



Apetit

Financial Statements Bulletin

2017



Apetit Plc's Financial Statements Bulletin 1 January – 31 December 2017

A turnaround in Food Solutions – The weak harvest season was reflected in the results for Grain Trade and Oilseed Products

October–December, continuing operations

- Net sales from continuing operations were EUR 87.1 (80.4) million.
- Operational EBITDA was EUR 2.7 (2.0) million.
- Operational EBIT was EUR 1.2 (0.6) million.
- The profit for the period was EUR 2.3 (1.9) million, and earnings per share amounted to EUR 0.38 (0.31).

January–December, continuing operations

- Net sales from continuing operations were EUR 314.0 (312.0) million.
- Operational EBITDA was EUR 6.8 (5.8) million.
- Operational EBIT was EUR 1.3 (0.8) million.
- Profit for the period came to EUR 2.9 (2.0) million, and earnings per share amounted to EUR 0.46 (0.33).

October–December, the Group, including discontinued operations*

- Consolidated net sales amounted to EUR 91.6 (100.1) million.
- Operational EBIT was EUR 1.3 (1.6) million.
- Profit for the period came to EUR 2.4 (2.4) million, and earnings per share amounted to EUR 0.38 (0.38).

January–December, the Group, including discontinued operations*

- Consolidated net sales amounted to EUR 368.1 (386.5) million.
- Operational EBIT was EUR 1.7 (0.9) million.
- Profit for the period came to EUR -0.6 (1.2) million, and earnings per share amounted to EUR -0.10 (0.19).

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.70 per share be paid.

** Discontinued operations: On 29 June 2017, Apetit Plc signed an agreement on selling its seafood business to the Norwegian Insula AS. The transaction was completed on 31 October 2017. In this financial statements bulletin, the transferred business is reported as a discontinued operation. Consolidated net sales and profit for 2017 include the seafood business from January to October.*

The figures for 2017 and 2016 are audited. The quarterly figures are unaudited. The figures in parentheses are the equivalent figures for the same period in 2016, and the comparison period means the corresponding period in the previous year, unless otherwise stated.

Profit guidance for 2018:

The Group's full-year operational EBIT from continuing operations is expected to improve year-on-year (EUR 1.3 million in 2017). Due to the seasonal nature of the Group's operations, most of the annual profit is accrued in the second half of the year. Sales volumes and the profit outlook for early 2018 are burdened by the weak harvest of 2017.

Juha Vanhainen, CEO:

"In 2017, Apetit established its position as the leading Finnish brand in vegetable-based food solutions. Its improved awareness is supported by the fact that the company introduced new products at a record pace and expanded into new product groups. Sales of existing products also increased.

In 2017, the weather remained cool throughout the growing season. The end of the growing season was marked by exceptionally heavy rain, which delayed and hindered the harvesting of grains, oilseeds and root vegetables. The oilseed harvest in Finland was markedly smaller than in the previous year. The challenges of the harvest season also reduced grain trade export volumes significantly. The availability of Finnish field vegetables has been limited to some extent. As a result of this, it has been necessary to replace Finnish field vegetables with more expensive imported vegetables or limit the production of certain products, particularly products containing Finnish carrots.

Despite the difficult harvest season, Apetit was able to improve its operational EBIT and net sales in continuing operations. The turnaround in the Food Solutions business was particularly pleasing. It was supported mainly by the increased sales of frozen and fresh products. Exports also increased in comparison with the previous year, with growth in the total exports of Food Solutions. In December, Apetit announced that it would start exporting to Russia and deliver various frozen products to the St Petersburg region.

The successful work to improve the efficiency of working capital management continued in 2017. The Group's working capital tied up in operations decreased by EUR 22.5 million during the financial year. As a result of the more efficient management of working capital and the divestment of the seafood business, the Group was debt-free at the end of the year. Its balance sheet structure creates favourable conditions for investments and potential business arrangements that are in line with its strategy.

Apetit's strategy to specialise and lead the way in vegetable-based food solutions is also supported by the divestment of its fish processing business. The business was sold to Insula AS in Finland, Norway and Sweden. The transaction was completed at the end of October.

