16 February 2021

SUPPLEMENT DOCUMENT TO PPG INDUSTRIES, INC.'S TENDER OFFER DOCUMENT DATED 14 JANUARY 2021 RELATING TO THE VOLUNTARY PUBLIC CASH TENDER OFFER FOR ALL ISSUED AND OUTSTANDING SHARES IN TIKKURILA OYJ

THE TENDER OFFER IS NOT BEING MADE DIRECTLY OR INDIRECTLY IN ANY JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW AND THE OFFER DOCUMENT, ITS SUPPLEMENTS AND RELATED ACCEPTANCE FORMS ARE NOT AND MAY NOT BE DISTRIBUTED, FORWARDED OR TRANSMITTED INTO OR FROM ANY JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW BY ANY MEANS WHATSOEVER INCLUDING, WITHOUT LIMITATION, MAIL, FACSIMILE TRANSMISSION, EMAIL OR TELEPHONE. IN PARTICULAR, THE TENDER OFFER IS NOT BEING MADE IN, DIRECTLY OR INDIRECTLY, AND THE TENDER OFFER DOCUMENT MUST UNDER NO CIRCUMSTANCES BE DISTRIBUTED INTO AUSTRALIA, CANADA, THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA ("HONG KONG"), JAPAN, NEW ZEALAND OR SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW.

PPG Industries, Inc. (the "**Offeror**" or "**PPG**") and Tikkurila Oyj (the "**Company**" or "**Tikkurila**") have on 18 December 2020 entered into a combination agreement, which was amended on 5 January 2021 and 4 February 2021 (the "**Combination Agreement**"), and pursuant to which PPG has made a voluntary public cash tender offer for all issued and outstanding shares (the "**Shares**" or, individually, a "**Share**") in Tikkurila (the "**Tender Offer**"). On 15 January 2021, the Offeror published a tender offer document, dated 14 January 2021, concerning the Tender Offer and on 11 February 2021 published a first supplement document, dated 10 February 2021, to the Tender Offer (together the "**Tender Offer Document**"). The Tender Offer commenced on 15 January 2021.

The Offeror supplements the Tender Offer Document in accordance with Chapter 11, Section 11, Subsection 4 of the Finnish Securities Market Act (746/2012, as amended, the "**Securities Markets Act**") with the following information in this document (the "**Supplement Document**"):

The Offeror and the Company have on 4 February 2021 agreed on certain amendments to the Combination Agreement and to the terms and conditions of the Tender Offer, pursuant to which, among other things, the offer price was increased from EUR 27.75 to EUR 34.00 per Share and the Minimum Condition (as defined in the terms and conditions of the Tender Offer) was lowered from over 90 percent to over 66.7 percent. Due to these amendments made to the Combination Agreement and to the terms and conditions of the Tender Offer, the Board of Directors of Tikkurila has on 11 February 2021 updated its statement on the Tender Offer, which was announced on 13 January 2021 (the statement published on 11 February 2021 is hereinafter referred to as the "**Updated Statement**"), in accordance with Chapter 11, Section 15, Subsection 3 of the Securities Market Act. According to the Updated Statement, the members of the Board of Directors of Tikkurila, who participated in the decision-making, continue to unanimously recommend that the shareholders of Tikkurila accept the Tender Offer. The Offeror supplements the Tender Offer Document with the Updated Statement, which is added as Appendix G to the Tender Offer Document. Consequently, the Offeror amends the following sections of the Tender Offer Document as follows:

The third paragraph in the section 1.1 entitled "*Background, objectives and effects of the Tender Offer ─ Background to the Tender Offer ─ About the Tender Offer*" shall be amended to read as follows (amendments and additions **bolded** and deletions **bolded and crossed-out**):

> The members of the Board of Directors of the Company, who participated in the decision-making on the Tender Offer and the Combination Agreement, have unanimously decided to recommend that the shareholders of the Company accept the Tender Offer. For further information see the section entitled "*─ Statement by the Board of Directors of the Company*" below. The statement of the Board of Directors of the Company containing the Recommendation is included in **Appendix A** to the Tender Offer Document. To support its assessment of the Tender Offer, the Board of Directors of the Company has received a fairness opinion, dated 5 January 2021, from the Company's financial adviser Skandinaviska Enskilda Banken AB (publ) Helsinki branch, according to which the Offer Price is fair from a financial point of view from the perspective of the shareholders of the Company as at the date of the fairness opinion. The complete fairness opinion is attached to the statement of the Board of Directors in **Appendix A**. ~~**Based on the amendments to the Combination Agreement and to the terms and conditions of the Tender Offer made on 4 February 2021, including the increase in the Offer Price, the Board of Directors will update its statement, which was issued and announced on 13 January 2021.**~~ **Based on the amendments to the Combination Agreement and to the terms and conditions of the Tender Offer made on 4 February 2021, including the increase in the Offer Price, the Board of Directors of the Company has on 11 February 2021 updated its statement announced on 13 January 2021 (the statement published on 11 February 2021 is hereinafter referred to as the "Updated Statement"), in accordance with the Chapter 11, Section 15, Subsection 3 of the Securities Market Act. The complete Updated Statement is included in Appendix G to the Tender Offer Document.**

The second paragraph of section 1.8 (*"Backgrounds, objectives and effects of the Tender Offer – Statement by the Board of Directors of the Company"*) shall be amended to read as follows (amendments **bolded** and deletions **bolded and crossed-out**):

> ~~**Based on the amendments to the Combination Agreement and to the terms and conditions of the Tender Offer made on 4 February 2021, including the increase in the Offer Price, the Board of Directors will update its statement, which was issued and announced on 13 January 2021.**~~ **Based on the amendments to the Combination Agreement and to the terms and conditions of the Tender Offer made on 4 February 2021, including the increase in the Offer Price, the Board of Directors of the Company has on 11 February 2021 published the Updated Statement in accordance with the Chapter 11, Section 15, Subsection 3 of the Securities Market Act. According to the Updated Statement, the members of the Board of Directors of Tikkurila, who participated in the decision-making, continue to unanimously recommend that the shareholders of Tikkurila accept the Tender Offer. The complete Updated Statement is included in Appendix G to the Tender Offer Document.**

The first and second paragraphs of section 3.5 ("*Summary of the Combination Agreement – Recommendation by the Board of Directors of the Company*") shall be amended to read as follows (amendments **bolded** and deletions **bolded and crossed-out**):

> The Board of Directors of the Company, represented by the independent board members, has unanimously resolved subject to the terms and conditions of the Combination Agreement and its fiduciary duties under Finnish laws and regulations (including the Helsinki Takeover Code), to recommend that the holders of Shares accept the Tender Offer and tender their Shares to the Offeror on the terms and conditions of the Tender Offer. Under the Combination Agreement, the Board of Directors of the Company has undertaken to issue a formal statement to this effect. The statement of the Board of Directors of the Company containing the Recommendation is included in **Appendix A** to the Tender Offer Document **and the Updated Statement published by the Company on 11 February 2021 is included in Appendix G to the Tender Offer Document.**

~~**Based on the amendments to the Combination Agreement and to the terms and conditions of the Tender Offer made on 4 February 2021, including the increase in the Offer Price, the Board of Directors will update its statement, which was issued and announced on 13 January 2021.**~~

Tikkurila published on 12 February 2021 its financial statement release for January−December 2020 (the "**Financial Statement Release**"). The Offeror supplements the Tender Offer Document with the Financial Statement Release, which is added as Appendix H to the Tender Offer Document. Consequently, the Offeror amends the following sections of the Tender Offer Document as follows:

The fourth paragraph in the section entitled "*Restrictions and important information"* of the Tender Offer Document shall be amended to read as follows (amendments **bolded**):

> All financial and other information presented in the Tender Offer Document concerning the Company has been extracted from exclusively publicly available information published by the Company, including the **financial statement release for January−December 2020,** the unaudited business review for 1-9/2020 published by the Company as at and for the nine (9) -months period ended 30 September 2020, the audited financial statements as at and for the financial period ended 31 December 2019, other stock exchange releases published by the Company, entries in the Finnish trade register and other publicly available information. Consequently, the Offeror does not accept any responsibility for such information except for the accurate restatement of such information in the Tender Offer.

The first paragraph of section 5.4 ("*Presentation of the Company – Financial information"*) shall be amended to read as follows (amendments **bolded**):

> The **financial statement release of the Company for January−December 2020 and** unaudited business review for 1-9/2020 of the Company as at and for the nine (9) months ended 30 September 2020 ~~**is**~~ **are** included in the Tender Offer Document in the form published by the Company. See **Appendix C:** "*Financial information of the Company*" **and Appendix H: "*Stock exchange release on 12 February 2021; Tikkurila's financial statement release for January−December 2020: Tikkurila's revenue increased by 3.2% and adjusted operating result by 37.5% from the previous year*"**.

The first paragraph of section 5.5 ("*Presentation of the Company – Future prospects published by the Company"*) shall be amended to read as follows (amendments **bolded** and deletions **bolded and crossed-out**):

> The future prospects of the Company have been described in **the financial statement release published by the Company on 12 February 2021. See Appendix H: "*Stock exchange release on 12 February 2021; Tikkurila's financial statement release for January−December 2020*: *Tikkurila's revenue increased by 3.2% and adjusted operating result by 37.5% from the previous year*"**. ~~**the unaudited business review published by the Company as at and for the nine (9) months ended 30 September 2020. See Appendix C: "*Financial Information of the Company*".**~~ Further, the Company has on 18 December 2020 issued information on its profitability targets and the Vantaa site development plan as well as informed on retaining its guidance for 2020. See **Appendix D:** "*Stock exchange release on 18 December 2020; Tikkurila provides information on its profitability targets and the Vantaa site development plan, retains its guidance for 2020*."

Section 7 ("*Appendices*") shall be amended to read as follows (amendments **bolded**):

> **Appendix A – Statement by the Board of Directors of the Company**
> *The statement by the Board of Directors of the Company on the Tender Offer, including the fairness opinion dated 5 January 2021 from the Company's financial adviser Skandinaviska Enskilda Banken AB (publ) Helsinki branch, in the form published by the Company on 13 January 2021. The Offeror does not accept any responsibility for such information except for the accurate restatement of such information herein.*

Appendix B ─ Articles of association of the Company
The unofficial English language translation of the articles of association of the Company has been included in this Appendix B in the form registered in the Finnish Trade Register on the date of the Tender Offer Document. The Offeror does not accept any responsibility for such information except for the accurate restatement of such information herein.

Appendix C ─ Financial information of the Company
The unaudited business review for 1-9/2020 of the Company as at and for the nine (9) months ended 30 September 2020 and the audited consolidated financial statements of the Company as at and for the financial year ended 31 December 2019 as well as the Board of Directors' report as at and for the financial year ended 31 December 2019 in the forms published by the Company. The Offeror does not accept any responsibility for such information except for the accurate restatement of such information herein.

Appendix D ─ Stock exchange release on 18 December 2020; Tikkurila provides information on its profitability targets and the Vantaa site development plan, retains its guidance for 2020
The Company's stock exchange release on 18 December 2020 concerning information on its profitability targets and the Vantaa site development plan as well as information on retaining its guidance for 2020. The Offeror does not accept any responsibility for such information except for the accurate restatement of such information herein.

Appendix E ─ Stock exchange release on 28 January 2021: Tikkurila provides preliminary financial information for 2020 due to the ongoing tender offer process in order to openly give information to all shareholders
The Company's stock exchange release on 28 January 2021 concerning preliminary financial information for 2020 due to the ongoing tender offer process, in order to openly give information to all shareholders

Appendix F ─ Stock exchange release on 28 January 2021: Tikkurila has received a binding proposal from Akzo Nobel to acquire all shares of Tikkurila, subject to the Board of Tikkurila recommending the offer and Oras Invest undertaking to accept the offer
The Company's stock exchange release on 28 January 2021 concerning the Company receiving a binding proposal from Akzo Nobel to acquire all shares of the Company, subject to the Board of Directors of the Company recommending the offer and Oras Invest Oy undertaking to accept the offer

Appendix G ─ Updated Statement of the Board of Directors of the Company
The Updated Statement of the Board of Directors of the Company, including the fairness opinion dated 5 January 2021 from the Company's financial adviser Skandinaviska Enskilda Banken AB (publ) Helsinki branch, in the form published by the Company on 11 January 2021. The Offeror does not accept any responsibility for such information except for the accurate restatement of such information herein

Appendix H ─ Stock exchange release on 12 February 2021; Tikkurila's financial statement release for January−December 2020: Tikkurila's revenue increased by 3.2% and adjusted operating result by 37.5% from the previous year
The Company's stock exchange release on 12 February 2021 concerning Tikkurila's financial statement release for January−December 2020, including Tikkurila's financial statement release for January−December 2020 in the form published by the Company on 12 February 2021. The Offeror does not accept any responsibility for such information except for the accurate restatement of such information herein.

Availability of documents

The Tender Offer Document and the Supplement Document will be available in Finnish together with an English translation thereof, from 17 February 2021 at Nasdaq Helsinki Oy at Fabianinkatu 14, FI-00100 Helsinki, Finland. An electronic version of the Tender Offer Document and Supplement Document will be available in Finnish online at https://tenderoffer-tikkurila.ppg.com/ and at https://danskebank.fi/tikkurila as well as at https://www.tikkurilagroup.com/fi/sijoittajat/ostotarjous-tikkurilan-osakkeista from 17 February 2021. The English

language translation of the electronic Tender Offer Document and the Supplement Document will be available online at https://tenderoffer-tikkurila.ppg.com/ and at https://danskebank.fi/tikkurila-en as well as at https://www.tikkurilagroup.com/investors/tender-offer-all-shares from 17 February 2021.

The Finnish Financial Supervisory Authority (the "**FIN-FSA**") has approved the Finnish language version of this Supplement Document but the FIN-FSA assumes no responsibility for the accuracy of the information presented therein. The decision number of such approval by the FIN-FSA is FIVA 3/02.05.05/2021. This English language Supplement Document is a translation of the Finnish language version. In the event of any discrepancy between the two language versions of the Supplement Document, the Finnish language version shall prevail.

Information for shareholders of Tikkurila in the United States

Shareholders of Tikkurila in the United States are advised that the Shares are not listed on a U.S. securities exchange and that Tikkurila is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission (the "**SEC**") thereunder.

The Tender Offer is being made for the issued and outstanding shares of Tikkurila, which is domiciled in Finland, and is subject to Finnish disclosure and procedural requirements. The Tender Offer is being made in the United States pursuant to Section 14(e) and Regulation 14E under the Exchange Act, subject to exemptions provided by Rule 14d-1(d) under the Exchange Act for a "Tier II" tender offer, and otherwise in accordance with the disclosure and procedural requirements of Finnish law, including with respect to the Tender Offer timetable, settlement procedures, withdrawal, waiver of conditions and timing of payments, which are different from those of the United States. In particular, the financial information, if any, included in this Supplement Document has been prepared in accordance with applicable accounting standards in Finland, which may not be comparable to the financial statements or financial information of U.S. companies. The Tender Offer is being made to the Company's shareholders resident in the United States on the same terms and conditions as those that are being made to all other shareholders of the Company to whom an offer is being made.

To the extent permissible under applicable law or regulations, the Offeror and its affiliates or its brokers and its brokers' affiliates (acting as agents for the Offeror or its affiliates, as applicable) may from time to time after the date of the release regarding the Tender Offer on 18 December, 2020 and during the pendency of the Tender Offer, and other than pursuant to the Tender Offer, directly or indirectly, purchase or arrange to purchase the Shares or any securities that are convertible into, exchangeable for or exercisable for the Shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. To the extent information about such purchases or arrangements to purchase is made public in Finland, such information will be disclosed by means of a press release or other means reasonably calculated to inform U.S. shareholders of such information. No purchases will be made outside the Tender Offer in the United States by or on behalf of the Offeror. In addition, the financial advisers to the Offeror may also engage in ordinary course trading activities in securities of the Company, which may include purchases or arrangements to purchase such securities. To the extent required in Finland, any information about such purchases will be made public in Finland in the manner required by Finnish law.

Neither the SEC nor any U.S. state securities commission has approved or disapproved the Tender Offer, passed upon the merits or fairness of the Tender Offer, or passed any comment upon the adequacy, accuracy or completeness of the disclosure in this Supplement Document. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash pursuant to the Tender Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each holder of Shares is urged to consult its independent professional adviser immediately regarding the tax consequences of accepting the Tender Offer.

It may be difficult for the Company's shareholders to enforce their rights and any claims they may have arising under the U.S. federal securities laws, since the Company is located in a non-U.S. jurisdiction, and some or all of its officers

and directors may be residents of non-U.S. jurisdictions. The Company's shareholders may not be able to sue the Company or its officers or directors in a non-U.S. court for violations of the U.S. federal securities laws. It may be difficult to compel the Company and its affiliates to subject themselves to a U.S. court's judgment.

Forward-looking statements

This Supplement Document contains statements that, to the extent they are not historical facts, constitute "forward-looking statements". Forward-looking statements include statements concerning plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position, future operations and development, business strategy and the trends in the industries and the political and legal environment and other information that is not historical information. In some instances, they can be identified by the use of forward-looking terminology, including the terms believes", "intends", "may", "will" or "should" or, in each case, their negative or variations on comparable terminology. By their very nature, forward-looking statements involve inherent risks, uncertainties and assumptions, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Given these risks, uncertainties and assumptions, investors are cautioned not to place undue reliance on such forward-looking statements. Any forward-looking statements contained herein speak only as at the date of this Supplement Document.

Information agent services

Shareholders of Tikkurila who have questions or require assistance with respect to the Tender Offer, require copies of documents related to the Tender Offer or need assistance with procedures for tendering their Shares should contact D.F. King Co., Inc., as the information agent of the Tender Offer, by one of the methods below. The services are available in the English language.

In Europe:

D.F. King Ltd
65 Gresham Street
London EC2V 7NQ
United Kingdom
Tel: +44 20 7920 9700
Email: Tikkurila@dfking.com

In the United States of America:

D.F. King & Co., Inc.
58 Wall Street, 22nd Floor
New York, NY 10005
United States of America
Tel: +1 877 732 3613 (Toll Free in the U.S.)
Tel: +1 212 771 1133 (Call Collect)
Email: Tikkurila@dfking.com

Shareholders of Tikkurila who have questions or require assistance in the Finnish language, may contact their Finnish account operators or asset managers, and secondarily Danske Bank A/S, Finland branch, as referred to in the section entitled "Terms and conditions of the Tender Offer ─ Acceptance Procedure for the Tender Offer" in the Tender Offer Document.

Appendix G – Updated Statement by the Board of Directors of the Company

Published: 2021-02-11 14:30:00 CET

Tikkurila Oyj
Tender offer

Updated statement of the Board of Directors of Tikkurila Oyj regarding the recommended voluntary public cash tender offer by PPG Industries, Inc.

TIKKURILA OYJ
TENDER OFFER

February 11, 2021 at 3.30 p.m. (EET)

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO AUSTRALIA, CANADA, HONG KONG, JAPAN, NEW ZEALAND OR SOUTH AFRICA OR IN ANY OTHER JURISDICTION IN WHICH THE TENDER OFFER WOULD BE PROHIBITED BY APPLICABLE LAW.

