receivables and payables booked in the balance sheet for 2018 have been booked as provisions in financial expenses in the profit and loss statement based on a statement issued by the Accounting Board in December 2016.

Items denominated in foreign currency

In the 2018 financial statements, all receivables and liabilities in currencies other than the euro have been translated into euros at the average rates quoted by the European Central Bank at the balance sheet date. Earlier an exception to this was currency denominated receivables and liabilities that were hedged by currency forwards and recognised at forward rates. The change in accounting principle has no material impact on the comparability of the information in the financial statements.

Pensions

The pension cover of Group employees has been arranged through external pension insurance companies. Pension costs are expensed during the year accrued.

Deferred taxes

Deferred tax liabilities or assets have been calculated based on the temporary differences between their carrying amounts and the tax rate using the tax rate for subsequent years confirmed at the balance sheet date. The balance sheet includes deferred liabilities in their entirety and deferred taxes based on their probable amount. Consolidated tax liabilities and assets are shown as separate items on the balance sheet.

1. Revenue by market area	2018	2017
Finland	4 942	4 619
Other EU countries	27 774	34 341
Non-EU countries	38 748	46 035
	<u>71 464</u>	<u>84 996</u>
2. Other operating income		
Proceeds from the divestment of fixed asset shares	0	0
Proceeds from the disposal of fixed assets	104	19
Other operating income	1	200
	<u>105</u>	<u>219</u>
3. Materials and services		
Materials and supplies		
Purchases during the period	35 500	51 813
Change in inventories	97	-3 026
	<u>35 597</u>	<u>48 787</u>
External services	1 062	3 826
Total materials and services	36 659	52 613

4. Personnel and wages and salaries	2018	2017
Average number of Group employees during the period		
White-collar	51	56
Blue-collar	109	113
	<u>160</u>	<u>169</u>
Number of employees at end of period	156	174
Personnel expenses		
Wages and salaries	7 366	7 860
Pension costs	577	605
Other social security expenses	970	1 045
	<u>8 912</u>	<u>9 509</u>
Management salaries and bonuses		
CEOs	214	204
Members of the Board of Directors	133	165
	<u>347</u>	<u>368</u>
5. Auditors' fees		
EY		
Audit fees	77	62
Tax advice and other consultation	31	92
	<u>107</u>	<u>155</u>
6. Depreciation		
Depreciation on tangible and intangible assets according to the plan	3 599	3 927
Depreciation by balance sheet item is included in fixed assets.		
7. Financial income and expenses		
Interest received and financial income	150	56
Interest paid and other financial expenses	-534	-38
	<u>-384</u>	<u>18</u>
Financial income and expenses includes exchange rate differences (net)	-319	-20
Financial income and expenses includes unrealised deferred exchange rate difference on foreign currency derivatives	0	211
8. Extraordinary items included in other operating expenses		
9. Income taxes		
Income taxes on ordinary operations	-96	-377
Change in deferred tax liability	-57	-42
	<u>-153</u>	<u>-419</u>

10. Fixed assets

Intangible assets	Intangible rights	Goodwill	Consolidated goodwill	erm capitalised expenditure	Total
Acquisition cost at 1 Jan	2 023	20 506	13 090	89	35 708
Transfers between items	0				0
Company divestments	0		0		0
Increase	321				321
Decrease	-280				-280
Other transfers/adjustments	0				0
Acquisition cost at 31 Dec	2 064	20 506	13 090	89	35 749
Accumulated depreciation at 1 Jan	1 743	20 506	7 171	84	29 503
Accumulated depreciation on com	0				0
Accumulated depreciation on dive	-186				-186
Other transfers/adjustments	0				0
Depreciation for the period	40		1 915	5	1 960
Accumulated depreciation at 31 Dec	1 597	20 506	9 085	89	31 277
Advance payments	0	0	0	0	0
Carrying value at 31 Dec	467	0	4 005	0	4 472
Tangible assets	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost at 1 Jan	3 268	22 486	41 244	265	67 264
Transfers between items					0
Company divestments					0
Increase	2	308	865	10	1 185
Decrease		-1	-320		-320
Other transfers/adjustments					0
Acquisition cost at 31 Dec	3 270	22 794	41 789	276	68 128
Accumulated depreciation at 1 Jan	30	6 837	39 022	241	46 130
Accumulated depreciation on company divestments					0
Other transfers/adjustments			-430		-430
Depreciation for the period		802	830	8	1 640
Accumulated depreciation at 31 Dec	30	7 639	39 422	249	47 340
Advance payments		43	1 513		1 557
Carrying value at 31 Dec	3 240	15 199	3 880	26	22 345