In 2018, we will continue to invest in sales and product development in line with our strategy. The prevailing food trends support our goals: consumers are increasingly appreciating well-being, good taste and ease of use. High vegetable content, organic products and Finnish origin are also primary considerations when consumers are making purchasing decisions."

KEY FIGURES

EUR million	10-12 2017	10-12 2016	Change	1-12 2017	1-12 2016	Change
Continuing operations						
Net sales	87.1	80.4	8 %	314.0	312.0	1 %
Operational EBITDA	2.7	2,0		6.8	5,8	
Operational EBIT	1.2	0.6		1.3	0.8	
Operating profit	1.2	0.6		1.1	0.8	
Share of profit of associated company Sucros	1.4	1.5		1.0	0.7	
Profit for the period	2.3	1.9		2.9	2.0	
Earnings per share, EUR	0.38	0.31		0.46	0.33	
Working capital, at the end of the year				30.0	52,9	
Group (including discontinued operations)						
Net sales	91.6	100.1	-8 %	368.1	386.5	-5 %
Operational EBIT	1.3	1.6		1.7	0.9	
Operating profit	1.2	1.2		-2.5	0.6	
Profit for the period	2.4	2.4		-0.6	1.2	
Earnings per share, EUR	0.38	0.38		-0.10	0.19	
Equity per share, EUR				18.10	19.00	
Operational return on capital employed (ROCE), %				2.4 %	1.2 %	
Net cash flow from operating activities				20.0	21.9	
Equity ratio				72.6 %	64.1 %	
Gearing				-9.6 %	12.4 %	
Investments				5.9	9.7	

SEGMENT COMPARISON

The Apetit Group's reporting business segments are Food Solutions, Oilseed Products, Grain Trade and Seafood.

- Food Solutions comprises the frozen foods group, fresh products group and service sales.
- The Oilseed Products business includes the processing and sale of vegetable oils and expeller meals.
- The Grain Trade business comprises the Finnish and international trade in grains, oilseeds, pulses and raw materials for feeds.
- The Seafood segment's operations in Finland, Sweden and Norway were transferred to discontinued operations following a corporate transaction announced on 29 June 2017. The transaction was completed on 31 October 2017.

The associated company Sucros (holding 20 per cent) has been reported after operating profit in the income statement since the beginning of 2016.

Development of net sales

Continuing operations

NET SALES, EUR million	10-12 2017	10-12 2016	Change	1-12 2017	1-12 2016	Change
Food Solutions	27.5	25.7	+7 %	102.4	97.8	+5 %
Oilseed Products	15.7	15.9	-2 %	65.3	68.2	-4 %
Grain Trade	49.4	39.8	+24 %	162.9	159.7	+2 %
Intra-segment net sales	-5.3	-0.9		-16.6	-13.7	
Total	87.1	80.4	+8 %	314.0	312.0	+1 %

Discontinued operations

NET SALES, EUR million	10-12 2017	10-12 2016	Change	1-12 2017	1-12 2016	Change
Seafood	5.6	24.1	-77 %	63.6	87.8	-28 %
Intra-segment net sales	-1.2	-4.3		-9.5	-12.6	
Total	4.4	19.8	-78 %	54.1	75.2	-28 %

Development of operational EBIT

Continuing operations

OPERATIONAL EBIT, EUR million	10-12 2017	10-12 2016	1-12 2017	1-12 2016
Food Solutions	0.6	-0.1	-1.3	-2.8
Oilseed Products	0.6	0.5	1.8	2.5
Grain Trade	0.1	0.2	0.8	1.1
Total	1.2	0.6	1.3	0.8

Discontinued operations

OPERATIONAL EBIT, EUR million	10-12 2017	10-12 2016	1-12 2017	1-12 2016
Seafood	0.1	1.0	0.4	0.1

NET SALES AND PROFIT OF CONTINUING OPERATIONS

October–December

Net sales in the fourth quarter were EUR 87.1 (80.4) million. Net sales increased in Food Solutions and Grain Trade but decreased in Oilseed Products. Operational EBIT was EUR 1.2 (0.6) million. The reported operating profit was EUR 1.2 (0.6) million.