On December 18, 2020, PPG Industries, Inc. (the "**Offeror**" or "**PPG**") and Tikkurila Oyj ("**Tikkurila**" or the "**Company**") announced that they have entered into a combination agreement (the "**Combination Agreement**"), pursuant to which the Offeror will make a recommended voluntary public cash tender offer to acquire all of the issued and outstanding shares in Tikkurila (the "**Shares**") (the "**Initial Tender Offer**") that are not held by the Company or any of its subsidiaries. The initial cash consideration offered for each Share in the tender offer was increased by PPG for the first time in response to a proposal regarding a competing offer received by the Company from Hempel A/S ("**Hempel**"), to EUR 27.75 (prior to the first amendment: EUR 25.00), as announced on January 5, 2021.

On January 28, 2021, Akzo Nobel N.V. ("**AkzoNobel**") delivered to the Board of Directors a proposal regarding a potential offer to acquire all issued and outstanding shares of Tikkurila at an offer price of EUR 31.25 per share (the "**Potential Competing Offer**"). In response to the Potential Competing Offer, PPG proposed to increase the cash consideration offered for each Share in the tender offer to EUR 34.00 (the "**Offer Price**") (prior to the second amendment: EUR 27.75) and to amend certain other terms of the tender offer (the "**Improved Tender Offer**") (the Initial Tender Offer and Improved Tender Offer together the "**Tender Offer**"), and thereafter PPG and Tikkurila announced on February 4, 2021 that they have entered, into an amendment to the Combination Agreement to agree on the changes to the Tender Offer. The Offer Price in the Improved Tender Offer represents a premium of 8.8 per cent compared to the Potential Competing Offer from AkzoNobel.

To increase deal certainty and ensure completion of the Tender Offer, PPG has changed the condition for completion of the Tender Offer concerning the minimum acceptance level by lowering the relevant

threshold from more than 90 per cent to more than 66.7 per cent, and has provided additional undertakings for the obtaining of the regulatory approvals.

The Board of Directors of the Company (the "**Board of Directors**"), pursuant to what is provided herein, unanimously recommends that the shareholders of the Company accept the Tender Offer, and has decided to issue the statement below regarding the Tender Offer as required by Chapter 11, Section 13 of the Finnish Securities Markets Act (756/2012, as amended). In its assessment and recommendation the Board of Directors has also taken into consideration the proposals for competing offers, including the value indicated by such proposals, received by the Company prior to the increase in the Offer Price, as announced on January 5 and 28, 2021, respectively.

Tender Offer in brief

PPG is a public company incorporated under the laws of Pennsylvania. PPG and Tikkurila have on December 18, 2020 entered into a Combination Agreement, subsequently amended as announced on January 5, 2021 and on February 4, 2021, setting out, among other things, the main terms and conditions pursuant to which the Tender Offer is made by the Offeror.

The Tender Offer is made in accordance with the terms and conditions of the tender offer document approved by the Finnish Financial Supervisory Authority (the "**FIN-FSA**") published by the Offeror on January 14, 2021 (the "**Tender Offer Document**"). The Offeror has supplemented the Tender Offer Document with the increased Offer Price and other amendments to the terms and conditions of the Tender Offer on February 11, 2021.

The Offer Price is EUR 34.00 in cash for each Share in the Company validly tendered in the Tender Offer. The same increased Offer Price is offered for all Shares in the Tender Offer, also for those who have already accepted the Initial Tender Offer. The increased Offer Price represents a premium of:

- approximately 126.1 per cent compared to the closing price of the Shares on Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") on December 17, 2020, the last trading day prior to the announcement of the Initial Tender Offer;
- approximately 131.7 per cent compared to the volume-weighted average trading price of the Shares on Nasdaq Helsinki during the three-month period prior to and up to the date of the announcement of the Initial Tender Offer; and
- approximately 141.7 per cent compared to the volume-weighted average trading price of the Shares on Nasdaq Helsinki during the 12-month period prior to and up to the date of the announcement of the Initial Tender Offer.

The Company has been informed that, in connection with the significantly increased Offer Price and other amendments to the terms and conditions of PPG's Improved Tender Offer, certain major shareholders of Tikkurila, i.e. Varma Mutual Pension Insurance Company, Mandatum Life Insurance Company Limited and Kaleva Mutual Insurance Company, representing in the aggregate approximately 9.32 per cent of the Shares in the Company, have unconditionally agreed to sell their Shares to the Offeror and Oras Invest Oy has given an unconditional irrevocable undertaking to accept the Improved Tender Offer. In addition, Oras Invest Oy has unconditionally agreed to sell and PPG has agreed to purchase the Shares owned by Oras Invest Oy following receipt of the necessary regulatory approvals. In total, upon completion of the sales of Shares, PPG will own in the aggregate approximately 29.34 per cent of the Shares in the Company.

The completion of the Tender Offer is subject to the satisfaction or waiver by the Offeror of certain conditions on or prior to the Offeror's announcement of the final results of the Tender Offer including, among others, that approvals by the relevant regulatory authorities (including competition authorities) have been received and the Offeror having gained control of more than 66.7 per cent of the Shares and voting rights in the Company.

If the Offeror is able to obtain more than 66.7 per cent but less than 90 per cent of the Shares and votes in the Company, the Offeror will complete the Tender Offer in accordance with its terms and conditions. In order to provide the remaining shareholders of Tikkurila the possibility to also accept the Tender Offer, the Offeror reserves the right to commence a subsequent offer period in accordance with the terms and conditions of the Tender Offer in connection with the announcement of the final result of the Tender Offer.

If the Offeror is able to obtain more than 90 per cent of the Shares and votes in the Company, the Offeror intends to initiate compulsory redemption proceedings in accordance with the Finnish Companies Act (624/2006, as amended) to acquire the remaining Shares in the Company, and thereafter cause the Company's Shares to be delisted from Nasdaq Helsinki as soon as permitted and practicable under applicable laws and regulations.

The detailed terms and conditions of the Tender Offer as well as further information on the Tender Offer is included in the Tender Offer Document.

The Offeror has obtained commitments for debt financing, which together with other sources of immediately available funds are sufficient for the completion of the Tender Offer and subsequent compulsory redemption proceedings, if any, in accordance with the Finnish Companies Act.

The offer period under the Tender Offer commenced on January 15, 2021 and will expire on March 15, 2021. The Offeror reserves the right to extend the offer period from time to time in accordance with the terms and conditions of the Tender Offer. The Tender Offer is currently expected to be completed in March or at the beginning of the second quarter of 2021. Obtaining of the regulatory approvals are progressing in line with this schedule.

Background for the statement

Pursuant to the Finnish Securities Markets Act, the Board of Directors must prepare a public statement regarding the Tender Offer and prepare any updates thereto pursuant to a competing offer. The statement must include a well-founded assessment of the Tender Offer from the perspective of the Company and its shareholders as well as of the strategic plans presented by the Offeror in the Tender Offer Document and their likely effects on the operations of, and employment at, the Company.

In preparing its statement, the Board of Directors has relied on information provided in the Tender Offer Document by the Offeror and certain other information provided by the Offeror and has not independently verified this information. Accordingly, the Board of Directors' assessments of the consequences of the Tender Offer on the Company's business and employees should be treated with caution.

Assessment regarding strategic plans presented by the Offeror in the Tender Offer Document and their likely effects on the operations of, and employment at the Company

Information given by the Offeror

The Board of Directors has assessed the Offeror's strategic plans based on the statements made in the Offeror's announcements regarding the Tender Offer published on December 18, 2020, January 5, 2021 and February 4, 2021 and the Tender Offer Document.

According to the information provided in the Tender Offer Document and the Offeror's announcement on the Tender Offer, the Offeror sees significant value and potential in the Company and accordingly expects to make substantial investments in the Company's infrastructure and people, as well as to provide the Company with access to the Offeror's global diversified paints, coatings and speciality coatings offering on which the Company will be able to build and further deepen its customer relationships, develop lateral products and access additional markets. Upon the completion of the Tender Offer, the Offeror expects to position the Company and its various brands as the Offeror's platform to the Nordic and Baltic countries, Russia and potentially beyond.

The Offeror intends to maintain the Company's identity, culture and Finnish values, including its commitment to creating sustainable value for all stakeholders and its various investments in local communities and people. The Offeror expects to maintain the Company's corporate offices in Finland and various production, distribution and sales centres in the Nordic countries. Further, the Offeror intends to continue to invest in the Company's employees and potentially provide larger roles for many of the Company's key executives.

The Offeror sees the Company's strong distribution capability as a platform to significantly grow many of the Offeror's legacy products in its Protective and Marine, Refinish, and Light Industrial Coatings businesses and expand the Company's and the Offeror's combined presence in the countries where the Company is active.

Board assessment

The Board of Directors considers that the information on the strategic plans of the Offeror concerning the Company is given on a general level. Based on the Offeror's statements, the Board of Directors believes that the strategic plans of the Offeror pursuant to the Tender Offer would not have any immediate material effects on the Company's operations, assets, the position of the Company's employees or its business locations.

The Board of Directors views that the Company can benefit from the Offeror's complementary products, capabilities, technologies and expertise to deliver enhanced value to customers.

The Board of Directors believes that the Offeror's potential to contribute further capital and resources to the business of the Company will benefit the activities of the Company in the future. The Board of Directors shares the Offeror's view that the combined company would have the capabilities to deliver a more extensive offering to its clients, offer new possibilities for its employees and provide a platform for future growth through additional geographical reach and market position.

The Board of Directors believes that the combined group could offer new possibilities for the Company's employees, given the Offeror's intentions to grow the business and invest in the Company's people. The Board of Directors also believes that the combined entity could be better positioned to attract new employees.

The Board of Directors considers that, in addition to the Offer Price, the credibility of the Offeror as an owner, together with its track record of making acquisitions, as well as the already completed sales of Shares representing 9.32 per cent of the Shares in the Company by certain major shareholders and the

unconditional irrevocable undertaking by Oras Invest Oy to sell their Shares to the Offeror, support the Offeror's ability to reach more than 66.7 per cent ownership of the Shares and votes in the Company.

The Board of Directors notes, however, that the Tender Offer may have an effect on employment in the Company particularly with regard to overlapping functions. The Board of Directors believes that the final and long-term impact of the integration can be assessed only after the completion of the Tender Offer.

On the date of this statement, the Board of Directors has not received formal statements from the Company's employees as to the effects of the Tender Offer on the employment at the Company.

Assessment of the Tender Offer from the perspective of the Company and its shareholders

When evaluating the Tender Offer, analysing alternative opportunities available to the Company and concluding on its statement, the Company has considered several factors, including, but not limited to, the Company's recent financial performance, current position and future prospects, the historical performance of the trading price of the Company's share and the conditions for the Company and the Offeror to complete the Tender Offer.

Following receipt of AkzoNobel's Potential Competing Offer, and later PPG's Improved Tender Offer, the Board of Directors has carefully assessed and, in consultation with its financial and legal advisors, has carefully compared the two offers. In its assessment, in addition to the significantly increased Offer Price, the Board of Directors has taken into consideration factors such as deal certainty for the Company and its shareholders, timeline to closing, including the fact that the regulatory process for PPG's Improved Tender Offer is well advanced, and potential disruption for the Company and its employees and other stakeholders. Based on analysis prepared by the Company's advisors, AkzoNobel's process for obtaining approvals from the relevant competition authorities is more complex due to overlapping decorative coatings business with Tikkurila in several geographical areas which AkzoNobel would need to remedy by way of divestitures, and therefore, the process would have required at the minimum a few months additional time. Instead, the anticipated timeline to closing is assessed to be shorter with PPG.

The Board of Directors has also considered the need for stable operating conditions for the Company's business and personnel ahead of the important sales season in order to minimize any adverse impacts associated with a lengthy transaction process. PPG's assurances to keep the Company's business intact also provide more security to the Company's operations. In addition, the lower condition for acceptance threshold of 66.7 per cent also provides more deal certainty in comparison to AkzoNobel's Potential Competing Offer. As a result, the Board of Directors has concluded that following the significant increase in the Offer Price by PPG, together with the other amended terms and conditions of the Improved Tender Offer and deal certainty aspects related to the expected timing in obtaining required approvals from the regulatory authorities, the Improved Tender Offer by PPG is more beneficial for the Company, its shareholders and other stakeholders as compared to the Potential Competing Offer received from AkzoNobel.

In order to support its assessment of the Tender Offer, the Board of Directors has received a fairness opinion, dated January 5, 2021, concerning the Offer Price (the "**Fairness Opinion**") from the Company's financial advisor, Skandinaviska Enskilda Banken AB (publ), Helsinki branch ("**SEB**"). The Fairness Opinion is attached as Appendix 1 to this statement.

The Board of Directors believes that the consideration offered by the Offeror to the shareholders is fair to the shareholders based on its assessment of the matters and factors, which the Board of Directors has

concluded to be material in evaluating the Tender Offer. These matters and factors include, but are not limited to:

- the Offer Price and the premium offered for the Shares;
- the information and assumptions on the business operations and financial condition of the Company as at the date of this statement and their expected future development;
- the historical trading price of the Shares;
- the cash consideration of the Tender Offer, which provides the shareholders with immediate liquidity;
- valuation multiples of the Shares compared to the industry multiples before the announcement of the Initial Tender Offer;
- valuations and analysis made and commissioned by the Board of Directors as well as discussions with external financial advisors;
- investigations and evaluations conducted by the Company after having received other indications of interest;
- any alternative proposals and opportunities, including proposals regarding potential competing offers received by the Company. These include a proposal by Hempel received prior to the first increase in the Offer Price, announced on January 5, 2021, and the Potential Competing Offer from AkzoNobel, announced on January 28, 2021, before which AkzoNobel was provided with the opportunity to conduct due diligence on the Company;
- the ability to respond to possible third-party proposals if necessary to comply with the Board of Directors' fiduciary duties;
- other terms of the Tender Offer;
- the undertakings by certain shareholders of the Company to accept the Tender Offer as referred to above; and
- the Fairness Opinion issued by SEB concerning the fairness of the Offer Price, from the financial point of view, to the Company's shareholders.

The Board of Directors has noted that the relevant business prospects of the Company would also provide opportunities for the Company to develop its business as an independent company for the benefit of the Company and its shareholders.

The Board of Directors' assessment of continuing the business operations of the Company as an independent company has been based on reasonable future-oriented estimates, which include various uncertainties, whereas the Offer Price and the premium included therein is not subject to any uncertainty other than the fulfilment of the conditions to completion of the Tender Offer.

Based on overall assessment and taking into account the factors described above, the Board of Directors has concluded that the Tender Offer is a favourable alternative for the shareholders.

Recommendation of the Board of Directors

The Board of Directors has carefully assessed the Tender Offer and its terms and conditions based on the Tender Offer Document, the Fairness Opinion, and other available information. In line with the Helsinki Takeover Code, the Board of Directors has sought the best possible outcome for the Company's shareholders by undertaking the measures needed to achieve as good a bid as possible by also evaluating other alternatives as part of the assessment of the Tender Offer and the Offer Price and also considering

deal certainty aspects, including in relation to the expected timing in obtaining necessary approvals from the regulatory authorities.

Based on the evaluations and facts given above, the Board of Directors considers that the Tender Offer and the amount of the Offer Price are, under the prevailing circumstances, fair from the perspective of the Company's shareholders.

Based on the foregoing, the Board of Directors unanimously recommends that the shareholders of the Company accept the Tender Offer.

Six out of seven members of the Board of Directors have participated in the decision-making concerning this statement. The Chairman of the Board Jari Paasikivi did not participate in the decision-making. Jari Paasikivi has considered himself to be dependent of a major shareholder, Oras Invest Oy, which has given an unconditional irrevocable undertaking to accept the Tender Offer. For this reason, he has made a decision not to participate in the decision-making concerning this statement.

Certain other matters

The Board of Directors notes that the combination of the Company and the Offeror may, as is common in similar arrangements, involve unforeseeable risks.

The Board of Directors notes that the shareholders of the Company should also take into account the lowered acceptance condition of 66.7 per cent as well as potential risks related to non-acceptance of the Tender Offer. Should the final result of the acceptance level of the Tender Offer be lower than 90 per cent or if the acceptance condition of more than 66.7 per cent of the Shares and votes is waived, there would be no redemption of the minority shareholders' Shares in the Company and that the Company would likely remain listed on Nasdaq Helsinki, but the completion of the Tender Offer would reduce the number of the Company's shareholders and the number of Shares, which would otherwise be traded on Nasdaq Helsinki. Depending on the number of Shares validly tendered in the Tender Offer, this could have an adverse effect on the liquidity and value of the Shares in the Company and make it more difficult to dispose of Shares in a timely manner or at a favorable price after the completion of the Tender Offer. The Offeror has not communicated any changes to its previously communicated plans with respect to the Company for the event the Tender Offer is completed with the acceptance level being above 66.7 per cent but lower than 90 per cent.

If the Tender Offer is completed in accordance with its terms, without waiving the minimum acceptance condition of more than 66.7 per cent of the Shares and votes, the Offeror will hold two-thirds or more of the Shares and exercise two-thirds or more of the voting rights represented in General Meetings and thereby become a controlling shareholder that is able to significantly influence the Company's course of business, including, but not limited to, strategy, business plan and future M&A opportunities. As a result, the Company's abilities to operate as a fully independent listed company will be limited. The Offeror would pursuant to the Finnish Companies Act be able to make major decisions concerning Tikkurila independently and without cooperation with other shareholders. Pursuant to the Finnish Companies Act, a shareholder that holds more than two-thirds of the shares and voting rights carried by the shares in a company has sufficient voting rights to decide upon certain corporate transactions, including, but not limited to, a merger of the company into another company, an amendment of the articles of association of the company and an issue of shares in the company in deviation from the shareholders' pre-emptive subscription rights. The Offeror may in practice, depending on the number of Shares represented and votes cast at a General Meeting, have the same influence even if it would waive the 66.7 per cent acceptance level condition and complete the Tender Offer at a lower acceptance level.

It should also be noted that should the Offeror, within nine months from the end of the offer period of the Tender Offer, acquire Shares on terms that are more favorable than the Tender Offer, the Offeror would pursuant to the Finnish Securities Markets Act be obliged to compensate the difference to those Tikkurila shareholders who accepted the Tender Offer. Conversely, such compensation would not be payable to the shareholders who did not accept the Tender Offer.

Pursuant to Chapter 18 of the Finnish Companies Act, a shareholder that holds more than 90 per cent of all shares and votes in a company shall have the right to acquire and, subject to a demand by other shareholders, also be obligated to redeem the shares owned by the other shareholders. In such case, the Shares held by the Company's shareholders, who have not accepted the Tender Offer, may be redeemed through redemption proceedings under the Finnish Companies Act in accordance with the conditions set out therein.

The Company has undertaken to comply with the Helsinki Takeover Code referred to in Chapter 11, Section 28 of the Finnish Securities Markets Act. This statement of the Company does not constitute investment or tax advice, and the Company does not specifically evaluate herein the general price development or the risks relating to the Shares in general. Shareholders must independently decide whether to accept the Tender Offer, and they should take into account all the relevant information available to them, including information presented in the Tender Offer Document and this statement as well as any other factors affecting the value of the Shares.

The Company has appointed SEB as financial adviser and Hannes Snellman Attorneys Ltd as legal adviser in connection with the Tender Offer.

The Board of Directors of Tikkurila

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THIS RELEASE HAS BEEN PREPARED IN COMPLIANCE WITH FINNISH LAW, THE RULES OF NASDAQ HELSINKI AND THE HELSINKI TAKEOVER CODE AND THE INFORMATION DISCLOSED MAY NOT BE THE SAME AS THAT WHICH WOULD HAVE BEEN DISCLOSED IF THIS ANNOUNCEMENT HAD BEEN PREPARED IN ACCORDANCE WITH THE LAWS OF JURISDICTIONS OUTSIDE OF FINLAND.