Investments	Investments	Total
Acquisition cost at 1 Jan	4	4
Increase	0	0
Decrease	0	0
Acquisition cost at 31 Dec	4	4
Accumulated depreciation at 1 Jan	0	0
Depreciation for the period	0	0
Accumulated depreciation at 31 Dec	0	0
Carrying value at 31 Dec	4	4

11. Group companies

Subsidiaries owned by the parent company	Group and parent company ownership	Country	Domicile
AB Myntverket	100 %	Sweden	Eskilstuna
Mint of Finland GmbH	100 %	Germany	Halsbrücke
Owned by subsidiaries			
Compañía Europea de Cospeles, S.A.	50 %	Spain	Madrid

12. Inventories

	2018	2017
Materials and supplies	4 183	4 280
Unfinished goods/products	3 214	3 483
Finished goods/products	2 845	6 530
Advance payments	204	0
	<u>10 445</u>	<u>14 294</u>

13. Receivables	2018	2017
Long-term receivables		
Bonds	70	70
Receivable from divestment of shares in subsidiaries	0	0
Deferred tax asset	135	0
Other long-term receivables	0	0
	<hr/>	<hr/>
	205	70
Current receivables		
Trade receivables	16 367	13 245
Other current receivables	559	887
	<hr/>	<hr/>
	16 926	14 132
 14. Shareholder's equity		
Share capital at 1 Jan and 31 Dec	5 000	5 000
Share premium reserve at 1 Jan	6 448	6 448
Transfer from retained earnings	0	0
Transfer to retained earnings	0	0
Share premium reserve at 31 Dec	6 448	6 448
Reserve fund at 1 Jan	377	271
Transfer from retained earnings	0	110
Transfer from share premium reserve	0	0
Translation difference and other changes	0	-4
Reserve fund at 31 Dec	377	377
Retained earnings at 1 Jan	14 429	16 840
Transfers to reserve		-110
Translation difference and other changes	11	30
Distribution of dividend	-276	-51
Retained earnings at 31 Dec	14 164	16 709
Profit/loss for the period	1 220	-2 297
Total shareholder's equity	27 209	26 237
 15. Deferred tax assets and liabilities		
Deferred tax assets		
Tax recognition	155	413
Business combinations	12	87
	<hr/>	<hr/>
	167	500
Deferred tax liabilities		
Tax recognition	0	205
Business combinations	0	0
	<hr/>	<hr/>
	0	205

16. Liabilities	2018	2017
Long-term liabilities		
Long-term borrowing	3 655	9 682
Deferred tax liability	0	0
Other long-term liabilities	0	0
	<hr/>	<hr/>
	3 655	9 682
Current liabilities		
Revolving credit facility used and repayment of long-term loans	17 485	14 805
Advances received	661	216
Trade payables	4 756	5 517
Other current liabilities	234	26
Income tax liabilities	16	87
Other accrued liabilities	4 096	2 834
	<hr/>	<hr/>
	27 249	23 484
Items included in other accrued liabilities		
Personnel expense liabilities	1 109	1 058
Other accrued liabilities	2 987	1 782
	<hr/>	<hr/>
	4 096	2 840

17. Guarantees, commitments and other liabilities	2018	2017
Amounts payable on leasing agreements		
Falling due in 2019	462	454
Falling due later	739	1 097
	<u>1 201</u>	<u>1 551</u>
Rent liabilities		
Falling due in 2019	501	462
Falling due later	280	912
	<u>781</u>	<u>1 373</u>
VAT liability		
The parent company will be liable to revise the VAT deductions made on real estate investments completed and brought into use in 2013 if there is a reduction in the taxable use of the building during the revision period. The maximum liability is €2,175,146 and the last year of the revision period is 2022.		
Other commitments		
Commercial guarantee credit facility	36 250	36 500
of which in use	9 276	11 818
Line of credit granted	19 575	19 950
of which in use	11 485	12 487
Revolving facility granted	8 000	8 000
of which in use	4 000	4 000
Derivatives		
Fair value	-885	750
- derivative in 2019	-865	750
- derivative falling due later	-21	0
Value of underlying asset	33 264	14 733
- derivative in 2019	2 832	14 733
- derivative falling due later	0	0

The derivatives are currency forwards used to hedge future cash flows relating to buying and selling contracts. Derivatives are based on binding contracts made with customers and suppliers and on the delivery schedules and quantities therein. Each currency derivative relates to a contract and delivery consignment.

Negative fair values of derivatives are booked in the profit and loss statement and balance sheet in accordance with the principle of caution. The company does not apply hedge accounting.