The share of the profit of the associated company Sucros was EUR 1.4 (1.5) million.

The profit before taxes was EUR 2.5 (1.9) million, and taxes on the profit for the period came to EUR -0.2 (0.0) million. Profit for the period came to EUR 2.3 (1.9) million, and earnings per share amounted to EUR 0.38 (0.31).

January–December

Net sales in January–December were EUR 314.0 (312.0) million. Operational EBIT was EUR 1.3 (0.8) million, and the reported operating profit was EUR 1.1 (0.8) million.

The share of the profit of the associated company Sucros was EUR 1.0 (0.7) million in January–December.

Financial income and expenses were EUR -0.5 (-0.6) million. Financial expenses included EUR -0.4 (-0.5) million as the share of the Avena Nordic Grain Group's profit attributable to the employee owners of Avena Nordic Grain Oy.

The profit before taxes was EUR 1.6 (1.0) million, and taxes on the profit for the period came to EUR 1.2 (1.1) million. As a result of the corporate transaction involving the seafood business, the Group's outlook on the usability of previously unrecognised taxable losses improved, and EUR 1.3 million was recognised in deferred tax assets in the third quarter. In the third quarter of the comparison period, Apetit recognised a total of EUR 1.1 million in deferred tax assets on taxable losses.

Profit for the period was EUR 2.9 (2.0) million, and earnings per share amounted to EUR 0.46 (0.33).

CASH FLOWS, FINANCING AND BALANCE SHEET

The Group's liquidity was good, and its financial position is strong.

The full-year cash flow from operating activities after interest and taxes was EUR 20.0 (21.9) million. The impact of the change in working capital was EUR 22.5 (17.5) million. The effect of seasonality on the change in working capital is presented below under 'Seasonality of operations'.

The net cash flow from investing activities was EUR 8.9 (-9.0) million. The cash flow from financing activities came to EUR -17.8 (-21.6) million, including EUR -4.3 (-4.3) million in dividend payments and EUR -13.6 (-22.3) million in loan repayments. In the comparison period, the cash flow from financing activities included a loan withdrawal of EUR 5 million.

At the end of the period, the continuing operations had EUR 4.9 (19.1) million in interest-bearing liabilities and EUR 15.7 (4.6) million in liquid assets. Net interest-bearing liabilities totalled EUR -10.8 (14.5) million.

The consolidated balance sheet total stood at EUR 154.7 (183.7) million. At the end of the review period, equity totalled EUR 112.3 (117.7) million. The equity ratio was 72.6 (64.1) per cent, and gearing was -9.6 (12.4) per cent. The Group's liquidity is secured with committed credit facilities, with

EUR 40 (40) million being available in credit at the end of the period. The total of commercial papers issued stood at EUR 0.0 (11.0) million.

INVESTMENT

The Group's gross investment in non-current assets came to EUR 5.9 (9.7) million and was divided as follows: investment in Food Solutions totalled EUR 3.7 (5.7) million, in Oilseed Products EUR 1.1 (1.9) million, in Grain Trade EUR 0.4 (0.1) million and in discontinued operations EUR 0.7 (2.0) million.

PERSONNEL

In January–December, the Apetit Group's continuing operations had an average of 557 (549) employees, and its discontinued operations had an average of 140 (180) employees. The Group's average total number of personnel was 697 (729) in January–December.

SEASONALITY OF OPERATIONS

In accordance with the IAS 2 standard, the historical cost of inventories includes a systematically allocated portion of the fixed production overheads. With production focusing on harvest time, raw materials are mainly processed into finished products during the final quarter of the year. This means that more fixed production overheads are recognised on the balance sheet in the fourth quarter than during the other quarters of the year. Due to this accounting practice, most of the Group's annual profit is accrued in the final quarter. The seasonal nature of profit accumulation is most marked in the frozen foods group of the Food Solutions segment and in the associated company Sucros, where production reflects the crop harvesting season.