Information for shareholders of Tikkurila in the United States

Shareholders of Tikkurila in the United States are advised that the Shares are not listed on a U.S. securities exchange and that Tikkurila is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission (the "**SEC**") thereunder.

The Tender Offer is being made for the issued and outstanding shares of Tikkurila, which is domiciled in Finland, and is subject to Finnish disclosure and procedural requirements. The Tender Offer is being made in the United States pursuant to Section 14(e) and Regulation 14E under the Exchange Act, subject to exemptions provided by Rule 14d-1(d) under the Exchange Act for a "Tier II" tender offer, and otherwise in accordance with the disclosure and procedural requirements of Finnish law, including with respect to the Tender Offer timetable, settlement procedures, withdrawal, waiver of conditions and timing of payments, which are different from those of the United States. In particular, the financial information, if any, included in this announcement has been prepared in accordance with applicable accounting standards in Finland, which may not be comparable to the financial statements or financial information of U.S. companies. The Tender Offer is being made to the Company's shareholders resident in the United States on the same terms and conditions as those that are being made to all other shareholders of the Company to whom an offer is being made.

To the extent permissible under applicable law or regulations, the Offeror and its affiliates or its brokers and its brokers' affiliates (acting as agents for the Offeror or its affiliates, as applicable) may from time to time after the date of the stock exchange release regarding the Tender Offer on 18 December, 2020 and during the pendency of the Tender Offer, and other than pursuant to the Tender Offer, directly or

indirectly, purchase or arrange to purchase the Shares or any securities that are convertible into, exchangeable for or exercisable for the Shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. To the extent information about such purchases or arrangements to purchase is made public in Finland, such information will be disclosed by means of a press release or other means reasonably calculated to inform U.S. shareholders of such information. No purchases will be made outside the Tender Offer in the United States by or on behalf of the Offeror. In addition, the financial advisers to the Offeror may also engage in ordinary course trading activities in securities of the Company, which may include purchases or arrangements to purchase such securities. To the extent required in Finland, any information about such purchases will be made public in Finland in the manner required by Finnish law.

Neither the SEC nor any U.S. state securities commission has approved or disapproved the Tender Offer, passed upon the merits or fairness of the Tender Offer, or passed any comment upon the adequacy, accuracy or completeness of the disclosure in this release. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash pursuant to the Tender Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each holder of Shares is urged to consult its independent professional adviser immediately regarding the tax consequences of accepting the Tender Offer.

It may be difficult for the Company's shareholders to enforce their rights and any claims they may have arising under the U.S. federal securities laws, since the Company is located in a non-U.S. jurisdiction, and some or all of its officers and directors may be residents of non-U.S. jurisdictions. The Company's shareholders may not be able to sue the Company or its officers or directors in a non-U.S. court for violations of the U.S. federal securities laws. It may be difficult to compel the Company and its affiliates to subject themselves to a U.S. court's judgment.

Forward-looking statements

This release contains statements that, to the extent they are not historical facts, constitute "forward-looking statements". Forward-looking statements include statements concerning plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position, future operations and development, business strategy and the trends in the industries and the political and legal environment and other information that is not historical information. In some instances, they can be identified by the use of forward-looking terminology, including the terms believes", "intends", "may", "will" or "should" or, in each case, their negative or variations on comparable terminology. By their very nature, forward-looking statements involve inherent risks, uncertainties and assumptions, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Given these risks, uncertainties and assumptions, investors are cautioned not to place undue reliance on such forward-looking statements. Any forward-looking statements contained herein speak only as at the date of this release.

Disclaimers

PJT Partners LP is acting exclusively for the Offeror and no one else in connection with the Tender Offer or the matters referred to in this document, will not regard any other person (whether or not a recipient of this document) as its client in relation to the Tender Offer and will not be responsible to anyone other

than the Offeror for providing the protections afforded to its clients or for providing advice in relation to the Tender Offer or any other transaction or arrangement referred to in this document.

Skandinaviska Enskilda Banken AB (publ), Helsinki branch, is acting exclusively as the financial adviser for the Company and no one else in connection with the Tender Offer or the matters referred to in this document, will not regard any other person (whether or not a recipient of this document) than the Company as its client in relation to the Tender Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the Tender Offer or any other transaction or arrangement referred to in this document.

Danske Bank A/S, Finland Branch, acting exclusively as an arranger in relation to the Tender Offer, will not regard any other person than the Offeror as its client in relation to the Tender Offer and will not be responsible to anyone other than the Offeror for providing the protections afforded to its clients nor for providing advice in relation to the Tender Offer or any other transaction or arrangement referred to in this document.

The Offeror has retained D.F. King & Co, Inc. and D.F. King Ltd (together "**Information Agent**") to be the information agent in connection with the Tender Offer. The Information Agent may contact holders of Shares by mail, telephone, telecopy, telegraph and personal interview and may request banks, brokers, dealers and other nominees to forward materials relating to the Tender Offer to beneficial owners of Shares.

The Information Agent will receive reasonable and customary compensation for their respective services in connection with the Tender Offer, will be reimbursed for reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith, including certain liabilities under local securities laws.

The Offeror will not pay any fees or commissions to any broker or dealer or to any other person (other than to the depositary and the Information Agent) in connection with the solicitation of tenders of Shares pursuant to the Tender Offer. In those jurisdictions where applicable laws require the Tender Offer to be made by a licensed broker or dealer, the Tender Offer shall be deemed to be made on behalf of the Offeror by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Appendix 1: Fairness Opinion

Sustainable Nordicness

Tikkurila is a leading Nordic paint company with expertise that spans decades. We develop premium products and services that provide our customers with quality that will stand the test of time and weather. We operate in seven countries and our 2,700 dedicated professionals share the joy of building a vivid future through surfaces that make a difference. In 2019, our revenue totaled EUR 564 million. The company is listed on Nasdaq Helsinki. Nordic quality from start to finish since 1862.

www.tikkurilagroup.com

The Board of Directors
Tikkurila Oyj
P.O. Box 53, Heidehofintie 2
01301 Vantaa
Finland

The Board of Directors of Tikkurila Oyj ("**Tikkurila**") (the "**Board**") has requested the opinion of SEB Corporate Finance, Skandinaviska Enskilda Banken AB (publ), Helsinki Branch ("**SEB Corporate Finance**") as to the fairness, from a financial point of view, of the offer consideration per Tikkurila share amounting to EUR 27.75 in cash (the "**Offer Consideration**") proposed to be received by the shareholders of Tikkurila pursuant to the public offer (the "**Offer**") by PPG Industries, Inc. (the "**Offeror**"). The public offer was announced on December 18, 2020 and the amendment to the combination agreement to increase the offer consideration to EUR 27.75 in cash per Tikkurila share (prior to the amendment: EUR 25.00) was announced on January 5, 2021.

In connection with the presentation of this opinion, SEB Corporate Finance has, *inter alia*, reviewed certain publicly available and other business and financial information relating to Tikkurila (including annual and interim reports issued by Tikkurila); certain financial forecasts and other information and data which were provided to or discussed with SEB Corporate Finance by the management of Tikkurila and that Tikkurila has instructed SEB Corporate Finance to use for the purposes of its analyses (including extrapolations based on certain alternative assumptions provided by the management of Tikkurila). In addition, SEB Corporate Finance has held discussions with certain members of the Board of Tikkurila and senior members of the management of Tikkurila concerning the businesses, operations, financial position and prospects of Tikkurila; compared certain financial and stock exchange related information regarding Tikkurila with similar information for certain other companies that SEB Corporate Finance considered relevant; reviewed the share price development and trading activity in the Tikkurila shares on Nasdaq Helsinki; and performed such other analyses and studies as SEB Corporate Finance has deemed appropriate as a basis for this opinion.

SEB Corporate Finance has relied, without independent verification, upon the accuracy in all material aspects of all of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with SEB Corporate Finance and upon the assumption that no information of material importance to the evaluation of Tikkurila future earnings capacity or for SEB Corporate Finance's assessment in general has been omitted.

With respect to financial forecasts and other information and data provided to or otherwise reviewed by or discussed with SEB Corporate Finance by the management of Tikkurila, SEB Corporate Finance has been advised and assumed with your consent, that such financial forecasts and other information and data (including extrapolations thereto) were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Tikkurila as to the future financial performance of Tikkurila and the other matters covered thereby. SEB Corporate Finance further has assumed that the financial results reflected in the financial forecasts and other information and data used in its analyses will be realized at the times and in the amounts projected.

SEB Corporate Finance has not conducted any due diligence in order to verify the accuracy of the received or reviewed information, and has not made any independent evaluation or assessment of the assets and liabilities (contingent, off-balance sheet or otherwise) of Tikkurila or any other entity, nor has SEB Corporate Finance been furnished with any such evaluation or assessment or made any physical inspection of the properties or assets of Tikkurila or any other entity. SEB Corporate Finance is not expressing any opinion with respect to accounting, tax, regulatory, legal or similar matters and it has relied upon the assessments of representatives of Tikkurila as to such matters.

This opinion does not address any terms (other than the Offer Consideration to the extent expressly specified herein) or other aspects or implications of the Offer, including, without limitation, the form or structure of the Offer. SEB Corporate Finance's assignment does not include expressing an opinion on the relative merits of the Offer as compared to any alternative business strategies that might exist for Tikkurila, including whether any other transaction would potentially be more favourable for the shareholders of Tikkurila, or the effect of any other transaction in which Tikkurila might engage. SEB Corporate Finance also expresses no view as to, and this opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees of any parties to the Offer, or any class of such persons, relative to the Offer Consideration to be paid to the shareholders of Tikkurila or otherwise.

SEB Corporate Finance's opinion is based upon current market, economic, financial and other conditions as in effect on, and upon the information made available as of the date hereof. Any change in such conditions or information may require a revaluation of this opinion. Although subsequent developments may affect this opinion, SEB Corporate Finance assumes no obligation to update, revise or reaffirm this opinion. This opinion does not include any assessment as to the actual value of the prices at which Tikkurila shares or any other securities will trade or otherwise will be transferable at any time, including following announcement or consummation of the Offer.

Skandinaviska Enskilda Banken AB ("**SEB**") is a leading bank in the Nordic market and offers its clients various financial services, including providing and arranging loans, and also has operations within securities trading and brokerage, equity research and corporate finance. As a result of its position in the Nordic market, SEB might have provided and may in the future provide investment banking, commercial banking and other financial services unrelated to the Offer to Tikkurila, the Offeror and/or their respective affiliates, for which services SEB and its affiliates may receive customary compensation. In addition, in the ordinary course of business within securities trading and brokerage, SEB and any of its affiliates may, at any point in time, for its own or its clients' accounts trade or hold positions in the shares and other securities issued by Tikkurila or the Offeror.

SEB Corporate Finance has acted as financial advisor to Tikkurila in connection with the Offer and will receive a fee for its advisory services, a substantial portion of which is contingent upon the consummation of the Transaction. In addition, Tikkurila has agreed to reimburse SEB Corporate Finance's expenses and to indemnify SEB Corporate Finance against certain liabilities arising out of its engagement.

SEB Corporate Finance's advisory services and this opinion are provided for the information of and assistance to the Board in connection with its consideration of the Offer and does not

constitute a recommendation as to whether the shareholders of Tikkurila should accept the Offer or how any such shareholder should act on any matters relating to the Offer or otherwise.

Based upon and subject to the foregoing, it is SEB Corporate Finance's opinion that, as of the date hereof, the Offer Consideration to be received in the Offer by shareholders of Tikkurila is fair, from a financial point of view, to such shareholders.

Any disputes relating to this letter shall be settled exclusively by Finnish courts and according to Finnish law.

Helsinki, January 5, 2021

Yours faithfully,

SEB Corporate Finance, Skandinaviska Enskilda Banken AB (publ), Helsinki Branch

Appendix H - Stock exchange release on 12 February 2021; Tikkurila's financial statement release for January−December 2020: Tikkurila's revenue increased by 3.2% and adjusted operating result by 37.5% from the previous year

Published: 2021-02-12 08:00:00 CET

Tikkurila Oyj
Financial Statement Release

Tikkurila Financial Statement Release for January−December 2020: Tikkurila's revenue increased by 3.2% and adjusted operating result by 37.5% from the previous year

Tikkurila Oyj
Financial Statement Release
February 12, 2021 at 9:00 a.m. (CET+1)

Tikkurila Financial Statement Release for January−December 2020

Tikkurila's revenue increased by 3.2% and adjusted operating result by 37.5% from the previous year

This is a summary of Tikkurila's Financial Statement Release. The full report is attached to this stock exchange release and is available on Tikkurila's website.

Full year 2020 highlights

- Revenue increased by 3.2 percent to EUR 582.0 million (563.8). Comparable revenue increased by 7.3 percent, excluding currency effects, divestments and closures.
- Adjusted operating result increased significantly by a total of 37.5 percent to EUR 63.8 (46.4) million and was 11.0 (8.2) percent of revenue.
- Operating result (EBIT) increased by 39.1 percent to EUR 61.1 (43.9) million and was 10.5 (7.8) percent of revenue.
- EPS increased by 29.6 percent to EUR 0.98 (0.75).
- On December 18, 2020 PPG Industries Inc. and Tikkurila entered into a combination agreement, according to which PPG Industries Inc. commenced a voluntary recommended public cash tender offer for all issued and outstanding shares in Tikkurila on January 15, 2021. PPG increased their tender offer price on February 4, 2021 to EUR 34.00 per share (initially EUR 25.00, on Jan. 5, 2021 increased to EUR 27.75 per share).

October−December 2020 highlights

- Revenue increased by 4.5 percent to EUR 112.8 (107.9) million. Comparable revenue increased by 12.7 percent, excluding currency effects, divestments and closures.
- Adjusted operating result improved by 12.0 percent to EUR -6.7 (-7.6) million and was -5.9 (-7.1) percent of revenue. The fourth quarter is typically seasonally low in the paint industry.
- Operating result (EBIT) was EUR -7.8 (-7.7) million, and -6.9 (-7.1) percent of revenue.

- EPS was EUR -0.15 (-0.17).

Dividend proposal

- Due to the ongoing tender offer process, the Board proposes that Tikkurila's Annual General Meeting decides that no dividend be paid based on the decision of the Annual General Meeting from the financial year 2020. The Board would like to remind the shareholders that according to the terms of the tender offer, any eventual dividend paid would be reduced from the Offer price.

Guidance for 2021

- Revenue is expected to remain at previous level excluding currency effect and adjusted operating result to remain on, or slightly below previous year's level when excluding costs in connection with implementing the public tender offer. (2020: EUR 582 million and EUR 63.8 million).

Elisa Markula, CEO

"During the full year 2020, our revenue grew by 3.2 percent and adjusted operating result increased by 37.5 percent to EUR 63.8 million compared to the previous year. Furthermore, cash flow from operations was very strong, and ROCE improved to 24 percent. Tikkurila's good performance has been driven both by the decisive execution of strategic actions and exceptionally high demand by consumers for home improvement activities during the pandemic.

Tikkurila experienced strong revenue growth particularly in Sweden and Finland, and revenue increased also in Poland. In Russia, excluding the impact of the weakening Ruble, our paint sales grew by 6 percent due to the growing sales of premium products. Additionally, in all our main markets, the sales mix continued to improve as the sales of premium brands increased especially in the DIY (Do-It-Yourself) business channels.

During the Covid-19 pandemic, we firstly faced a notable drop in sales in March-April due to the restrictions, and after that, a rapid consumer-led recovery from May onwards. As more than 80 percent of our revenues is coming from decorative paints, Tikkurila clearly benefited from the market trend, where people stayed at home and spent their excessive spare time by renovating their homes and other premises. On the other hand, as expected, the professional and industry businesses were negatively impacted by Covid-19 throughout the year, but eventually the decline in both businesses remained only slightly below the previous year's level.

This exceptional year also ended exceptionally. In December, PPG Industries Inc. and Tikkurila entered into a combination agreement, according to which PPG commenced a voluntary recommended public cash tender offer for all shares in Tikkurila. Tikkurila has made a successful turnaround and improved its performance significantly during the last three years thanks to our clear strategic action plan and personnel highly committed to targets. Furthermore, we have increased sales of our premium quality brands, improved our operational and commercial excellence and focused on the efficiency of all operations. Tikkurila is a leader for decorative paints in Russia, Sweden, Finland and the Baltics. I see great potential in Tikkurila, and I consider the tender offer as an evidence of the good progress we have made.

I am very pleased with and proud of our committed personnel on how we have succeeded during these exceptional times. I want to thank all our employees for the hard work they have done for our customers. Likewise, I want to thank our partners, customers, and shareholders for their continued support."

Key figures

EUR million	**1-12/2020**	1-12/2019	Change %	**10-12/2020**	10-12/2019	Change %

Revenue	582.0	563.8	+3.2%	112.8	107.9	+4.5%
Excl. FX, divestments, and closures		+41.4	+7.3%		+13.7	+12.7%
Operating result (EBIT)	61.1	43.9	+39.1%	-7.8	-7.7	-2.2%
Operating result (EBIT) margin, %	10.5%	7.8%	+2.7%-p	-6.9%	-7.1%	+0.2%-p
Adjusted operating result	63.8	46.4	+37.5%	-6.7	-7.6	+12.0%
Adjusted operating result margin, %	11.0%	8.2%	+2.7%-p	-5.9%	-7.1%	+1.1%-p
Profit before taxes	54.9	44.2	+24.2%	-8.1	-8.1	+0.1%
Net result for the period	43.1	33.2	+29.6%	-6.8	-7.4	+7.6%
Earnings per share (EPS), EUR	0.98	0.75	+29.6%	-0.15	-0.17	+7.6%
Net interest-bearing liabilities (at period-end)	12.1	78.4	-84.5%			
Total equity (at period-end)	181.4	171.9	+5.5%			
Total assets (at period-end)	441.6	437.1	+1.0%			
Equity ratio, %	41.1%	39.3%				
Gearing	6.7%	45.6%				
ROCE, %, rolling	24.0%	15.4%				
Cash flow after capital expenditure	92.0	52.7	+74.4%			

Conference call for analysts and media

CEO Elisa Markula and CFO Markus Melkko will present Tikkurila's full year results for 2020 in English for the media, institutional investors and analysts in a conference call today February 12, 2021 at 2.00 pm (CET +1).

Join the audioconference via the following link:

https://tikkurila.videosync.fi/2020-q4-results

Dial-in details (PIN: 92295182#)

- FI: +358 9 8171 0310
- SE: +46 8 5664 2651
- UK: +44 33 3300 0804
- US: +1 631 9131 422

The presentation material will be available prior to the beginning of the conference at http://www.tikkurilagroup.com/investors.

For further information, please contact:

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Attachment: Tikkurila Financial Statement Release

Sustainable Nordicness
Tikkurila is a leading Nordic paint company with expertise that spans decades. We develop premium products and services that provide our customers with quality that will stand the test of time and weather. We operate in seven countries and our 2,600 dedicated professionals share the joy of building a vivid future through surfaces that make a difference. In 2020, our revenue totaled EUR 582 million. The company is listed on Nasdaq Helsinki. Nordic quality from start to finish since 1862.