PROFIT AND LOSS STATEMENT

1 000 EUR

Note 1.1.-31.12.2018 **1.1.-31.12.2017**

Revenue	(1)	54 895	66 630
Increase (+) / decrease (-) in stock of finished and unfinished products		-1 982	-3 497
Other operating income	(2)	27	87
Materials and services	(3)	-40 268	-56 258
Personnel expenses	(4)	-4 107	-4 486
Depreciation and impairment	(9)	-726	-708
Other operating expenses		-4 668	-2 320
Operating profit / loss		3 170	-552
Financial income and expenses	(6)	-415	44
Profit /loss before appropriations and taxes		2 755	-508
Appropriations	(7)	-22	0
Deferred taxes	(8)	0	-42
Profit / loss for the period		2 733	-550

BALANCE SHEET	Note	31.12.2018	31.12.2017
1 000 EUR			
Assets			
Fixed assets			
Intangible assets	(9)	344	157
Tangible assets	(9)	12 754	12 903
Advance payments	(9)	0	428
Investments	(10)	29 607	29 607
		<u>42 705</u>	<u>43 095</u>
Current assets			
Inventories	(11)	7 698	9 984
Long-term receivables	(12)	500	1 000
Current receivables, prepayments and accrued income	(12)	17 598	10 909
Cash in hand and at banks		166	128
		<u>25 962</u>	<u>22 022</u>
Total assets		68 667	65 117
Liabilities			
Shareholder's equity			
Share capital		5 000	5 000
Share premium reserve		6 448	6 448
Retained earnings		28 295	28 846
Profit / loss for the period		2 733	-550
	(13)	<u>42 476</u>	<u>39 743</u>
Accumulated appropriations			
Depreciation difference	(14)	46	24
Provisions			
Other provisions	(15)	615	0
Liabilities			
Long-term liabilities	(16)	2 250	3 750
Current liabilities	(16)	23 279	21 600
		<u>25 529</u>	<u>25 350</u>
Total liabilities		68 667	65 117

CASH FLOW STATEMENT

1000 EUR

1.1.-31.12.2018 **1.1.-31.12.2017**

Net cash flow from operating activities

Profit / loss before appropriations and taxes	2755	-508
Adjustments:		
Depreciation according to the plan	726	708
Change in working capital	-516	1 237
Financial income and expenses	415	-44
Proceeds from the disposal of fixed assets	-26	-19
Writedowns on fixed asset shares	0	0
	<u>3355</u>	<u>1 374</u>

Net cash flow from investing activities

Net investments in tangible and intangible assets	-336	-730
Dividends received from Group companies	0	0
Dividends received from others	4	4
Proceeds from the disposal of tangible and intangible assets	26	19
Proceeds from the divestment of fixed asset shares	0	0
Merger of subsidiary into the parent company	0	0
	<u>-306</u>	<u>-707</u>

Cash flow from financing activities

Change in long-term loans	-5500	-10 033
Change in short-term loans	3545	9 940
Change in long-term loan receivables	500	500
Change in current loan receivables	-1137	-1 023
Interest received and financial income	35	27
Interest paid and other financial exoenses	-453	-197
	<u>-3011</u>	<u>-786</u>

Change in cash and cash equivalents

38 -120

Cash and cash equivalents at 1 Jan

128 248

Cash and cash equivalents at 31 Dec

166 128

Change in working capital (increase -, decrease +)

Change in zero-interest receivables	-5638	-704
Change in inventories	2286	4 665
Change in zero-interest borrowings	2836	-2 724
	<u>-516</u>	<u>1 237</u>

NOTES TO THE FINANCIAL STATEMENTS

1 000 EUR

1. Revenue	2018	2017
Revenue by product group		
Circulation coins	23 827	33 253
Numismatic products	5 789	6 146
Blanks	25 276	27 231
Services	3	0
	54 895	66 630
Revenue by market area		
Finland	4 941	4 255
Other EU countries	17 537	21 174
Non-EU countries	32 417	41 201
	54 895	66 630
2. Other operating income		
Proceeds from the disposal of fixed assets	26	19
Other operating income	1	68
	27	87
3. Materials and services		
Materials and supplies		
Purchases during the period	28 513	44 672
Change in inventories	508	823
	29 021	45 495
External services	11 247	10 763
	40 268	56 258
4. Personnel and wages and salaries		
Average number of employees during the period		
White-collar	28	31
Blue-collar	28	31
	56	62
Number of employees at year end	54	60
Personnel expenses		
Wages and salaries	3 423	3 713
Pension costs	577	605
Other social security expenses	106	168
	4 107	4 486
Management salaries and bonuses		
CEO	214	209
Members of the Board of Directors	133	160
	347	369

5. Auditors' fees	2 018	2 017
EY		
Audit fees	50	38
Tax advice	12	40
Other services	18	3
Assignments under chapter 1.1(2) of the Auditing Act	1	2
	81	84

In the figures for the reference year, tax advice, other services and assignments under chapter 1.1(2) of the Auditing Act are stated as a single item.