Harvesting seasons also cause seasonal variation in the amount of working capital tied up in operations. Working capital tied up in Grain Trade and Oilseeds Products is at its highest towards the end of the year and decreases to its lowest in the summer before the next harvest season. As the production of frozen products is also seasonal and follows the harvest period, the working capital tied up in operations is at its highest around the turn of the year in the Food Solutions segment.

Net sales in Grain Trade vary from one year and quarter to the next, even quite considerably, being dependent on the demand and supply situation and on the price level in Finland and other markets.

Food Solutions

The Food Solutions segment comprises frozen vegetable products, frozen ready meals, fresh products and service sales.

EUR million	10-12 2017	10-12 2016	Change	1-12 2017	1-12 2016	Change
Net sales	27.5	25.7	+7%	102.4	97.8	+5%
Operational EBITDA	1.7	1.0		3.2	1.1	
Operational EBITDA, %	6.3 %	3.7 %		3.1 %	1.1 %	
Operational EBIT	0.6	-0.1		-1.3	-2.8	
Operating profit	0.5	-0.1		-1.5	-2.8	

Operational performance in October–December

The Food Solutions segment's net sales improved to EUR 27.5 (25.7) million in October–December. Sales developed favourably in frozen foods and fresh products. There was an increase on the comparison period in the volume and value of sales in retail, the professional food service sector, industrial sales and exports. Sales continued to be strong for new products, particularly for vegetable mince products and ready-to-use fresh vegetables.

In Food Solutions, operational EBITDA was EUR 1.7 (1.0) million, and operational EBIT was EUR 0.6 (-0.1) million. Profitability increased in fresh products and service sales. The cool summer and rainy autumn decreased the harvest of field vegetables, particularly carrots. Harvest-time production began later than in the previous year, and its volume was smaller. As a result of this, the capitalisation of fixed costs in inventories had an effect of EUR -0.2 million on the result in comparison with the previous year. The reported operating profit was EUR 0.5 (-0.1) million.

Summary of January–December

Net sales in the Food Solutions business increased to EUR 102.4 (97.8) million in January–December. Sales increased in frozen foods and fresh products.

Food Solutions' operational EBITDA was EUR 3.2 (1.1) million in January–December. Operational EBIT was EUR -1.3 (-2.8) million, and the reported operating profit was EUR -1.5 (-2.8) million. Harvest-time production began later than in the previous year, and its volume was smaller. As a result of this, the capitalisation of fixed costs in inventories had an effect of EUR -0.6 million on the result in comparison with the previous year.

Food Solutions' investment totalled EUR 3.7 (5.7) million and was mainly related to production development at the Säkylä frozen vegetables and frozen ready meals plant.

Implementation of strategic projects

The sales of the frozen foods group have continued to increase in line with the strategy. New products that sell well have strengthened Apetit's position as the leader in its product group, which provides the company with more opportunities to further develop the entire frozen foods category in cooperation with retail operators. In the fresh products group, sales have increased as a result of new customer

relationships, which is expected to improve profitability during 2018. In addition, Apetit has continued to develop digital services related to food and increasing the use of vegetables.

Strategic focus areas of business

With regard to Food Solutions, Apetit aims to be a leading brand in vegetable-based food solutions and services. The most important product groups are frozen vegetable products, frozen ready meals, ready-to-use fresh vegetables and service sales. Renewal will be accelerated by investing in product development and entirely new food solutions, and in service development by means of digitalisation in particular.

Oilseed Products

The Oilseed Products business includes the processing and sale of vegetable oils and expeller meals

EUR million	10-12 2017	10-12 2016	Change	1-12 2017	1-12 2016	Change
Net sales	15.7	15.9	-2%	65.3	68.2	-4%
Operational EBITDA	0.8	0.8		2.6	3.3	
Operational EBITDA, %	4.9 %	4.7 %		4.0 %	4.8 %	
Packaged and special products of net sales	33.9 %	32.2 %		33.0 %	29.5 %	
Operational EBIT	0.6	0.5		1.8	2.5	
Operating profit	0.6	0.5		1.8	2.5	

Operational performance in October–December

The Oilseed Products segment's net sales and delivery volumes in tonnes decreased slightly year-on-year in October–December. The segment's net sales amounted to EUR 15.7 (15.9) million. The sales of packaged and special products represented 33.9 (32.2) per cent of the segment's net sales, marking an increase on the comparison period. The main export markets were Norway and Sweden, with exports representing 29 per cent of net sales.