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TIKKURILA

Financial Statement Release

2020

Tikkurila Oyj
Financial Statement Release
February 12, 2021 at 9:00 a.m. (CET+1)

Tikkurila Financial Statement Release for January−December 2020

Tikkurila's revenue increased by 3.2% and adjusted operating result by 37.5% from the previous year

Full year 2020 highlights

- Revenue increased by 3.2 percent to EUR 582.0 million (563.8). Comparable revenue increased by 7.3 percent, excluding currency effects, divestments and closures.
- Adjusted operating result increased significantly by a total of 37.5 percent to EUR 63.8 (46.4) million and was 11.0 (8.2) percent of revenue.
- Operating result (EBIT) increased by 39.1 percent to EUR 61.1 (43.9) million and was 10.5 (7.8) percent of revenue.
- EPS increased by 29.6 percent to EUR 0.98 (0.75).
- On December 18, 2020 PPG Industries Inc. and Tikkurila entered into a combination agreement, according to which PPG Industries Inc. commenced a voluntary recommended public cash tender offer for all issued and outstanding shares in Tikkurila on January 15, 2021. PPG increased their tender offer price on February 4, 2021 to EUR 34.00 per share (initially EUR 25.00, on Jan. 5, 2021 increased to EUR 27.75 per share).

October−December 2020 highlights

- Revenue increased by 4.5 percent to EUR 112.8 (107.9) million. Comparable revenue increased by 12.7 percent, excluding currency effects, divestments and closures.
- Adjusted operating result improved by 12.0 percent to EUR -6.7 (-7.6) million and was -5.9 (-7.1) percent of revenue. The fourth quarter is typically seasonally low in the paint industry.
- Operating result (EBIT) was EUR -7.8 (-7.7) million, and -6.9 (-7.1) percent of revenue.
- EPS was EUR -0.15 (-0.17).

Dividend proposal

- Due to the ongoing tender offer process, the Board proposes that Tikkurila's Annual General Meeting decides that no dividend be paid based on the decision of the Annual General Meeting from the financial year 2020. The Board would like to remind the shareholders that according to the terms of the tender offer, any eventual dividend paid would be reduced from the Offer price.

Guidance for 2021

- Revenue is expected to remain at previous level excluding currency effect and adjusted operating result to remain on, or slightly below previous year's level when excluding costs in connection with implementing the public tender offer. (2020: EUR 582 million and EUR 63.8 million).

Elisa Markula, CEO

During the full year 2020, our revenue grew by 3.2 percent and adjusted operating result increased by 37.5 percent to EUR 63.8 million compared to the previous year. Furthermore, cash flow from operations was very strong, and ROCE improved to 24 percent. Tikkurila's good performance has been driven both by the decisive execution of strategic actions and exceptionally high demand by consumers for home improvement activities during the pandemic.

Tikkurila experienced strong revenue growth particularly in Sweden and Finland, and revenue increased also in Poland. In Russia, excluding the impact of the weakening Ruble, our paint sales grew by 6 percent due to the growing sales of premium products. Additionally, in all our main markets, the sales mix continued to improve as the sales of premium brands increased especially in the DIY (Do-It-Yourself) business channels.

During the Covid-19 pandemic, we firstly faced a notable drop in sales in March-April due to the restrictions, and after that, a rapid consumer-led recovery from May onwards. As more than 80 percent of our revenues is coming from decorative paints, Tikkurila clearly benefited from the market trend, where people stayed at home and spent their excessive spare time by renovating their homes and other premises. On the other hand, as expected, the professional and industry businesses were negatively impacted by Covid-19 throughout the year, but eventually the decline in both businesses remained only slightly below the previous year's level.

This exceptional year also ended exceptionally. In December, PPG Industries Inc. and Tikkurila entered into a combination agreement, according to which PPG commenced a voluntary recommended public cash tender offer for all shares in Tikkurila. Tikkurila has made a successful turnaround and improved its performance significantly during the last three years thanks to our clear strategic action plan and personnel highly committed to targets. Furthermore, we have increased sales of our premium quality brands, improved our operational and commercial excellence and focused on the efficiency of all operations. Tikkurila is a leader for decorative paints in Russia, Sweden, Finland and the Baltics. I see great potential in Tikkurila, and I consider the tender offer as an evidence of the good progress we have made.

I am very pleased with and proud of our committed personnel on how we have succeeded during these exceptional times. I want to thank all our employees for the hard work they have done for our customers. Likewise, I want to thank our partners, customers, and shareholders for their continued support.

Key figures

EUR million	**1-12/2020**	1-12/2019	Change %	**10-12/2020**	10-12/2019	Change %
Revenue	582.0	563.8	+3.2%	112.8	107.9	+4.5%
Excl. FX, divestments, and closures		+41.4	+7.3%		+13.7	+12.7%
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Operating result (EBIT) margin, %	10.5%	7.8%	+2.7%-p	-6.9%	-7.1%	+0.2%-p
Adjusted operating result	63.8	46.4	+37.5%	-6.7	-7.6	+12.0%
Adjusted operating result margin, %	11.0%	8.2%	+2.7%-p	-5.9%	-7.1%	+1.1%-p
Profit before taxes	54.9	44.2	+24.2%	-8.1	-8.1	+0.1%
Net result for the period	43.1	33.2	+29.6%	-6.8	-7.4	+7.6%
Earnings per share (EPS), EUR	0.98	0.75	+29.6%	-0.15	-0.17	+7.6%
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Total equity (at period-end)	181.4	171.9	+5.5%			
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www.tikkurilagroup.com

Tikkurila Oyj Financial Statement Release for January 1 – December 31, 2020

This report has been prepared in accordance with the IAS 34 standard and other valid regulations. The information disclosed is unaudited except for full year figures for 2020 and 2019. The figures presented in the report are independently rounded. Figures in brackets refer to the corresponding period in the previous year, unless otherwise stated.

Fluctuations in exchange rates in this report refer to the translation effect of the exchange rates.

In this report, all forward-looking statements in relation to the company or its business are based on management judgment, and macroeconomic or general industry data are based on third-party sources.

If there are any discrepancies between the language versions of the report, the Finnish version shall prevail.

Tikkurila's reporting segments are SBU West and SBU East. SBU West consists of Sweden, Denmark, Norway, Finland, Poland, Estonia, Latvia, and Lithuania. SBU East consists of Russia, Central Asia, and China. Furthermore, SBU East is responsible for the exports to more than 30 other countries. From 2019, after closing the activities of Tikkurila's German subsidiary, Germany has belonged to export and is presented in SBU East, but items related to German subsidiary are reported in SBU West during 2020 and 2019.

Financial performance

Full year 2020

	Revenue			Operating result (EBIT)			Adjusted operating result		
EUR million	**1-12/2020**	1-12/2019	Change %	**1-12/2020**	1-12/2019	Change %	**1-12/2020**	1-12/2019	Change %
Consolidated Group	582.0	563.8	+3.2%	61.1	43.9	+39.1%	63.8	46.4	+37.5%
Excl. FX, divestments and closures		+41.4	+7.3%						
SBU West	398.0	370.0	+7.5%	49.0	30.4	+60.9%	49.2	30.7	+60.3%
Excl. FX, divestments and closures		+31.3	+8.5%						
SBU East	184.1	193.8	-5.0%	20.4	20.0	+2.0%	21.8	22.0	-1.1%
Excl. FX, divestments and closures		+10.2	+5.2%						
Group common and eliminations	-0.1	0.0	-508.4%	-8.3	-6.5	-27.3%	-7.2	-6.3	-13.4%

Q4/2020

	Revenue			Operating result (EBIT)			Adjusted operating result		
EUR million	**10-12/2020**	10-12/2019	Change %	**10-12/2020**	10-12/2019	Change %	**10-12/2020**	10-12/2019	Change %
Consolidated Group	112.8	107.9	+4.5%	-7.8	-7.7	-2.2%	-6.7	-7.6	+12.0%
Excl. FX, divestments and closures		+13.7	+12.7%						
SBU West	74.9	68.0	+10.1%	-6.1	-7.6	20.0%	-6.1	-7.5	+18.8%
Excl. FX, divestments and closures		+6.9	+10.1%						
SBU East	38.0	39.9	-4.9%	1.7	1.8	-8.5%	1.7	1.7	-4.9%
Excl. FX, divestments and closures		+6.9	+17.2%						
Group common and eliminations	0.0	0.0	+112.3%	-3.4	-1.9	-81.2%	-2.3	-1.9	-21.5%

MAIN DRIVERS, FULL YEAR 2020

Tikkurila's total revenue in 2020 was EUR 582.0 (563.8) million, which is an increase 3.2 percent on the previous year. In comparable terms, revenue increased by 7.3 percent in local currencies, excluding the impact of divestments and closures.

During the full year, **revenue** increased driven by growth in SBU West, whereas SBU East revenue decreased. Currency fluctuations impacted revenue negatively, mainly driven by the devaluating Russian Ruble. In local currencies revenue increased also in SBU East.

Operating result increased by 39.1 percent, driven by a positive volume development in decorative paints, improved sales mix and a couple of million euros temporary cost savings during Q2. In the second half of 2020 the fixed costs gradually stabilized back into normalized levels enabling targeted investments to address growth and efficiency improvement opportunities.

Adjusted operating result increased by 37.5 percent. In 2020, items affecting comparability were mainly related to the small Russian production site closure and costs related to public tender offer process. During the comparison period, items affecting comparability mainly related to the cancellation of Russian greenfield factory project.

Earnings per share (EPS) were EUR 0.98 (0.75) for the review period.

MAIN DRIVERS, Q4/2020

During the last quarter, **revenue** growth continued to be driven by SBU West. SBU East's reported revenue was negatively impacted by the weak Russian Ruble. In SBU West, revenue growth was particularly strong in Sweden. In Poland, performance was also at a good level. In Finland, revenue grew slightly.

Operating result decreased by 2 percent to EUR -7.8 (-7.6) million.

Adjusted operating result increased by 12 percent to EUR -6.7 (-7.6) million. Items affecting comparability in Q4 were mainly expenses related to preparation and negotiation of public tender offer process.

Earnings per share (EPS) were EUR -0.15 (-0.17) for the review period.

Effects of various factors on revenue for the Group

	Full year (1-12)		Q4 (10-12)	
	EUR million	%	EUR million	%
Revenue in 2019	563.8		107.9	
Volume	12.5	+2.2%	6.2	+5.7%
Price/mix	28.9	+5.1%	7.5	+7.0%
Currencies	-23.2	-4.1%	-8.8	-8.2%
Divestments and closures	-0.0	-0.0%	-0.0	-0.0%
Revenue in 2020	582.0	+103.2%	112.8	104.5%

MAIN DRIVERS, FULL YEAR 2020

Increased **volumes** during the year were driven by growth in decorative, particularly in exterior paints. Tikkurila continued to focus on value over volume. While sales of premium brands increased, sales of private labels and cheaper economy paints declined. This was mainly a result of the company's decisive strategy to focus on core premium brands. In industry paints, volumes full year grew slightly.

The positive effect from **price/mix changes** was driven by favorable product mix, as well as the increasing share of premium products.

The overall impact of **currencies** on revenue was negative in 2020. The impact was clearly negative in Russia, Poland, slightly negative in Norway, China and Kazakhstan and slightly positive in Sweden.

MAIN DRIVERS, Q4/2020

During the last quarter volumes developed positively both in decorative and industry businesses.

Price/mix change development was similar to full year.

The overall impact of **currencies** was negative due to weak Russian Ruble, while the Swedish Krona strengthened and impacted revenue slightly positively.

Financial performance by reporting segments

SBU West

EUR million	1-12/2020	1-12/2019	Change %	10-12/2020	10-12/2019	Change %
Revenue	398.0	370.0	+7.5%	74.9	68.0	+10.1%
Excl. FX, divestments and closures		+31.3	+8.5%		+6.9	+10.1%
Operating result (EBIT)	49.0	30.4	+60.9%	-6.1	-7.6	+20.0%
Operating result (EBIT) margin, %	12.3%	8.2%	+4.1%-p	-8.1%	-11.2%	+3.1%-p
Adjusted operating result	49.2	30.7	+60.3%	-6.1	-7.5	+18.8%
Adjusted operating result margin, %	12.4%	8.3%	+4.1%-p	-8.1%	-11.0%	+2.9%-p
Capital expenditure	11.7	12.6	-7.1%	3.9	4.8	-19.7%

Revenue in key countries

EUR million	1-12/2020	1-12/2019	Change %	10-12/2020	10-12/2019	Change %
Sweden	131.3	118.7	+10.6%	28.0	22.9	+22.4%
Finland	97.9	91.1	+7.4%	12.9	12.8	+0.9%
Poland	92.6	89.4	+3.6%	17.8	17.2	+3.4%

HIGHLIGHTS, SBU WEST, FULL YEAR 2020

SBU West's total revenue in 2020 was EUR 398.0 (370.0) million, which is an increase of 7.5 percent on the previous year. In comparable terms, revenue increased by 8.5 percent in local currencies, excluding the impact of divestments and closures.

In **Sweden**, revenue increased both in decorative and industry paints. Growth was driven by continued strong consumer demand for all paints, but especially for exterior paints.

In **Finland**, revenue increased in decorative paints, driven both by interior and exterior paints. Revenue decreased slightly in industrial paints.

In **Poland**, revenue increased in decorative paints, driven by interior paints. Revenue decreased slightly in industry paints.

Operating result increased by 60.9 percent to EUR 49.0 (30.4) million.

Adjusted operating result increased 60.3 percent to EUR 49.2 (30.7) million in 2020.

MAIN DRIVERS, SBU WEST, Q4/2020

In **Sweden** a very strong positive development in revenue continued in Q4 as both decorative and industrial paints grew. Strengthening Swedish Crown had a minor positive impact on euro-denominated revenues.

In **Finland**, the revenue increased driven by decorative paints, while industry paints revenue declined slightly.

In **Poland**, revenue grew in both decorative and industry. Relatively weak Polish Zloty had a minor negative impact in euro-denominated revenues in the fourth quarter.

Operating result increased by 20.0 percent to EUR -6.1 (-7.6) million.

Effects of various factors on revenue in SBU West

	Full year (1-12)		Q4 (10-12)	
	EUR million	%	EUR million	%
Revenue in 2019	370.0		68.0	
Volume	17.6	+4.8%	+2.1	+3.1%
Price/mix	13.7	+3.7%	+4.7	+7.0%
Currencies	-3.4	-0.9%	0.0	+0.0%
Divestments and closures	-	-	-	-
Revenue in 2020	398.0	107.5%	74.9	110.1%

MAIN DRIVERS, SBU WEST, FULL YEAR 2020

In 2020, **volumes** grew in Finland, Poland and Sweden, despite the negative impact of Covid-19 restrictions in Q2.

Positive effect from **price/mix changes** was driven by a favorable product mix development across SBU West.

The overall impact of **currencies** on revenue was negative in 2020, mainly driven by the weakening of the Polish Zloty, slightly offset by the strengthening of the Swedish Crown towards the end of the year.

MAIN DRIVERS, SBU WEST, Q4/2020

During the last quarter, currency impact was flat, with volume and price/mix impacts similar to the full year.

SBU East

EUR million	1-12/2020	1-12/2019	Change %	10-12/2020	10-12/2019	Change %
Revenue	184.1	193.8	-5.0%	38.0	39.9	-4.9%
Excl. FX, divestments and closures		+10.2	+5.2%		+6.9	+17.2%
Operating result (EBIT)	20.4	20.0	+2.0%	1.7	1.8	-8.5%
Operating result (EBIT) margin, %	11.1%	10.3%	+0.8%-p	4.3%	4.5%	-0.2%-p
Adjusted operating result	21.8	22.0	-1.1%	1.7	1.7	-4.9%
Adjusted operating result margin, %	11.8%	11.4%	+0.5%-p	4.4%	4.4%	0.0%-p
Capital expenditure	2.0	3.7	-46.2%	1.2	1.0	+19.2%

Revenue in key countries

EUR million	1-12/2020	1-12/2019	Change %	10-12/2020	10-12/2019	Change %
Russia	133.6	143.6	-7.0%	24.3	29.1	-16.4%

HIGHLIGHTS, SBU EAST, FULL YEAR 2020

SBU East's total revenue in 2020 was EUR 184.1 (193.8) million, which is a decrease of 5.0 percent on the previous year. In comparable terms, revenue increased by 5.2 percent in local currencies.

In **Russia**, full year revenue development was negative due to the heavily weakened Russian Ruble. Revenue was negatively impacted in Q2 due to the Covid-19 restrictions closing stores across Russia, but demand recovered in the second half of 2020, especially in exterior paints. Industry paint revenue declined due to the strategic decision to focus on certain product categories and premium industrial products in conjunction of closing a small industrial paint production unit in St. Petersburg, Russia in Q3.

Operating result increased by 2.0 percent to EUR 20.4 (20.0) million, despite negative revenue development, thanks to effective margin and cost management.

Adjusted operating result decreased by 1.1 percent to 21.8 (22.0) million. Items affecting comparability in 2020 relate to closure of small production site St. Petersburg, Russia. In the comparison period of 2019, items affecting comparability included an expense of approximately EUR 2.0 million relating to cancellation of greenfield factory project in Russia.

MAIN DRIVERS, SBU EAST, Q4/2020

During the last quarter, revenue in Russia continued to be negatively impacted by weak Russian Ruble. In local currencies revenue was in double digit growth, driven by growth in decorative paints. Industry paints revenue declined in line with the strategic decision to exit certain product categories.

Operating result remained at previous year's level and was EUR 1.7 (1.7) million.

Effects of various factors on revenue in SBU East

	Full year (1-12)		Q4 (10-12)	
	EUR million	%	EUR million	%
Revenue in 2019	193.8		39.9	
Volume	-5.0	-2.6%	+4.1	+10.2%
Price/mix	15.2	+7.8%	+2.8	+7.0%
Currencies	-19.9	-10.3%	-8.8	-22.1%
Divestments and closures	-0.0	-0.0%	-0.0	-0.1%
Revenue in 2020	184.1	95.0%	38.0	95.1%

MAIN DRIVERS, SBU EAST, FULL YEAR 2020

Volumes were negatively impacted by Covid-19 restrictions in Q2, but decorative paint demand recovered in second half of the year. Industry paint volumes decreased in line with a strategic decision to exit certain product categories and focus on premium industrial products.

Positive effect from **price/mix changes** was driven by a favorable product mix and the increasing share of premium products.

The overall impact of **currencies** on revenue was heavily negative in 2020, due to the weak Russian Ruble.

MAIN DRIVERS, SBU EAST, Q4/2020

During the last quarter, positive price/mix impact continued, which was supported by positive volume impact.

The negative impact from the weak Ruble was significant.

Strategy action plan progressed

The execution of Tikkurila's strategy action plan, aimed to boost profitability and efficiency, continued to deliver results in 2020 despite the pandemic.

The strategy actions were based to improve performance six focus areas:

- Optimize portfolio
- Grow in decorative paints and selected industry segments
- Improve sales performance management
- Increase efficiency in operations
- Save in fixed costs, centralize indirect sourcing
- Increase efficiency in raw materials

Key improvements in 2020

In 2020, Tikkurila continued to proceed with the execution of the strategy action plan to boost profitability and efficiency. Key improvements are described in more detail as follows.

Optimize portfolio: During the year Tikkurila prioritized profitability and focused on premium brands and products as well as on developing more and more sustainable and functional products. Product portfolio was streamlined by reducing the complexity of the product portfolio by decreasing the number of sales articles, manufacturing formulas and raw materials. By the end of 2020, the company reached its goal to reduce the number of sales articles by 50 percent compared to 2016, including the impacts of the divestments of business operations.