6. Financial income and expenses

Dividends received from Group companies	0	0
Dividends received from others	4	4
Interest and financial income from Group companies	30	26
Interest and financial income from other companies	4	1
Interest and other financial expenses paid to Group companies	0	0
Interest and other financial expenses paid to others	-135	-178
Unrealised deferred exchange rate losses on currency derivatives	0	211
Exchange rate differences	-319	-20
	-415	44

7. Appropriations and extraordinary items included in other operating expenses

Appropriations		
Change in depreciation differences	-22	0

8. Income taxes

Change in deferred taxes	0	-42
	0	-42
Items for which no deferred tax has been booked		
Established losses in taxation	4 347	4 284
Postponed depreciation, fixed assets	438	310
	4 785	4 593

9. Fixed assets

Intangible assets	Intangible rights	Goodwill and capitalised long-term expenditure	
Acquisition cost at 1 Jan	1 244	626	89
Increase	275	0	0
Decrease	0	0	0
Acquisition cost at 31 Dec	1 519	626	89
Accumulated depreciation at 1 Jan	1 092	626	84
Cumulative depreciation on divestments	0	0	0
Depreciation for the period	83	0	5
Accumulated depreciation at 31 Dec	1 175	626	89
Advance payments	0	0	0
Carrying value at 31 Dec	344	0	0
Tangible assets	Land	Buildings and structures	Machinery and equipment
Acquisition cost at 1 Jan	2 975	11 539	8 599
Increase	0	0	491
Decrease	0	0	-60
Acquisition cost at 31 Dec	2 975	11 539	9 030
Accumulated depreciation at 1 Jan	0	2 114	8 094
Cumulative depreciation on divestments	0	0	-58
Depreciation for the period	0	463	175
Accumulated depreciation at 31 Dec	0	2 577	8 212
Advance payments	0	0	0
Carrying value at 31 Dec	2 975	8 962	818

10. Investments

	Shares in subsidiaries	Other shares
Carrying value at 1 Jan	29 603	4
Increase	0	0
Decrease	0	0
Carrying value at 31 Dec	29 603	4
Shares in subsidiaries	Number of shares	Ownership %
Mint of Finland GmbH (earlier Saxonia Eurocoin GmbH)	2	100
AB Myntverket	10 000	100
Companies/holdings divested during the period	Remaining ownership	-
-	-	-

	2 018	2 017
11. Inventories		
Materials and supplies	2 115	2 623
Unfinished goods/products	2 859	3 415
Finished goods/products	2 520	3 946
Advance payments	204	0
	<hr/> 7 698	<hr/> 9 984
12. Receivables		
Long-term receivables		
Long-term receivables, Group	500	1 000
	<hr/> 500	<hr/> 1 000
Current receivables		
Trade receivables, Group	30	40
Trade receivables, others	13 022	7 487
Other current receivables, Group	3 993	2 856
Other current receivables, others	469	320
	<hr/> 17 514	<hr/> 10 703
Prepayments and accrued income, others		
Recognition of personnel insurances	17	125
Exchange rate recognition	0	0
Kela compensation for occupational healthcare costs	14	17
Expenses due in 2019	53	49
Deferred tax assets	0	0
Other prepayments and accrued income	0	15
	<hr/> 83	<hr/> 207

13. Shareholder's equity	2 018	2017
Shareholder's equity at 1 Jan and 31 Dec	5 000	5 000
Share premium reserve at 1 Jan and 31 Dec	6 448	6 448
Total restricted equity	11 448	11 448
Retained earnings at 1 Jan	28 295	28 846
Profit / loss for the period	2 733	-551
Unrestricted equity	31 028	28 295
Total shareholder's equity	42 476	39 743
Distributable equity	31 028	28 295
14. Cumulative appropriations		
Depreciation difference	46	24
15. Provisions		
Provision for liability for delay (booked as an expense)	615	0
16. Liabilities		
Long-term liabilities		
Loans from financial institutions (159620-103741)	2 250	3 750
Current liabilities		
Loans from financial institutions RCF	4 000	4000
Part of revolving credit facility employed	11 485	11 690
Loans from financial institutions	1 500	1 750
Other current liabilities		
Advances received	661	216
Trade payables, Group	1 012	1 162
Trade payables, others	1 259	1 123
VAT liability (DE)	0	3
Employer's contribution liabilities	90	95
Accrued liabilities, Group		
Tolling provision Mint of Finland GmbH	836	245
Accrued liabilities, others		
Personnel expense liabilities	924	738
Royalties to the Ministry of Finance	50	31
Agent commissions	480	384
Undelivered online shop orders	885	0
Deferred exchange rate losses on currency derivatives	98	163
Other accrued liabilities	23 279	21 600