Grow in decorative paints and selected industry segments: During 2020 new products were successfully launched on various market areas to support sales growth. The share of new products out of revenue increased following the product launches in all end-customer segments, for consumers, professionals and industry customers. Also, multiple new services (e.g. Colour App and a new concept for Wet samples) were introduced to make the buying of products easier for customers. Marketing campaigns were carried out in all main markets to support the changed customer needs ("Stay at home"), while consumers showed an increasing online activity for product information as well as inspiration due to the Covid-19 lockdowns.

Improve sales performance management: Tikkurila successfully continued to focus on increasing the share of premium products and improving the product mix. Price increases were implemented in selected markets and products. In September, Tikkurila's Sales function was split in two divisions based on geographical location (West and East divisions) in order to increase the efficiency and focus on leading sales.

Increase efficiency in operations: Tikkurila continued to outline the future Supply Chain footprint and optimize logistics. The new Tikkurila Business Steering process (TBS) was rolled-out to integrated Sales & Operations Planning. Logistics and Supply Chain Planning were centralized to improve efficiency and service. In Q3, a small solvent-borne industrial paint production unit was closed in St. Petersburg, as Tikkurila continued to focus on water-borne paints. In November, Tikkurila Oyj and the City of Vantaa signed a cooperation agreement related to the development of Tikkurila's land area in Vantaa, Finland. The city planning by the city of Vantaa and the design and construction process of a potential new production plant will take several years, during which manufacturing will continue in the current units. Tikkurila envisages that the land area encompassing the current operations could be sold in phases by year 2035. The company further expects that the proceeds from the sale of the land area will be sufficient to clearly cover the cost of the relocation from the current site.

Save in fixed costs, centralize indirect sourcing: Fixed costs continued to develop positively. In total, the fixed costs decreased by one percent to EUR 178.1 million in 2020 corresponding to 30.6 percent of revenue (EUR 180.4 million and 32.0 percent). During the first half of 2020, Tikkurila implemented temporary savings in response to the Covid-19 pandemic, but the fixed costs normalized by autumn as investments in marketing and promotion activities were restarted to support sales growth. During the second half, the focus was shifted from cost savings to active cost management, while enabling targeted investments to address growth and efficiency improvement opportunities.

Increase efficiency in direct materials and indirect sourcing: A significant number of planned cost reduction actions identified in 2019 and throughout 2020 were implemented as planned. Commercial renegotiations for 2020 were executed and delivered expected positive results. Efforts to improve efficiency continued with a focus on further improving collaboration between R&D, product portfolio management and raw material sourcing.

Cash flow, financing activities, and financial risk management

Tikkurila's liquidity and funding position remained at a good level through the review period.

Cash flow from operations in January–December totaled EUR 97.6 (61.4) million.

In financial year 2020, cash flow from operations was improved by favorable development in profitability and lower level of the net working capital. Due to Covid-19 pandemic, governments in some of Tikkurila's operating countries granted various subsidies and allowed companies to defer some indirect employee costs, indirect taxes and payments of corporate income taxes. These deferred payment times improved operating cash flow during first half of the year, but this impact was evened out on second half of the year, thus having no material impact on cash flow in January-December.

In addition, the direct subsidies in relation to personnel costs and governments' decisions to decrease contribution rates of obligatory employee expenses during Covid-19 pandemic had a minor impact on profitability decreasing personnel expenses by approximately EUR 1.1 million in 2020.

The decrease in net working capital during January - December was primarily driven by higher level of trade payables but was also supported by favorable development in trade receivables. At the end of the review period, net working capital totaled EUR 55.6 (83.6) million. The net cash flow from investing activities was EUR -5.7 (-8.6) million. Cash flow after capital expenditure totaled EUR 92.0 (52.7) million at the end of the review period.

Interest-bearing debt amounted to EUR 104.1 (125.4) million at the end of the review period, of which EUR 17.3 (22.6) million were lease liabilities. Net debt amounted to EUR 12.1 (78.4) million, and net debt excluding lease liabilities was EUR -5.2 (55.7) million. At the end of the review period, cash and cash equivalents amounted to EUR 92.0 (47.0) million. Short-term interest-bearing debt totaled EUR 34.0 (50.2) million, including the company's issued commercial papers for a total nominal amount of EUR 27.0 (43.0) million, and short-term lease liability of EUR 7.1 (7.3) million. Moreover, the Group had long-term interest-bearing debt totaling EUR 70.1 (75.1) million including lease liability of EUR 10.3 (15.3) million. At the end of December, the Group had a total of EUR 109.8 (110.2) million unused committed credit facilities or credit limits.

The Group´s net financial expense was EUR -6.6 (-0.0) million, of which net interest expenses totaled EUR -1.4 (-1.2) million including interest expenses related to lease liabilities EUR -0.9 (-1.1) million, and other financing expenses EUR -0.5 (-0.6) million. The average capital-weighted interest rate of interest-bearing debt was 1.4 (1.4) percent. The net profit was negatively affected by a total of EUR -4.7 (+1.7) million due to the realized and unrealized exchange rate differences recognized during the review period. The main negative impact was related to the Russian ruble nominated internal loan. According to the decision of Tikkurila Board of Directors the company will not carry out forward exchange agreements or apply other financial instruments to hedge exchange rate risks. Instead, exchange rate risk management will involve operative measures such as the coordination of currency allocation of incoming and outgoing cash flows.

At the end of December, the equity ratio was 41.1 (39.3) percent and gearing 6.7 (45.6) percent. Gearing excluding lease liabilities was -2.9 (32.4) percent. Tikkurila's financing arrangement includes a covenant that is based on Group's gearing.

Capital Expenditure

In 2020, gross capital expenditure amounted to EUR 13.7 (16.3) million, of which EUR 4.8 (5.1) million are IFRS 16 related investments in right-of-use assets..

The Group's depreciation, amortization and impairment losses amounted to EUR 24.4 (24.2) million in 2020, including a EUR 7.7 (8.2) million depreciation on right-of-use assets.

The Group performs impairment tests in accordance with the IAS 36 standard.

Sales and marketing

Tikkurila Group's sales and marketing expenses, including personnel costs, were EUR 77.7 (79.3) million in 2020, which accounts for 13.3 (14.1) percent of revenue.

In 2020, Tikkurila continued to focus on the company's three core premium brands: Tikkurila, Alcro and Beckers (in decorative paints). During the year, the consolidation of the marketing organizations for the core brands was finalized, and marketing investments were concentrated on these brands, leading to increased premiumization.

Research, Development and Innovation

In 2020, Tikkurila's research and development expenses were EUR 9.8 (9.6) million, which accounts for 1.7 (1.7) percent of revenue. At the end of year, the R&D unit employed 183 (182) people. Tikkurila's R&D units are in Finland, Poland, Russia, Sweden, and Estonia.

R&D is responsible for creating new products, maintaining, and renewing the product range as well as studying and adopting alternative raw materials. R&D operations are guided by customer needs, as well as environmental and safety aspects and legislation.

In 2020, the focus of R&D was on the successful implementation of new product launches and the development of new environmentally friendly paints and functional features. The most important decorative paint launches were new biobased products. In Sweden and Finland, a series of new interior wall paints and new biobased terrace oils were launched. In Russia, a new decorative solvent-free colorant range (Avatint Plus) was launched. In the industrial paint business, new launches included protective coatings, OEM solutions as well as intumescent coatings.

The product development organization was strengthened with new recruitments. Efforts to streamline R&D operations also continued by finalizing the optimization of indoor paint formulas as well as the harmonization of all decorative paint formulas to decrease the number of raw materials used while maintaining high quality standards. At the same time R&D ensured that Tikkurila meets all the demands of the new biocide regulation and regulation on EU Poison Centers.

Human Resources and company management

At the end of December 2020, the Tikkurila Group employed 2,422 (2,607) people. The average number of employees in January–December was 2,628 (2,713). The decrease was driven by divestments, as well as restructuring.

Tikkurila Group's number of employees at the end of each quarter is presented below split by SBU, starting from the first quarter of 2019.

Wages and salaries in 2020 totaled EUR 80.7 (76.8) million.

	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2019	Q2/2019	Q3/2019	Q4/2019
SBU West	1,583	1,706	1,594	1,576	1,575	1,701	1,566	1,550
SBU East	1,085	1,066	954	829	1,133	1,130	1,063	1,041
Group functions	17	17	18	17	15	15	16	16
Total	2,685	2,789	2,566	2,422	2,723	2,846	2,645	2,607

Tikkurila Management Team

At the end of the reporting period the Tikkurila Management Team consisted of the following members:

- Elisa Markula, President and CEO
- Melisa Bärholm, Senior Vice President, Human Resources
- Fredrik Linde, Senior Vice President, Operations
- Markus Melkko, CFO
- Anders Rotkirch, Senior Vice President, Transformation and ICT
- Meri Vainikka, Senior Vice President, Offering
- Oskari Vidman, Senior Vice President, Sales West Division
- Roman Ivashko, Senior Vice President, Sales, East Division (as of September 1, 2020)

In July, Tikkurila announced to further increase the efficiency and focus on leading sales as the sales function was to be split into two divisions: West and East. The divisions represent the company's external reporting segments. The former SVP Sales, Oskari Vidman, took over the West division. Roman Ivashko was appointed as SVP, Sales, East division, as of September 1, 2020.

Shares and Shareholders

At the end of 2020, Tikkurila's share capital was EUR 35.0 million, and a total number of registered shares was 44,108,252. At the end of 2020, Tikkurila held 2,371 treasury shares.

According to Euroclear Finland Oy's register, Tikkurila had 18,793 (18,449) shareholders on December 31, 2020. A list of the largest shareholders registered in the book-entry system is regularly updated on Tikkurila's website at https://www.tikkurilagroup.com/shareholders. Jari Paasikivi, the Chairman of the Tikkurila Board, acts as the Chairman of the Board in Oras Invest Oy, which is the single largest shareholder in Tikkurila. Up-to-date information concerning the holdings of Tikkurila statutory insiders is available at https://www.tikkurilagroup.com/investorsgovernance/insiders.

At the end of December, the closing price of Tikkurila's share was EUR 24.95. In January–December, the volume-weighted average share price was EUR 16.69, the lowest price EUR 9.36 and the highest price EUR 24.95. At the end of December, the market value of Tikkurila Oyj's shares was EUR 1.1 billion. During January–December, a total of 18.2 million Tikkurila shares, corresponding to approximately 41.2 percent of the number of shares, were traded on Nasdaq Helsinki Ltd. The value of the traded volume was EUR 303.1 million. Tikkurila's shares are traded also outside of Nasdaq Helsinki, but the company does not have detailed statistics available on this external trading.

Tikkurila is not aware of any valid shareholders' agreements regarding the ownership of Tikkurila shares and voting rights.

Major shareholder notifications

During the reporting period, Tikkurila received the following notifications pursuant to the Finnish Securities Markets Act on changes in holdings of significant shareholders.

On **2 January 2020**, Tikkurila received a notification from **FMR LLC** that with effect from 1st January 2020 Fidelity Management & Research Company had changed its name to Fidelity Management & Research Company LLC. FMR Co., Inc, FIMM, and SelectCo had also merged into Fidelity Management & Research Company LL. At the time of the announcement, the holdings under the management of FMR LLC amounted to 4,337,873 shares, which corresponded to 9.83 percent of the total amount of shares and voting rights.

On **26 June 2020**, Tikkurila received a notification from **Varma Mutual Pension Insurance Company** that their holdings in Tikkurila Oyj's shares had decreased below the 5 % threshold. Following the announcement, the holdings of Keskinäinen työeläkevakuutusyhtiö Varma in Tikkurila Oyj amounted to 1,693,525 shares, which corresponded to 3.84 percent of the total amount of shares and voting rights.

On **22 September 2020**, Tikkurila received a notification from **Oras Invest Oy** that their holdings in Tikkurila Oyj's shares had increased above the 20 % threshold. Following the announcement, the holdings of Oras Invest Oy in Tikkurila Oyj amounted to 8,828,051 shares, which corresponded to 20.01 percent of the total amount of shares and voting rights.

On **23 September 2020**, Tikkurila received a notification from **Intrinsic Value Investors (IVI) LLP** that the holding of the funds and accounts managed by them in shares of Tikkurila Oyj had decreased below the 5% threshold. Following the announcement, the indirect holdings of Intrinsic Value Investors (IVI) LLP in Tikkurila Oyj amounted to 2,203,071 shares, which corresponds to 4.99 percent of the total amount of shares and voting rights.

On **14 October 2020**, Tikkurila received a notification from **Marathon Asset Management LLP** that the holding of the funds and accounts managed by portfolio managers under their control in shares of Tikkurila Oyj had decreased below the 5 % threshold. Following the announcement, the holdings of the previously mentioned entities in Tikkurila Oyj amounted to a total of 2,018,006 shares, which corresponds to 4.58 percent of the total amount of shares and voting rights.

On **2 December 2020**, Tikkurila received a notification from **Bestinver Gestion, S.A. SGIIC** that the holding of the funds and accounts managed by Bestinver Gestion, S.A. SGIIC in shares of Tikkurila Oyj has decreased below the 5% threshold due to trades executed on December 1, 2020. Following the announcement, the indirect holdings of Bestinver Gestion, S.A. SGIIC in Tikkurila Oyj amount to 2,182,610 shares, which corresponds to 4.948 percent of the total amount of shares and voting rights.

Share-based incentive plans

Tikkurila Oyj has a long-term share-based incentive scheme consisting of the performance periods 2018-2020, 2019-2021 and 2020-2022 for the Group key employees.

The aim of the plans is to align the objectives of the shareholders and the key employees to execute Company's strategic transformation in the short-term, and increase the value of the Company in the long-term, as well as to retain the key employees at the Company, and to offer them a competitive reward plan based on earning and accumulating the Company's shares.

The long-term incentive scheme, consisting three performance period, includes approximately 20 key employees, including Group management team members. The potential reward from the performance periods will be based on Tikkurila Group’s average EBITDA and net debt based intrinsic values of each performance period. The rewards to be paid on the grounds of the performance period 2020-2022 will amount to an approximate maximum of 160,000 Tikkurila Oyj shares. As a rule, no reward will be paid, if a participant’s employment or service ends before the reward payment.

In December 2020, the Board of Directors made a decision, pursuant to the combination agreement made with PPG Industries Inc., that the Company will resolve, in case the tender offer is completed and the transaction is closed, to settle in cash all outstanding awards to be paid for the performance periods under the share-based incentive plan. Change in settlement as cash will lower the result of financial year 2021. The amount of the reward payment shall be resolved by the Company’s Board of Directors, taking into account, among other things, the proportion of the time of the completion of the Tender offer.

Corporate governance

Tikkurila will prepare a separate Corporate Governance Statement which follows the recommendations of the Finnish Corporate Governance Code for listed companies. It also covers some other central areas of corporate governance. The statement will be included in Tikkurila’s Annual Review, but it will be published separately from the Board of Directors’ Report. The statement will also be available on March 4, 2021 at the latest, at https://www.tikkurilagroup.com/investors.

Annual General Meeting 2020

The Annual General Meeting (AGM) was held on June 9, 2020 in Vantaa, Finland. The AGM approved the Financial Statements for 2019, discharged the members of the Board of Directors and the CEO from liability for the 2019 financial year and adopted the Remuneration Policy.

The AGM decided on the payment of dividend, the composition of the Board of Directors and their remuneration, the election of the auditor and its remuneration, authorized the Board of Directors to decide on the repurchase of the Company's own shares as well as authorized the Board of Directors to decide on the issuance of shares.

In the combination agreement with PPG, Tikkurila has committed not to use the authorization to transfer or issue new shares.

Dividend

The AGM decided on a dividend of a maximum amount of EUR 0.50 per share for the period ending on December 31, 2019. Half of the proposed maximum dividend, i.e. EUR 0.25 per share, was paid on 18 June 2020 to shareholders who were recorded in the Company's shareholders' register maintained by Euroclear Finland Ltd on the record date for the dividend payment, 11 June 2020. Additionally, the AGM authorized the Board of Directors to decide, in its discretion, on a dividend payment of a maximum of EUR 0.25 per share to be distributed at a later stage when it would be possible to make a more reliable estimate on the impacts of the coronavirus pandemic to the company's business. On 28 October 2020, the Board of Directors decided on the payment of the second dividend trench (EUR 0.25 per share) which was paid out on 6 November 2020 to shareholders based on their holdings on the record date, 30 October 2020.

Remuneration of the Board of Directors

The Annual General Meeting decided that the annual remuneration of the members of the Board of Directors would stay at the current level. The annual remuneration to the members of the Board of Directors is as follows: EUR 64,000 for the Chairman, EUR 40,000 for the Vice Chairman and the Chairman of the Audit Committee, and EUR 32,000 for other members of the Board of Directors. Approximately 40 percent of the annual remuneration is paid in Tikkurila Oyj's shares acquired from the market and the rest in cash. The shares were acquired directly on behalf of the Board members within two weeks from the publication of the half year report for the period January 1 - June 30, 2020. Furthermore, a meeting fee for each meeting of the Board and its Committees (excluding decisions without a meeting) is paid to the members of the Board of Directors as follows: EUR 600 for meetings held in the home state of a member and EUR 1,200 for meetings held outside the home state of a member. If a member participates in a meeting via telephone or video connection the remuneration is EUR 600. Travel expenses are paid according to the travel policy of the company.

Members of the Board of Directors

The Annual General Meeting decided that the Board of Directors consists of seven members. Lars Peter Lindfors, Riitta Mynttinen, Jari Paasikivi, Catherine Sahlgren, Petteri Walldén and Heikki Westerlund were re-elected, and Andrey Pantyukhov was elected as new member of the Board of Directors until the end of the next Annual General Meeting. Furthermore, Jari Paasikivi was re-elected as Chairman and Petteri Walldén as Vice Chairman of the Board of Directors.

All members of the Board are independent of the company and, except for Jari Paasikivi, all are independent of major shareholders.

Election of the auditor and their remuneration

Authorised public accountants Ernst & Young Finland Oy continued as Company's auditor for a term expiring at the end of the next AGM and APA Antti Suominen continues as the responsible auditor. Auditors' fees shall be paid against invoices approved by the Company.

Authorization to repurchase own shares and to decide on the issuance of shares

The Annual General Meeting authorized the Board of Directors to decide upon the repurchase of a maximum of 4,400,000 company's own shares. The shares may be repurchased to be used for financing or implementing possible mergers and acquisitions, developing the company's equity structure, improving the liquidity of the company's shares or to be used for the payment of the annual fees payable to the members of the Board of Directors or for implementing the share-based incentive programs of the company. The repurchase authorization will be valid until the end of the next Annual General Meeting, however, no longer than until June 30, 2021.

The Annual General Meeting authorized the Board of Directors to decide to transfer company's own shares held by the company or to issue new shares limited to a maximum of 4,400,000 shares. The company's own shares held by the company may be transferred and the new shares may be issued either against payment or without payment. The new shares may be issued and the company's own shares held by the company may be transferred to the company's shareholders in proportion to their current shareholdings in the company or in deviation from the shareholders' pre-emptive right through a directed share issue, if the company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing the company's equity structure, improving the liquidity of the company's shares, settling the payment of the annual fees payable to the members of the Board of Directors or implementing the share-based incentive programs of the company. The authorization will be valid until the end of the next Annual General Meeting, however, no longer than until June 30, 2021.

The minutes of the Annual General Meeting are available on Tikkurila's website http://www.tikkurilagroup.com/agm.

Composition of the committees of Tikkurila's Board of Directors

Heikki Westerlund was elected as the Chair of the Audit Committee and Riitta Mynttinen ja Lars Peter Lindfors were elected as members of the Audit Committee.

Jari Paasikivi was elected as the Chair of the Remuneration Committee and Petteri Walldén and Riitta Mynttinen were elected as members of the Remuneration Committee.

The Nomination Board

The Nomination Board is responsible for preparing and presenting proposals to the Annual General Meeting for the number, composition, the chairman and vice chairman as well as remuneration of the Board of Directors.

On 4 September 2020, the Shareholders' Nomination Board of Tikkurila Oyj was appointed. The members of the Nomination Board are:

- Annika Paasikivi, President & CEO, Oras Invest Ltd
- Hanna Kaskela, Director, Responsible Investment (Varma Mutual Pension Insurance Company)
- Patrick Lapveteläinen, CIO (Sampo plc), Chairman of the Board of Directors (Mandatum Life)
- Jari Paasikivi, Chairman of the Board of Directors, Tikkurila Oyj (expert member of the Nomination Board)

Annika Paasikivi was elected as the Chairman of the Nomination Board.

The Shareholders' Nomination Board of Tikkurila is an organ established by the General Meeting consisting of shareholders or representatives of shareholders to annually prepare and present proposals for the General Meeting concerning the number of the members, composition, the chairman and vice chairman, as well as remuneration of the Board of Directors.

On April 30, 2020, Tikkurila's three largest shareholders in the shareholders' register maintained by Euroclear Finland Ltd were Oras Invest Ltd, Varma Mutual Pension Insurance Company and Mandatum Life Insurance Company Ltd.

Annual General Meeting 2021

Tikkurila Oyj's Annual General Meeting was planned to be held on March 25, 2021. Due to the ongoing tender offer process, the company's Board of Directors has decided to postpone the meeting until a date to be announced later.

Near-term risks and uncertainties

Tikkurila's business operations are affected by various strategic, operational, financial, and hazard risks. Tikkurila endeavors to identify and evaluate risks and respond to them as proactively as possible and contain their possible adverse effects. The company considers the following risks to represent main near-term uncertainties on the date of publishing this Financial Statement Release:

Risks related to the industry

In the paint industry, competition has become more intense and consolidation actions are actively implemented. In certain market segments, price has become more important factor. Particularly the large-scale retail customers of Tikkurila have started to decrease the number of their suppliers and have intensified their tender processes and are also more actively promoting their own brands. These developments may result in lower sales margins or lower sales or total discontinuation of sales to certain customers if Tikkurila will not be able to provide competitive offering.

Tikkurila sells most of its products via third-party retail and wholesale companies. During the last years, the share of professional painters has increased. In markets like Sweden and Poland, the traditional specialized paint retail has lost market share to larger-scale international big box retail chains, which increases customer concentration risks. Moreover, the new digital channels and changes in customers' buying behavior can change competitive position, pricing models and, also might require more investments.

Raw material risks

Tikkurila is dependent on the ability of its suppliers to provide the raw materials needed to manufacture paints and coatings. The prices of many raw materials and packaging materials that are vital to Tikkurila's operations have significantly increased during recent years and the Group has not yet been able to fully offset cost inflation by increasing its sales prices. Raw material and packaging material prices have remained at a historically high level; even though some raw material prices have started to stabilize or trend down, it is still possible that Tikkurila cannot increase its sales prices to sufficiently or fast enough to offset cost inflation. Furthermore, the availability of certain key raw materials is estimated to remain challenging, which may result in the lack of products as well as the loss of sales or additional costs associated with it. Uncertainty relating to raw materials may have effect on profitability, market share trends, product offering or competition in general.

Operational and restructuring risks

During the past two years Tikkurila has implemented various actions, as a result of which the number of production facilities and headcount have been reduced, and organization and management models have been renewed. These actions might lead to loss of know-how and potentially to bottlenecks in certain operations.

Customer credit risks

Even though Tikkurila has not encountered major credit losses, the potential realization of credit risks may hinder Tikkurila's business operations or cause losses. Relatively concentrated customer base in some markets may increase the risk of credit losses. In order to mitigate this risk, Tikkurila follows internal controls on credit limits, has in certain cases collateral arrangements, and in Poland also credit insurance coverage in place. Regardless of the fact, that bad debt provisions are applied and recognized, it is possible that additional customer or financial losses can incur.

Exchange rate development

Tikkurila's international operations create currency risks for the Group's income statement, balance sheet and cash flow. The most important currency risks are related to the Russian ruble, the Swedish krona and the Polish zloty. Some of the Group's raw material purchases are directly or indirectly priced in U.S. dollars. In certain cases, the relevant currencies to Tikkurila have had an adverse development during the last years. If this trend continues, it will have a negative impact on Tikkurila's euro-denominated revenue and operating result, and it can also negatively affect Tikkurila's competitive position in some markets. Furthermore, the company's equity will be subject to currency risks when the subsidiaries' foreign currency-denominated equity items are converted into euros and the euro-denominated consolidated balance sheets' asset values change with the exchange rates.

Risks related to the Covid-19 pandemic

For Tikkurila, uncertainties related to the Covid-19 pandemic are mainly related to the timing, extent and duration of the impacts which local regulations may have on mobility of people, customer demand, production and suppliers. A further escalation of the Covid-19 pandemic in the Group's core markets could have adverse impacts on Tikkurila's own operations, sales, supply chain or availability of financing. On the other hand, there could also continue to be positive impacts on customer demand due to increased time spent at home.

Market review

By the end of the year, a general decline in GDP due to the Covid-19 pandemic was evident in many countries. That said, the decorative paint industry has so far proven to be one of the beneficiaries as a consequence of the trend driven by increased consumer demand and preferences. The demand for decorative paints has strengthened as consumers have increasingly focused on home improvement. In industrial paints, the pandemic has led to a weaker demand, but the impacts vary significantly between various segments of the paint industry, as well as regionally.

The decorative paints account for the clear majority of Tikkurila's total revenue, including consumer and professional customers. The pandemic has also changed the dynamics of the decorative paints market: during the lockdowns, consumers have temporarily turned into Do-It-Yourself (DIY) from Do-It-For-Me (DIFM). Also, consumers have also shifted towards online activities. In the construction sector, use for professional painters in the industry has depended on the number of construction projects as well as the availability of construction workers. In the professional business, the recent trends differ both per geographic region and customer segment. In general, the visibility in the market is short as customers place their orders at a relatively short notice.

Industry paints represent the minority of Tikkurila's revenue (below 20%). During the pandemic, the demand for industrial paints has suffered from the indirect implications of Covid-19 on the customers' businesses. Following the decreased production activity of OEM (original equipment manufacturers) customers, demand for metal industry paints has declined. At the same time, demand for wood industry paints has remained more stable.

Raw material and packaging material prices have remained relatively stable. That said, volatility in market prices has increased and therefore price trends differ significantly between different raw materials, and overall, they remain at a relatively high level, following the significant inflation during the past few years.

The majority of Tikkurila's revenue comes from outside the Euro-zone, and hence currency fluctuations are expected to continue to have an impact on Tikkurila's revenue. Of the currencies relevant to Tikkurila's business areas, the Russian Ruble weakened significantly in 2020, the Polish Zloty weakened slightly compared to previous year's levels while the Swedish Krona has strengthened slightly.

Overall, Tikkurila is well-positioned to provide its customers with high-quality goods and services in all subsegments of its business. Tikkurila is a leader for decorative paints in Russia, Sweden, Finland, and the Baltics. In Poland, Tikkurila is among the main players in decorative paints.

Sources: Markets & Markets, Euromonitor, Oxford Economics, Chem Courier, GFK, SVEFF and VTY.

Combination Agreement with PPG Industries Inc.

On December 18, 2020 Tikkurila and PPG Industries Inc. entered into a combination agreement according to which PPG Industries, Inc. commenced a Tender Offer for all issued and outstanding shares in Tikkurila Oyj in January. The members of the Board of Directors who participated in the decision-making unanimously decided to recommend that the shareholders of the company accept the Tender Offer. Read more about the Tender offer by PPG Industries Inc. below.

Events after the reporting period

Tender Offer by PPG Industries Inc.

On January 15, PPG Industries, Inc. commenced a Tender Offer for all issued and outstanding shares in Tikkurila Oyj. The Tender Offer commenced based on the combination agreement, which was announced on December 18, 2020 and amended on January 5, 2021, pursuant to which the PPG Industries Inc. would make a voluntary recommended public cash tender offer for all the issued and outstanding shares in the Company that are not held by the Company or any of its subsidiaries. The Offer Price was amended to EUR 27.75 per share by PPG Industries Inc. on January 5, 2021 (previously EUR 25.00 per share). The offer period commenced on January 15, 2021.

The Offeror sees significant value and potential in Tikkurila and accordingly expects to make substantial investments in Tikkurila's technology, infrastructure and people, as well as provide Tikkurila access to PPG's global diversified paints, coatings and specialty coatings offerings on which Tikkurila will be able to build and further deepen its customer relationships, develop lateral products and access additional geographies.

The completion of the Tender Offer is not expected to have any immediate material effects on the operations or the position of the management or employees of the Company.

The members of the Board of Directors of the Company, who participated in the decision-making, have unanimously decided to recommend that the shareholders of the Company accept the Tender Offer.

Certain major shareholders of Tikkurila, i.e. Oras Invest Oy, Varma Mutual Pension Insurance Company, Mandatum Life Insurance Company Limited and Kaleva Mutual Insurance Company, representing in the aggregate approximately 29.39 per cent of the shares and votes in the

Company, irrevocably undertook to accept the Tender Offer, subject to certain customary conditions.

As announced on January 15, 2021, the completion of the Tender Offer is subject to certain customary conditions being fulfilled or waived by the Offeror on or by the date of the Offeror's announcement of the final result of the Tender Offer. These include, among others, obtaining all necessary regulatory approvals and acceptance of the Tender Offer with respect to Shares representing, together with Shares otherwise held by the Offeror prior to the announcement of the final result of the Tender Offer, on a fully diluted basis, more than ninety (90) percent of the Shares and voting rights in the Company calculated in accordance with Chapter 18, Section 1 of the Finnish Companies Act (624/2006, as amended) governing the right and obligation to commence redemption proceedings.

More information regarding the initial Tender Offer by PPG Industries Inc. can be found on the related stock exchange releases.

PPG's increase of the Offer price to EUR 34.00 per share and amendments to the combination agreement

On February 4, 2021, PPG Industries Inc. ("PPG") announced to an increase in the Offer Price to EUR 34.00 per share and amended certain other terms of the offer. Further, PPG and Tikkurila had agreed on an amendment to the combination agreement.

Certain major shareholders of Tikkurila, Varma Mutual Pension Insurance Company, Mandatum Life Insurance Company Limited and Kaleva Mutual Insurance Company, representing in the aggregate approximately 9.32 per cent of the shares in the Company, unconditionally agreed to sell their Shares to the Offeror. In addition, Oras Invest Oy agreed to an unconditional irrevocable undertaking to accept the Improved Tender Offer and has also unconditionally agreed to sell its Shares to the Offeror upon the receipt by the Offeror of the necessary regulatory approvals. In total, the Shares subject to sale to the Offeror represent in the aggregate approximately 29.34 per cent of the shares in the Company.

The Offeror expects that the Improved Tender Offer can close as early as March in accordance with the original preliminary time schedule set forth in terms and conditions of the Tender Offer or early in the second quarter of 2021. Regulatory approvals are progressing in line with this schedule.

PPG has changed the condition for completion of the Improved Tender Offer concerning the minimum acceptance level by lowering the relevant threshold from more than 90 per cent to more than 66.7 per cent.

Following extensive review and discussions and after having regarded factors such as deal certainty for the Company and its shareholders, timeline to closing, including the fact that the regulatory process for PPG's Improved Tender Offer is well advanced, and potential disruption for the Company and its employees and other stakeholders, and after consultation with its financial and legal advisors, the Board of Directors has assessed PPG's Improved Tender Offer in comparison with AkzoNobel's Potential Competing Offer. The Board of Directors has concluded that following the significant increase in the Offer Price by PPG, together with the other amended terms and conditions of the Improved Tender Offer and deal certainty aspects related to the timing in obtaining required approvals from the regulatory authorities, the Improved Tender Offer by PPG is more beneficial for the Company, its shareholders and other stakeholders as compared to the Potential Competing Offer received from AkzoNobel. Therefore, the members of the Board of Directors who participated in the decision-making have unanimously decided to recommend that the shareholders of the Company accept the Improved Tender Offer.

In addition, PPG agreed to provide additional undertakings for the obtaining of the regulatory approvals in order to ensure completion of the Improved Tender Offer. In connection with the significant increase in the Offer Price and enhancements to deal certainty, and to reflect the costs incurred, PPG requested that Tikkurila increased the termination fee payable to PPG in the event the Combination Agreement is terminated due to certain reasons specified in the Combination Agreement, such as the Board of Directors withdrawing, modifying or changing its recommendation regarding PPG's Improved Tender Offer.

Binding conditional proposal from Akzo Nobel N.V.

On January 28, 2021 Tikkurila received a binding proposal from Akzo Nobel to acquire all issued and outstanding shares of Tikkurila, subject to the Board of Tikkurila recommending the offer and Oras Invest undertaking to accept the offer. The binding proposal was made following AkzoNobel's announcement on non-binding conditional proposal, received on January 18, 2021, to acquire all issued and outstanding shares of Tikkurila at an offer price of EUR 31.25 per share, which represents a premium of 113 percent to Tikkurila's volume weighted average share price for the three-month period ending December 17, 2020 and was 12.6 percent higher than the unanimously recommended offer by PPG Industries Inc. of then EUR 27.75 per share, published on January 5, 2021.

The making of the binding offer was subject to the following conditions: Tikkurila's Board of Directors withdrawing its recommendation to the Company's shareholders to accept PPG Industries Inc.'s tender offer, announced on December 18, 2020, and recommending AkzoNobel's tender offer; and, Akzo Nobel obtaining an irrevocable undertaking from Oras Invest Oy to accept AkzoNobel's tender offer.

Tikkurila's Board of Directors sought to give AkzoNobel an equal possibility to make a binding offer for the shares of the Company. Following AkzoNobel's proposal published on January 18, 2021, the Company provided AkzoNobel with an opportunity to conduct due diligence with access to the Company's management in line with the process complied with PPG.

The completion of AkzoNobel's binding proposal dated January 28, 2021 would have been subject to customary conditions substantially similar to those included in the current tender offer document published by PPG, dated January 14, 2021, including among others reaching a 90 percent acceptance level and obtaining required regulatory approvals. In order to obtain merger clearance and ensure deal certainty for Tikkurila and its shareholders, AkzoNobel stated that it had agreed with Hempel A/S ("Hempel") the key terms for the sale of assets, including the sale of decorative paints business of AkzoNobel in the Nordics and the Baltics, to be completed after closing of the transaction between AkzoNobel and Tikkurila. On February 8, 2021 AkzoNobel N.V. announced that it no longer intends to pursue the acquisition of Tikkurila.

Major Shareholder Announcements

On **January 8**, 2021 Lannebo Fonder AB's holding in Tikkurila decreased to 4.08 percent. The holding of the funds and accounts managed by Lannebo Fonder AB in shares of Tikkurila Oyj decreased below the 5% threshold, after Lannebo Fonder decreased its holding in Tikkurila Oyj by 1,121,965 shares due to trades executed on January 7, 2021. Following the announcement, the total holdings of Lannebo Fonder in Tikkurila Oyj amount to 1,800,000 shares, which corresponds to 4.08 percent of Tikkurila's total amount of shares and voting rights.

On **January 13**, 2021 J.P. Morgan Chase & Co.'s indirect holding in Tikkurila increased to 5.21 percent. The indirect holding of the funds and accounts managed by J.P. Morgan Chase & Co. in

the shares and financial instruments of Tikkurila Oyj increased above the 5% threshold and was 5.21% as a consequence of the trades executed on January 8, 2021. The number of shares owned by the funds managed by J.P. Morgan Chase & Co. was 96,335, corresponding to 0.22 percent, and the financial instruments according to SMA 9:6 (equity swap) corresponding to 2,202,912 shares, 4.99 percent of all shares in Tikkurila.

On **January 15**, 2021 J.P. Morgan Chase & Co.'s indirect holding in Tikkurila decreased below 5 percent. The indirect holding of the funds and accounts managed by J.P. Morgan Chase & Co. in the shares and financial instruments of Tikkurila Oyj fell below 5% threshold, as a consequence of the trades executed on January 12, 2021. Following the announcement, the ownership of J.P. Morgan Chase & Co. is below the minimum threshold.

On **January 19**, 2021 Sand Grove Capital Management's holding in Tikkurila increased to 5.06 percent. The holding of the funds and accounts managed by Sand Grove Capital Management in the shares of Tikkurila Oyj has increased above the 5% threshold to 5.06 percent, after Sand Grove Capital Management increased its holding in Tikkurila Oyj by 2,230,000 shares due to the trades executed on January 18, 2021.

On **January 27 and 28**, 2021 Tikkurila received a notification from FMR LLC that its indirect holding in Tikkurila had fallen below 5 percent. The total indirect holding of the funds and accounts managed by FMR LLC in the shares of Tikkurila Oyj after the notification is 4.94 percent, as a consequence of the trades executed on 26 and 27 January 2021.

On **February 4,** Tikkurila received a notification from PPG Industries Inc. regarding share purchase agreements corresponding to an acquisition of 9.32% of shares in Tikkurila, and, the pending acquisition of 20.01% of shares in Tikkurila owned by Oras Invest Oy, the completion of which is subject to the receipt of certain regulatory approvals. On **February 8**, Tikkurila received a notification from PPG industries Inc. that the share trades regarding the acquisition of the 9.32% of Tikkurila's shares had been completed.

On **February 9**, Tikkurila received a notification from Sand Grove Capital Management LLP. According to the notification, the holding of the funds and accounts managed by Sand Grove Capital Management in the shares of Tikkurila had decreased to 0 percent, due to the trades executed on February 8, 2021.

On **February 11**, Tikkurila received a notification according to which J.P. Morgan Chase & Co.'s indirect holding of the funds and accounts managed by J.P. Morgan Chase & Co. in the shares and financial instruments of Tikkurila Oyj increased above the 5% threshold and was 6.01% as a consequence of the trades executed on February 8, 2021.

Nomination Board

The Nomination Board of Tikkurila proposes to the Annual General Meeting 2021, which is to be held at a later date, that the number of Board members would be seven and that the present members Lars Peter Lindfors, Riitta Mynttinen, Jari Paasikivi, Andrey Pantyukhov, Catherine Sahlgren, Petteri Walldén and Heikki Westerlund would be re-elected. All the nominees have given their consent to the position.

In addition, the Nomination Board proposes that Jari Paasikivi would be elected as the Chairman and Petteri Walldén as the Vice Chairman of the Board of Directors.

The Nomination Board proposes to the Annual General Meeting that the remuneration of the members of the Board of Directors would remain unchanged and that the annual remuneration would be as follows: EUR 64,000 for the Chairman, EUR 40,000 for the Vice Chairman of the Board of Directors and the Chairman of the Audit Committee, and EUR 32,000 for other members of the Board of Directors.