17. Guarantees, commitments and other liabilities	2 018	2017
Amounts payable on leasing agreements		
Falling due in 2019	127	70
Falling due later	136	94
	<hr/> 262	<hr/> 164
Rent liabilities		
Falling due in 2019	0	0
Falling due later	0	0
	<hr/> 0	<hr/> 0
Commitments given on behalf of others		
Rent sureties, deposit	0	0
VAT liability		
The parent company will be liable to revise the VAT deductions made on real estate investments completed and brought into use in 2013 if there is a reduction in the taxable use of the building during the revision period. The maximum liability is €2,175,146 and the last year of the revision period is 2022.		
Other commitments		
Commercial guarantee credit facility	35 000	35 000
of which in use		
Delivery guarantee	4 184	8 062
Offer guarantee	2 023	1 150
Agreement guarantee	0	0
Export advance guarantee	1 493	2 079
Guarantee during guarantee period	1 323	0
Other guarantee	50	50
Total	<hr/> 9 074	<hr/> 11 341
Guarantees given on behalf of subsidiaries		
Mint of Finland GmbH, loan guarantee	1 500	2500
Line of credit granted	15 000	15000
of which in use	11 485	11 690
Revolving facility granted	8 000	8000
of which in use	4 000	4000
Derivatives		
Fair value	-885	750
- derivative in 2019	-865	750
- derivative falling due later	-21	0
Value of underlying asset	33 264	14 733
- derivative in 2019	2 832	14 733
- derivative falling due later		

The derivatives are currency forwards used to hedge future cash flows relating to buying and selling contracts. Derivatives are based on binding contracts made with customers and suppliers and on the delivery schedules and quantities therein. Each currency derivative relates to a contract and delivery consignment.

Negative fair values of derivatives are booked in the profit and loss statement and balance sheet in accordance with the principle of caution. The company does not apply hedge accounting.

18. Information about the comparability of the profit and loss statement for the previous accounting period and that for the period just ended

The period just ended shows a total of €2.4m in expenses under Other operating expenses in the profit and loss statement. In the previous accounting period these were included under Materials and services. The form of presentation has been changed because it was noticed that by character they belong under Other operating expenses.

SIGNATURES TO THE FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS

_____ / _____ 2019

Kaisa Vikkula
Chairperson

Päivi Nerg
Board member

Pekka Leskinen
Vice Chairperson

Petri Vihervuori
Board member

Ari Viinikkala
Board member

Jonne Hankimaa
CEO

AUDITOR'S NOTATION

We have today submitted a report of the audit we performed.

Vantaa _____ / _____ 2019

Ernst & Young Oy, Authorised Public Accountant Firm

Antti Suominen
Authorised Public Accountant



Translated from the Finnish

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Building a better working world

AUDITORS REPORT

To the Annual General Meeting of Mint of Finland Ltd

Audit of the financial statements

Opinion

We have audited the financial statements of Mint of Finland Ltd (business identity code 0912125-5) for the financial period 1 January to 31 December 2018. The financial statements comprise the consolidated and parent company's balance sheet, profit and loss statement, cash flow statement and notes to the financial statements.

In our opinion the financial statements give a true and fair view of the Group's and the Parent Company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis of opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Parent Company and 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 CEO for the financial statements

The Board of Directors and the CEO 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 CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the CEO are responsible for assessing the ability of the Parent Company and the Group 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 and the Group or cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Parent Company or the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company or the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Other reporting requirements

Other information

The Board of Directors and the CEO are responsible for the other information. The other information comprises information included in 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 of 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

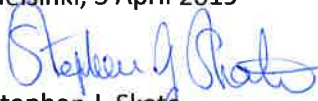
We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the loss shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors of the parent company and the CEO should be discharged from liability for the financial period audited by us.



Helsinki, 20 March 2019

Ernst & Young Oy
Authorised Public Accountant Firm
(signature)
Antti Suominen
Authorised Public Accountant

I hereby certify the above to be a true and correct translation of the attached Finnish document.
Helsinki, 3 April 2019



Stephen J. Skate
Authorised translator (Act 1231/2007 as amended)