The annual remuneration is paid fully in cash and the payment will take place either within two (2) weeks of the publication of the business review from January 1 to March 31, 2021, and if the term of office of the members of the Board of Directors ends earlier, within two (2) weeks of the end of the term.

Furthermore, the Nomination Board proposes that a meeting fee paid to the members of the Board of Directors for each meeting of the Board and its Committees (excluding decisions without a meeting) would remain unchanged and be paid as follows: EUR 600 for meetings held in the home state of a Board member and EUR 1,200 for meetings held outside the home state of a Board member. If a member participates in a meeting via telephone or video connection, the fee would be EUR 600. Travel expenses are proposed to be paid according to the travel policy of the Company. The members of the Tikkurila Nomination Board are presented in this report under “Nomination Board”.

Other information

No material changes regarding the company’s business or financial position have materialized after the end of the year.

Board of Directors’ proposal for the distribution of profit

Tikkurila Oyj’s distributable equity totaled EUR 154.4 million on December 31, 2020: reserve for invested unrestricted equity totaled EUR 40.0 million and retained earnings totaled EUR 114.4 million when including the 2020 net result.

Due to the ongoing tender offer process, the Board proposes that Tikkurila’s Annual General Meeting decides that no dividend be paid based on the decision of the Annual General Meeting from the financial year 2020. The Board would like to remind shareholders that according to the terms of the tender offer, any eventual dividend paid would be reduced from the Offer price.

Tikkurila's long-term financial targets

Long-term financial targets

Tikkurila has at the end of 2020 updated its mid-term strategic plan 2021-2023 and restated its previously communicated strategic financial targets: faster than home market growth and an EBIT margin of 12%. Based on the updated strategy Tikkurila plans to invest in growth during 2021-2022 and to reach the targeted EBIT margin towards the end of the period.

The long-term financial targets are:

- Revenue: Tikkurila aims to grow faster than the market
- Relative profitability: adjusted operating result margin over 12 percent
- Return on capital employed (ROCE): over 20 percent
- Balance sheet structure: gearing below 70 percent
- Dividend at least 40 percent of annual adjusted net result.

Guidance for 2021

Revenue is expected to remain at previous level excluding currency effect and adjusted operating result to remain on, or slightly below previous year's level when excluding costs in connection with implementing the public tender offer. (2020: EUR 582 million and EUR 63.8 million).

Vantaa, February 11, 2021

TIKKURILA OYJ
BOARD OF DIRECTORS

Summary Financial Statements and Notes

The annual financial statement figures of Tikkurila are audited. Auditors' report was issued on February 11, 2021. The financial information presented in this financial statement release is prepared in accordance with IAS 34 Interim Financial Reporting standard. As a result of rounding differences, the figures presented in the tables may not add up to the total. Quarterly information is unaudited.

The same accounting policies have been applied in this financial statement release as in the annual financial statements for 2019, with the exception of new or revised or amended standards and interpretations which have been applied from the beginning of 2020. The Group's view is that the adoption of the other IFRS and IFRIC changes did not have any material effect on the financial statements of the reporting period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
Revenue	**112.8**	107.9	**582.0**	563.8
Other operating income	**0.7**	1.5	**2.7**	3.3
Expenses	**-115.5**	-111.0	**-499.1**	-499.0
Depreciation, amortization and impairment losses	**-5.8**	-6.1	**-24.4**	-24.2
Operating result	**-7.8**	-7.7	**61.1**	43.9
Total financial income and expenses	**-0.3**	-0.5	**-6.6**	0.0
Share of profit or loss of equity-accounted investees	**0.1**	0.0	**0.4**	0.3
Result before taxes	**-8.1**	-8.1	**54.9**	44.2
Income taxes	**1.3**	0.7	**-11.8**	-10.9
Net result for the period	**-6.8**	-7.4	**43.1**	33.2
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Changes of equity investments at fair value through other comprehensive income	**0.2**	-	**0.2**	0.0
Remeasurements on defined benefit plans	**-0.2**	0.8	**-0.5**	-3.9
Income taxes relating to items that will not be reclassified to profit or loss	**-0.1**	-0.2	**-0.1**	0.8
Total items that will not be reclassified to profit or loss	**-0.2**	0.6	**-0.4**	-3.1
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	**1.4**	1.5	**-13.0**	5.5
Income taxes relating to items that may be reclassified subsequently to profit or loss	**-**	-	**-**	-
Total items that may be reclassified subsequently to profit or loss	**1.4**	1.5	**-13.0**	5.5

Total comprehensive income for the period	**-5.6**	-5.2	**29.7**	35.6
Net result attributable to:				
Owners of the parent	**-6.8**	-7.4	**43.1**	33.2
Non-controlling interest	**-**	-	**-**	-
Net result for the period	**-6.8**	-7.4	**43.1**	33.2
Total comprehensive income attributable to:				
Owners of the parent	**-5.6**	-5.2	**29.7**	35.6
Non-controlling interest	**-**	-	**-**	-
Total comprehensive income for the period	**-5.6**	-5.2	**29.7**	35.6
Earnings per share of the net result attributable to owners of the parent				
Basic earnings per share (EUR)	**-0.15**	-0.17	**0.98**	0.75
Diluted earnings per share (EUR)	**-0.15**	-0.17	**0.97**	0.75

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

ASSETS	**Dec 31, 2020**	Dec 31, 2019
Non-current assets		
Goodwill	**69.1**	70.2
Other intangible assets	**13.5**	18.2
Property, plant and equipment	**60.1**	69.3
Right-of-use assets	**16.8**	22.2
Equity-accounted investees	**0.3**	0.3
Other investments	**0.7**	0.7
Non-current receivables	**5.7**	7.0
Defined benefit pension and other long-term employee benefit assets	**0.1**	0.1
Deferred tax assets	**10.7**	10.3
Total non-current assets	**177.0**	198.4
Current assets		
Inventories	**80.4**	85.5
Interest-bearing receivables	**1.6**	0.7
Trade and other non-interest-bearing receivables	**88.3**	96.7
Current tax assets	**1.1**	7.4
Cash and cash equivalents	**92.0**	47.0
Non-current assets held for sale	**1.2**	1.4
Total current assets	**264.6**	238.7
Total assets	**441.6**	437.1

EQUITY AND LIABILITIES	Dec 31, 2020	Dec 31, 2019
Share capital	**35.0**	35.0
Other reserves	**0.0**	0.0
Fair value reserve	**0.1**	0.0
Reserve for invested unrestricted equity	**40.0**	40.0
Treasury shares	**0.0**	0.0
Translation differences	**-53.5**	-40.5
Retained earnings	**159.7**	137.4
Equity attributable to owners of the parent	**181.4**	171.9
Non-controlling interest	**-**	-
Total equity	**181.4**	171.9
Non-current liabilities		
Interest-bearing non-current liabilities	**70.1**	75.1
Other non-current liabilities	**0.2**	0.0
Defined benefit pension and other long-term employee benefit liabilities	**30.4**	28.7
Provisions	**1.7**	1.6
Deferred tax liabilities	**3.1**	3.6
Total non-current liabilities	**105.6**	109.1
Current liabilities		
Interest-bearing current liabilities	**34.0**	50.2
Trade and other non-interest-bearing payables	**115.3**	101.0
Provisions	**0.4**	1.5
Current tax liabilities	**5.0**	3.2
Liabilities classified as held for sale	**-**	-
Total current liabilities	**154.7**	156.0
Total equity and liabilities	**441.6**	437.1

CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS **EUR million**	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
CASH FLOW FROM OPERATING ACTIVITIES				
Net result for the period	**-6.8**	-7.4	**43.1**	33.2
Adjustments for:				
Non-cash transactions	**9.6**	6.5	**33.1**	29.0
Interest and other financial expenses	**0.5**	0.7	**7.3**	2.6
Interest income and other financial income	**-0.2**	-0.3	**-0.7**	-2.5
Income taxes	**-1.3**	-0.7	**11.8**	10.9
Funds from operations before change in net working capital	**1.8**	-1.1	**94.6**	73.2

Change in net working capital	**15.1**	11.1	**13.0**	-2.5
Interest and other financial expenses paid	**-0.7**	-1.2	**-3.8**	-2.7
Interest and other financial income received	**0.2**	0.3	**0.4**	1.8
Income taxes paid	**3.4**	1.8	**-6.6**	-8.4
Total cash flow from operations	**19.7**	10.9	**97.6**	61.4
CASH FLOW FROM INVESTING ACTIVITIES				
Business combinations	**-**	-	**-**	-
Other capital expenditure	**-2.4**	-3.5	**-8.1**	-11.1
Proceeds from sale of assets	**1.0**	0.6	**2.0**	1.6
Loan receivables decrease (+), increase (-)	**-**	0.4	**-**	0.4
Dividends received	**0.4**	0.4	**0.4**	0.4
Net cash used in investing activities	**-1.1**	-2.1	**-5.7**	-8.6
Cash flow before financing	**18.6**	8.8	**92.0**	52.7
CASH FLOW FROM FINANCING ACTIVITIES				
Non-current borrowings, increase (+), decrease (-)	**-**	10.0	**-**	10.0
Current financing, increase (+), decrease (-)	**-13.0**	-5.0	**-16.0**	-28.0
Payments of lease liabilities	**-1.8**	-1.3	**-7.5**	-7.3
Dividends paid	**-11.0**	-7.3	**-22.0**	-14.6
Acquisition of own shares	**-**	-	**-0.2**	-
Other	**-**	-	**-**	-
Net cash used in financing activities	**-25.8**	-3.6	**-45.7**	-39.8
Net change in cash and cash equivalents	**-7.2**	5.2	**46.2**	13.0
Cash and cash equivalents at the beginning of period	**98.3**	41.8	**47.0**	35.5
Effect of exchange rate fluctuations on cash held	**-0.9**	0.1	**1.3**	1.4
Cash and cash equivalents at the end of period	**92.0**	47.0	**92.0**	47.0
Net change in cash and cash equivalents	**-7.2**	5.2	**46.2**	13.0

Cash flows on leases, IFRS 16	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
Interest on lease liabilities, in cash flow from operating activities	-0.2	-0.3	-0.9	-1.0
Payments on lease liabilities, in cash flow from financing activities	-1.8	-1.3	-7.5	-7.3
Total cash flows on leases	**-2.0**	-1.6	**-8.3**	-8.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EUR million

	Equity attributable to the owners of the parent								Non-controlling interest	Total equity
	Share capital	Other reserves	Fair value reserve	Reserve for invested unrestricted equity	Treasury shares	Translation differences	Retained earnings	Total		
Equity at Dec 31, 2018	35.0	0.0	0.0	40.0	0.0	-46.0	121.1	150.1	-	150.1
Change in accounting principles, IFRS 16	-	-	-	-	-	-	0.0	0.0	-	0.0
Equity at Jan 1, 2019	35.0	0.0	0.0	40.0	0.0	-46.0	121.1	150.1	-	150.1
Total comprehensive income for the period	-	-	-	-	-	5.5	30.2	35.6	-	35.6
Share-based compensation	-	-	-	-	-	-	0.7	0.7	-	0.7
Dividends paid	-	-	-	-	-	-	-14.6	-14.6	-	-14.6
Equity at Dec 31, 2019	35.0	0.0	0.0	40.0	0.0	-40.5	137.4	171.9	-	171.9
Equity at Jan 1, 2020	**35.0**	**0.0**	**0.0**	**40.0**	**0.0**	**-40.5**	**137.4**	**171.9**	**-**	**171.9**
Total comprehensive income for the period	**-**	**-**	**0.1**	**-**	**-**	**-13.0**	**42.6**	**29.7**	**-**	**29.7**
Acquisition of treasury shares	**-**	**-**	**-**	**-**	**-0.2**	**-**	**-**	**-0.2**	**-**	**-0.2**
Share-based compensation	**-**	**-**	**-**	**-**	**0.2**	**-**	**1.8**	**2.0**	**-**	**2.0**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-22.1**	**-22.1**	**-**	**-22.1**
Equity at Dec 31, 2020	**35.0**	**0.0**	**0.1**	**40.0**	**0.0**	**-53.5**	**159.7**	**181.4**	**-**	**181.4**

DISTRIBUTABLE EQUITY OF THE PARENT (FAS)
EUR million

	2020	2019
Reserve for invested unrestricted equity	**40.0**	40.0
Retained earnings	**91.9**	85.8
Net result for the period	**22.5**	28.4
Total	**154.4**	154.2

REPORTABLE SEGMENTS

Tikkurila reports its business activities in two segments: SBU West and SBU East. Transactions related to the Group headquarters operations are presented in separate section called Tikkurila common.

The segment split is based on Tikkurila Group's strategy to be the leading provider of paint-related architectural solutions for consumers and professionals in the Nordic area as well as in Russia and other selected Eastern European countries. The segment definition is based on the differences in operating environments in the geographical areas, on valid legislation and regulations, and the management systems.

The evaluation of profitability and decision making concerning resource allocation are primarily based on operating result of each segment. Segment assets are items on the statement of financial position that the segment employs in its business activities or which can reasonably be allocated to the segments.

Segments' revenue arises from the sales of various paints and related products that are sold to retailers, industrial customers and for professional use. Insignificant revenue is received from the sales of auxiliary services related to paints. Segments' revenue is presented based on the location of the customers, whereas segments' assets are presented according to the location of the assets. Inter-segment pricing is based on market prices. External revenue accumulates from a large number of customers.

Revenue by segment	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
EUR million				
SBU West	**74.9**	68.0	**398.0**	370.0
SBU East	**38.0**	39.9	**184.1**	193.8
Eliminations	**0.0**	0.0	**-0.1**	0.0
Total	**112.8**	107.9	**582.0**	563.8

EBIT by segment	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
EUR million				
SBU West	**-6.1**	-7.6	**49.0**	30.4
SBU East	**1.7**	1.8	**20.4**	20.0
Tikkurila common	**-3.4**	-1.9	**-8.3**	-6.5
Eliminations	**-**	-	**-**	-
Total	**-7.8**	-7.7	**61.1**	43.9

Items affecting comparable EBIT by segment	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
EUR million				
SBU West	**0.0**	-0.1	**-0.2**	-0.3
SBU East	**0.0**	0.1	**-1.4**	-2.0
Tikkurila common	**-1.1**	0.0	**-1.1**	-0.2
Eliminations	**-**	-	**-**	-
Total	**-1.1**	-0.1	**-2.7**	-2.5

Adjusted operating result by segment	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
EUR million				
SBU West	**-6.1**	-7.5	**49.2**	30.7
SBU East	**1.7**	1.7	**21.8**	22.0
Tikkurila common	**-2.3**	-1.9	**-7.2**	-6.3
Eliminations	**-**	-	**-**	-
Total	**-6.7**	-7.6	**63.8**	46.4

Non-allocated items:				
Total financial income and expenses	**-0.3**	-0.5	**-6.6**	0.0
Share of profit or loss of equity-accounted investees	**0.1**	0.0	**0.4**	0.3
Result before taxes	**-8.1**	-8.1	**54.9**	44.2

Revenue by product group and by segment	**10-12/2020**		10-12/2019	
EUR million	**Decorative paints**	**Industrial coatings**	Decorative paints	Industrial coatings
SBU West	**58.5**	**16.4**	50.9	17.1
SBU East	**32.0**	**6.0**	32.3	7.6
Eliminations	**0.0**	**-**	0.0	-
Total	**90.5**	**22.4**	83.2	24.8

Revenue by product group and by segment	**1-12/2020**		1-12/ 2019	
EUR million	**Decorative paints**	**Industrial coatings**	Decorative paints	Industrial coatings
SBU West	**333.7**	**64.3**	304.8	65.3
SBU East	**156.1**	**28.0**	162.6	31.2
Eliminations	**-0.1**	**-**	0.0	-
Total	**489.7**	**92.3**	467.4	96.4

Assets by segment **EUR million**	**Dec 31, 2020**	Dec 31, 2019
SBU West	**372.7**	343.1
SBU East	**87.0**	98.0
Assets, non-allocated to segments	**5.3**	31.4
Eliminations	**-23.3**	-35.4
Total assets	**441.6**	437.1

CHANGES IN PROPERTY, PLANT AND EQUIPMENT **EUR million**	**1-12/2020**	1-12/2019
Carrying amount at the beginning of period	**69.3**	70.9
Additions	**7.9**	9.4
Business combinations	**-**	-
Disposals	**-1.2**	-0.2
Depreciation, amortization and impairment losses	**-11.4**	-11.8
Exchange rate differences and other changes	**-4.5**	1.0
Carrying amount at the end of period	**60.1**	69.3

Tikkurila Group had contractual commitments for purchase of property, plant and equipment EUR 0.6 (1.4) million at the end of review period.

CHANGES IN INTANGIBLE ASSETS EUR million	1-12/2020	1-12/2019
Carrying amount at the beginning of period	**88.4**	90.8
Additions	**1.0**	1.7
Business combinations	**-**	-
Disposals	**-**	0.0
Depreciation, amortization and impairment losses	**-5.3**	-4.2
Exchange rate differences and other changes	**-1.5**	0.1
Carrying amount at the end of period	**82.6**	88.4

Tikkurila Group had contractual commitments for intangible assets EUR 0.0 (0.0) million at the end of review period. In review period the impairment on goodwill and on carrying amount of trademark were recorded. These impairments totaled EUR 1.1 million and were related to Group's decision to close of a solvent-borne industrial paint production unit in Russia.

CHANGES IN RIGHT-OF-USE ASSETS EUR million	1-12/2020	1-12/2019
Adoption of IFRS 16	**-**	24.8
Carrying amount at the beginning of period	**22.2**	-
Additions	**4.8**	5.4
Disposals	**-1.8**	-0.3
Depreciation, amortization and impairment losses	**-7.7**	-8.2
Exchange rate differences and other changes	**-0.8**	0.5
Carrying amount at the end of period	**16.8**	22.2

INVENTORIES

Write-down of inventory for a total amount of EUR 7.1 (3.2) million was recognized until end of review period.

RELATED PARTY TRANSACTIONS

Parties are considered as each other's related parties if one party is able to control or has significant influence over financial and operating decision making of another party. Tikkurila Group has related party relationships with the parent company of the Group (Tikkurila Oyj), subsidiaries and joint ventures.

Related parties include members of Board of Directors and the Group's Board of Management, CEO, their family members and controlled entities as well as Country Sales directors and members of the board of directors in significant subsidiaries, and other single directors and managers who control or exercise significant influence in making financial and operational decisions in Tikkurila or in the relevant significant subsidiary.

Related party transactions:
EUR million

Joint ventures	**1-12/2020**	1-12/2019
Sales	**5.5**	5.1
Other operating income	**1.0**	1.0
Receivables	**0.5**	0.5
Liabilities	**0.0**	0.0

Share-based Commitment and Incentive Plans

In May 2017, the Board of Directors decided on a matching share plan 2017-2019, which consists of one vesting period. The rewards based on this plan were paid in May and target group consisted of three persons at the end of performance period. A total of 3,500 Tikkurila Oyj's treasury shares have been transferred to participants as well as the cash reward to cover taxes and tax-related costs arising from the reward to the participants. The total value of the plan at the end of the performance period amounted to EUR 0.1 million.

In June 2018, the Board of Directors of Tikkurila Oyj decided on a share-based incentive plan for Group key employees, a share plan 2018-2022. The share plan 2018-2022 includes three performance periods, calendar years 2018-2020, 2019-2021 and 2020-2022. The potential rewards from the plan will be paid partly in cash and partly in shares of Tikkurila Oyj. The payment of the reward is conditional to, that a participant is employed at the time of the payment. The rewards to be paid on the basis of the performance periods will be based on the Tikkurila Group's average EBITDA and net debt based intrinsic value on corresponding performance period. The details are decided separately for each performance period.

In accordance with the decision of the Board of Directors of Tikkurila Oyj in December 2018, a part of the reward for the performance period 2019-2021 is a time-based reward and the number of the participants of the plan was increased. The first tranche of the time-based reward was paid in June and a total of 13,590 shares were transferred to 20 participants. In addition, the cash payment was made to cover taxes and tax-related costs arising from the reward to participants. The aggregate value of the rewards on this time-based plan at due time amounted to a total of EUR 0.3 million. The second tranche of the time-based reward will be paid in year 2022.

In December 2019, the Board of Directors of Tikkurila Oyj decided on the details of the performance period 2020-2022. The rewards to be paid on the basis of the performance period 2020-2022 will amount to an approximate maximum total of 160,000 Tikkurila Oyj shares. The potential reward of the plan will be based on the Tikkurila Group´s average EBITDA and net debt-based intrinsic values for 2020-2022. Approximately 20 key employees, including the members of the Management Team, belong to the target group of the plan. This performance period has no time-based reward.

According to Tikkurila Oyj Board of Directors' decision in December 2020 and pursuant to combination agreement signed with PPG in line with PPG's recommended voluntary tender offer, in case the tender offer is completed, and the transaction is closed, Tikkurila Oyj will settle in cash all outstanding rewards to be paid for all open performance periods (2018-2020, 2019-2021, 2020-2022) under the Performance Share Plan in accordance with the terms and conditions of each Performance Share Plan. The amount of reward payment shall be resolved by the Tikkurila Oyj's Board of Directors, taking into account, among other things, the proportion of time elapsed of a performance period and the achievement of the performance requirement (intrinsic value) at the time of the transaction closing.

In June 2018, the Board of Directors of Tikkurila Oyj decided on share plan 2018-2019. This share plan had one performance period. In December 2019, the Board of Directors of Tikkurila Oyj decided to pay the potential rewards in cash. Payment of the rewards was conditional to, that a participant is employed at the time of the payment. The rewards were paid in March - April in cash amounting to a total of EUR 0.2 million.

Based on these share-based incentive plans EUR 2.2 (0.8) million was recognized during the financial year 2020 in personnel expenses.

COMMITMENTS AND CONTINGENT LIABILITIES **EUR million**	**Dec 31, 2020**	Dec 31, 2019
Mortgages given as collateral for liabilities in the statement of financial position		
Other loans	**-**	-
Mortgages given	**-**	-
Total loans	**-**	-
Total mortgages given	**-**	-
Contingent liabilities		
Guarantees		
On behalf of own commitments	**0.3**	0.3
On behalf of others	**1.3**	1.3
Other obligations of own behalf	**-**	-
Lease obligations	**0.0**	0.1
Total contingent liabilities	**1.6**	1.8

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORIES
EUR million

Dec 31, 2020	Fair value through profit or loss items	Amortized cost items	Fair value through other comprehensive income items	Carrying amounts	Fair values
Non-current financial assets					
Other investments	-	-	0.7	0.7	0.7
Non-current receivables	-	4.1	-	4.1	4.1
Current financial assets					
Interest-bearing receivables	-	1.6	-	1.6	1.6
Cash equivalents	-	92.0	-	92.0	92.0
Trade and other non-interest-bearing receivables	-	79.5	-	79.5	79.5
Total	**-**	**177.1**	**0.7**	**177.9**	**177.9**
Non-current financial liabilities					
Non-current interest-bearing liabilities	-	70.1	-	70.1	70.3
Current financial liabilities					
Current interest-bearing liabilities	-	34.0	-	34.0	34.0
Trade payables	-	48.7	-	48.7	48.7
Total	**-**	**152.8**	**-**	**152.8**	**152.9**

Dec 31, 2019	Fair value through profit or loss items	Amortized cost items	Fair value through other comprehensive income items	Carrying amounts	Fair values
Non-current financial assets					
Other investments	-	-	0.7	0.7	0.7
Non-current receivables	-	6.6	-	6.6	6.6
Current financial assets					
Interest-bearing receivables	-	0.7	-	0.7	0.7
Cash equivalents	-	47.0	-	47.0	47.0
Trade and other non-interest-bearing receivables	-	88.4	-	88.4	88.4
Total	**-**	**142.7**	**0.7**	**143.4**	**143.4**
Non-current financial liabilities					
Non-current interest-bearing liabilities	-	75.1	-	75.1	75.3
Current financial liabilities					
Current interest-bearing liabilities	-	50.2	-	50.2	50.2
Trade payables	-	43.0	-	43.0	43.0
Total	**-**	**168.4**	**-**	**168.4**	**168.6**

FAIR VALUE HIERARCHY
EUR million

Dec 31, 2020	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Other investments	**-**	**-**	**0.7**	**0.7**
Dec 31, 2019				
Recurring fair value measurements				
Other investments	-	-	0.7	0.7

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Reconciliation of Level 3 fair value measured financial assets and liabilities

Other investments	**Dec 31, 2020**	Dec 31, 2019
Carrying amount at Jan 1	**0.7**	0.7
Translation differences in other comprehensive income	**0.0**	0.0
Change in valuation	**0.1**	-
Disposals	**-0.1**	0.0
Other changes / transfers	**-**	-
Carrying amount at end of review period	**0.7**	0.7

Other investments in level 3 include unquoted shares that are of business supportive nature and personnel's recreational activities related long-term investments. Majority of the shares have no quoted market price in an active market and their fair values cannot be measured reliability by using any valuation techniques. Thus, shares are measured at cost or at cost less impairment if value has been impaired below the costs.

Tikkurila has classified these equity instruments as fair value through other comprehensive income. Dividends on these investments are recognized in profit or loss but possible impairment losses will not be recognized in profit or loss nor the gains or losses on disposal. Changes in fair value, net of tax, are recorded in fair value reserve.

KEY PERFORMANCE INDICATORS	**10-12/2020/ Dec 31, 2020**	10-12/2019/ Dec 31, 2019	**1-12/2020/ Dec 31, 2020**	1-12/2019/ Dec 31, 2019
Earnings per share / basic, EUR	**-0.15**	-0.17	**0.98**	0.75
Earnings per share / diluted, EUR	**-0.15**	-0.17	**0.97**	0.75
Operating result (EBIT), EUR million	**-7.8**	-7.7	**61.1**	43.9
of revenue %	**-6.9%**	-7.1%	**10.5%**	7.8%
Adjusted operating result, EUR million	**-6.7**	-7.6	**63.8**	46.4
of revenue %	**-5.9%**	-7.1%	**11.0%**	8.2%
Cash flow from operations, EUR million	**19.7**	10.9	**97.6**	61.4
Cash flow from operations / per share, EUR	**0.45**	0.25	**2.21**	1.39
Capital expenditure, EUR million	**2.4**	3.5	**8.1**	11.1
of revenue %	**2.1%**	3.2%	**1.4%**	2.0%
Shares (1,000), average *)	**44,106**	44,106	**44,105**	44,106
Shares (1,000), at the end of the reporting period *)	**44,106**	44,106	**44,106**	44,106
Weighted average number of shares, adjusted for dilutive effect (1,000) 1) *)	**44,348**	44,202	**44,286**	44,186
Number of shares at the end of period, adjusted for dilutive effect (1,000) 1) *)	**44,348**	44,202	**44,348**	44,202
Equity attributable to the owners of the parent / per share, EUR	**4.11**	3.90	**4.11**	3.90
Equity ratio, %	**41.1%**	39.3%	**41.1%**	39.3%
Gearing, %	**6.7%**	45.6%	**6.7%**	45.6%
Interest-bearing net liabilities, EUR million	**12.1**	78.4	**12.1**	78.4
Return on capital employed (ROCE), % p.a.	**24.0%**	15.4%	**24.0%**	15.4%
Personnel (average)	**2,456**	2,612	**2,628**	2,713

1) When calculating the dilution effect for the number of shares, it has been assumed that all the remuneration to be paid in shares would be issued as new shares, even though it is also possible that those shares might be acquired from the markets. Moreover, the number of shares adjusted for dilutive effect is based on estimates for Tikkurila Group's future financial performance, and its impact on the outcome of the share-based commitment and incentive plan.

*) Number of shares outstanding, treasury shares excluded.

COMPONENTS FOR ALTERNATIVE KEY FIGURES

Tikkurila presents some alternative performance measures in addition to commonly presented IFRS –performance measure. Benefits considered to be achieved with these are better comparability of financial performance between review periods and possibility to describe a more wide-ranging way the financial development of businesses. According to Tikkurila Management's opinion presenting these APMs provide management, investors, and other stakeholders with significant additional information. Alternative performance measures are also used criteria in Management remuneration plans.

Alternative performance measures (APM) should not be viewed in isolation or as a substitute to the IFRS financial measures. APM are not defined or named in IFRS standards. Those formulas are disclosed in Annual Review of Tikkurila under header Definition of key figures.

Comparable revenue is defined as revenue for a period excluding currency effects as well as effects of acquisitions, divestments and closures. Comparable revenue is used to show the organic development of revenue.

Calculation of alternative performance measures Adjusted operating result and Adjusted operating result margin % are excluding items affecting comparability. The purpose of this is to improve the comparability of those KPIs and thus underlying business from period to period when only the expenses of normal course of business are included. The KPIs, Adjusted operating result and Adjusted operating result margin % are used to measure performance for the company and are used in segment reporting key performance indicator together with revenue.

With the Gearing %, the management monitors the ratio between the equity invested by the owners of the company and the interest-bearing liabilities borrowed from financial institutions. Gearing is an important performance measure in assessing the financial position of a company.

Return on capital employed (ROCE), % measures capital efficiency and profitability on capital employed to business.

Equity ratio % is a KPI by which the management can monitor the level of capital used in operations.

Cash flow after capital expenditure represents the Group's cash generating capability to pay dividends and repay its debt to financial institutions.

Reconciliation of adjusted operating result to EBIT

EBIT by segment **EUR million**	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
SBU West	**-6.1**	-7.6	**49.0**	30.4
SBU East	**1.7**	1.8	**20.4**	20.0
Tikkurila common	**-3.4**	-1.9	**-8.3**	-6.5
Eliminations	**-**	-	**-**	-
Total	**-7.8**	-7.7	**61.1**	43.9

Items affecting comparable EBIT by segment **EUR million**	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
SBU West	**0.0**	-0.1	**-0.2**	-0.3
SBU East	**0.0**	0.1	**-1.4**	-2.0
Tikkurila common	**-1.1**	0.0	**-1.1**	-0.2
Eliminations	**-**	-	**-**	-
Total	**-1.1**	-0.1	**-2.7**	-2.5

Adjusted operating result by segment	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
EUR million				
SBU West	**-6.1**	-7.5	**49.2**	30.7
SBU East	**1.7**	1.7	**21.8**	22.0
Tikkurila common	**-2.3**	-1.9	**-7.2**	-6.3
Eliminations	**-**	-	**-**	-
Total	**-6.7**	-7.6	**63.8**	46.4

Items affecting comparable EBIT

Group total	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
EUR million				
Divestments, changes in Group structure	**0.0**	0.0	**0.0**	-0.1
Costs related to public tender offer	**-0.9**	-	**-0.9**	-
Personnel related	**-0.3**	0.0	**-0.5**	-0.5
Costs on withdrawn Russian factory investment	**-**	0.1	**-**	-1.8
Impairment losses	**0.0**	-0.1	**-1.3**	-0.1
Total	**-1.1**	-0.1	**-2.7**	-2.5

SBU West	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
EUR million				
Divestments, changes in Group structure	**0.0**	0.0	**0.0**	-0.1
Costs related to public tender offer	**-**	-	**-**	-
Personnel related	**0.0**	0.0	**0.0**	-0.1
Impairment losses	**-**	-0.1	**-0.2**	-0.1
Total	**0.0**	-0.1	**-0.2**	-0.3

SBU East	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
EUR million				
Divestments, changes in Group structure	**0.0**	-	**0.0**	-
Costs related to public tender offer	**-**	-	**-**	-
Personnel related	**0.0**	0.0	**-0.2**	-0.3
Costs on withdrawn Russian factory investment	**-**	0.1	**-**	-1.8
Impairment losses	**0.0**	-	**-1.1**	-
Total	**0.0**	0.1	**-1.4**	-2.0

Tikkurila common	**10-12/2020**	10-12/2019	**1-12/2020**	1-12/2019
EUR million				
Divestments, changes in Group structure	**-**	-	**-**	-
Costs related to public tender offer	**-0.9**	-	**-0.9**	-
Personnel related	**-0.2**	0.0	**-0.2**	-0.2
Impairment losses	**-**	-	**-**	-
Total	**-1.1**	0,0	**-1.1**	-0.2

Interest-bearing net liabilities **EUR million**	**Dec 31, 2020**	Dec 31, 2019
Interest-bearing non-current liabilities	**70.1**	75.1
Interest-bearing current liabilities	**34.0**	50.2
Interest-bearing liabilities, total	**104.1**	125.4
Cash and cash equivalents	**92.0**	47.0
Interest-bearing net liabilities	**12.1**	78.4

Net working capital		
Inventories	**80.4**	85.5
Non-current receivables	**5.7**	7.0
Excluding loan receivables and financing items in receivables	**-3.4**	-4.5
Current trade receivables and other non-interest-bearing receivables	**88.3**	96.7
Excluding interest and other financing items in receivables	**-0.1**	-0.1
Other non-current liabilities	**0.2**	0.0
Current trade payables and other non-interest-bearing payables	**115.3**	101.0
Excluding interest and other financing liabilities	**-0.2**	-0.1
Net working capital	**55.6**	83.6

Return on capital employed (ROCE), %		
Operating result + share of profit or loss of equity-accounted investees [1)]	**61.5**	44.2
Capital employed [2)]	**256.6**	287.3
Return on capital employed (ROCE), %	**24.0%**	15.4%

[1)] from a rolling 12-month period

[2)] 12 months, in average

DEFINITIONS OF KEY FIGURES

Earnings per share (EPS), basic

$$\frac{\text{Net result of the period attributable to the owners of the parent}}{\text{Shares on average}}$$

Earnings per share (EPS), diluted

$$\frac{\text{Net result of the period attributable to the owners of the parent}}{\text{Weighted average number of shares, adjusted for dilutive effect}}$$

Equity per share

$$\frac{\text{Equity attributable to the owners of the parent at the end of the reporting period}}{\text{Number of shares at the end of the reporting period}}$$

Cash flow from operations / per share

$$\frac{\text{Cash flow from operations}}{\text{Shares on average}}$$

Equity ratio, %

$$\frac{\text{Total equity} \times 100}{\text{Total assets - advances received}}$$

Gearing, %

$$\frac{\text{Interest-bearing net liabilities} \times 100}{\text{Total equity}}$$

Comparable revenue
Revenue converted with exchange rates of comparison year excluding effects of acquisitions, divestments and closures.

Operating result (EBIT)
Operating result is the net amount that comprises of the revenue added with other operating income and deducted by purchase cost adjusted with change in inventories of finished goods and work in progress, personnel expenses, depreciation, amortization and possible impairment losses and other operating expenses.

Items affecting comparability
Items affecting comparability are items related to business reorganizations, the strategic based changes in organization structure, impairments of non-current assets and gains or losses on disposal of assets as well as items related to public tender offer. In accordance with Tikkurila Board of Directors' judgement, significant insurance compensations, depending on their nature, may be included in items affecting comparability.

Adjusted operating result
Operating result (EBIT) - items affecting comparability

Interest-bearing net liabilities
Interest-bearing liabilities - money market investments - cash and cash equivalents

Gross capital expenditure
Increases in intangible assets, property, plant and equipment, right-of-use assets as well as increases in other shares and equity-accounted investees.

Net working capital
Inventories + interest-free receivables, excluding current tax assets, accrued interest income and other prepaid financial items - interest-free liabilities, excluding current tax liabilities, accrued interest expenses and other accrued financial items

Capital employed
Net working capital + intangible assets ready for use + property, plant and equipment ready for use+ right-of-use assets + equity-accounted investees

Return on capital employed (ROCE), % p.a. *

$$\frac{\text{Operating result + share of profit or loss of equity-accounted investees x 100}}{\text{Capital employed **}}$$

* actual operating result and share of profit or loss of equity-accounted investees taken into account for a rolling twelve-month period ending at the end of the review period

** 12 months, in average

SEGMENT INFORMATION BY QUARTER

Revenue by segment **EUR million**	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020	7-9/2020	10-12/2020
SBU West	97.2	107.5	97.3	68.0	96.9	119.4	106.7	74.9
SBU East	32.0	62.2	59.7	39.9	36.0	52.4	57.6	38.0
Eliminations	-	0.0	0.0	0.0	-	-0.1	0.0	0.0
Total	129.1	169.7	157.1	107.9	133.0	171.8	164.3	112.8

EBIT by segment **EUR million**	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020	7-9/2020	10-12/2020
SBU West	10.5	14.8	12.7	-7.6	10.4	25.0	19.6	-6.1
SBU East	-0.7	7.7	11.1	1.8	-0.9	9.7	10.0	1.7
Tikkurila common	-2.0	-1.3	-1.3	-1.9	-0.9	-1.6	-2.4	-3.4
Eliminations	-	0.0	-	-	-	-	-	-
Total	7.9	21.2	22.5	-7.7	8.5	33.1	27.3	-7.8

Items affecting comparable EBIT by segment **EUR million**	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020	7-9/2020	10-12/2020
SBU West	-0.1	0.0	-0.1	-0.1	-	-0.2	0.0	0.0
SBU East	0.0	-2.1	0.0	0.1	-	-1.3	-0.1	0.0
Tikkurila common	-0.2	0.0	-	0.0	-	-	-	-1.1
Eliminations	-	-	-	-	-	-	-	-
Total	-0.3	-2.0	-0.1	-0.1	-	-1.5	-0.1	-1.1

Adjusted operating result by segment **EUR million**	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020	7-9/2020	10-12/2020
SBU West	10.6	14.8	12.8	-7.5	10.4	25.3	19.6	-6.1
SBU East	-0.7	9.8	11.2	1.7	-0.9	11.0	10.1	1.7
Tikkurila common	-1.8	-1.3	-1.3	-1.9	-0.9	-1.6	-2.4	-2.3
Eliminations	-	-	-	-	-	-	-	-
Total	8.2	23.2	22.6	-7.6	8.5	34.7	27.3	-6.7

Non-allocated items:								
Total financial income and expenses	1.8	-0.4	-0.9	-0.5	-3.8	1.0	-3.5	-0.3
Share of profit or loss of equity-accounted investees	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Profit / loss before taxes	9.7	20.9	21.7	-8.1	4.8	34.3	23.9	-8.1

Assets by segment **EUR million**	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020
SBU West	350.5	363.2	362.1	343.1	364.0	396.0	393.2	372.7
SBU East	80.6	91.4	112.4	98.0	84.2	97.8	82.7	87.0
Assets, non-allocated to segments	52.7	96.5	37.2	31.4	67.8	104.8	32.6	5.3
Eliminations	-13.4	-20.8	-39.4	-35.4	-29.5	-36.8	-25.9	-23.3
Total assets	470.3	530.3	472.3	437.1	486.5	561.8	482.6	441.6