Operational EBITDA was EUR 0.8 (0.8) million, and operational EBIT was EUR 0.6 (0.5) million.

Summary of January–December

Net sales in the Oilseed Products business were EUR 65.3 (68.2) million in January–December. Operational EBITDA was EUR 2.6 (3.3) million, and operational EBIT was EUR 1.8 (2.5) million. Net sales and profitability were burdened by a slight decrease in volumes and lower world market prices for oil products in comparison with the corresponding period in the previous year.

Investment in the period totalled EUR 1.1 (1.9) million and was mainly related to maintenance at the Kirkkonummi oil milling plant.

Operating environment

In 2017, the oilseed harvest in Finland was smaller than in the previous year, due to the cool growing season and rainy harvest season. According to an estimate issued by Natural Resources Institute Finland (Luke) on 23 November 2017, the total annual crop was 90,400 (96,000) tonnes.

Successful growing of rapeseed in Finland requires effective protection against flea beetles, which may cause significant damage in rapeseed fields. The Finnish Safety and Chemicals Agency (Tukes)

issued a special permit to use seed treatments containing neonicotinoids to protect seedlings at the beginning of the growing season in 2018. The work to develop alternative seed treatments continues.

Implementation of strategic projects

Oilseed Products continued to implement projects aiming at higher added value. Sales of Apetit rapeseed oil, which was launched at the beginning of March 2017, have continued to grow. The research and development project related to the processing potential of rapeseed continued during the review period. The project aims to develop a new functional vegetable protein ingredient from rapeseed. Business Finland (previously Tekes) has agreed to support the project during the 2017–2018 period.

Strategic business objectives

In Oilseed Products, our goal is to be the first choice for customers who value high-quality Finnish vegetable oils and protein products. We will increase the level of added value in production by investing in product development and in-depth R&D.

Grain Trade

The Grain Trade business comprises the Finnish and international trade in grains, oilseeds, pulses and raw materials for feeds.

EUR million	10-12 2017	10-12 2016	Change	1-12 2017	1-12 2016	Change
Net sales	49.4	39.8	+24%	162.9	159.7	+2%
Sales volume, 1000 tn	261	244		826	853	
Return on capital employed (ROCE), %*				3.2	3.5	
Operational EBIT	0.1	0.2		0.8	1.1	
Operating profit	0.1	0.2		0.8	1.1	

* Operational EBIT divided by the average capital employed for each quarter

Operational performance in October–December

The Grain Trade segment's net sales increased to EUR 49.4 (39.8) million in October–December. Delivery volumes grew on the comparison period. Due to the weak crop, grain exports from Finland represented only 13 per cent of net sales, as the exportable surplus was small.

The segment's operational EBIT was EUR 0.1 (0.2) million. The grain crop was weak in our areas of supply, in terms of volumes and partly in terms of quality as well. This decreased sales margins in the grain trade. Our stock levels and the amount of tied-up working capital were lower at the end of December than in the comparison period.

Summary of January–December

The Grain Trade segment's net sales increased to EUR 162.9 (159.7) million in January–December. Operational EBIT and the reported operating profit were EUR 0.8 (1.1) million in January–December. Profitability was weakened by the second consecutive weak crop season in our areas of supply.

The Grain Trade segment's investment totalled EUR 0.4 (0.1) million and was related to the renewal of the Avenakauppa online store and the construction of a port warehouse laboratory in Muuga in Estonia.

Operating environment

According to an estimate issued by Natural Resources Institute Finland (Luke) on 23 November 2017, the total grain crop in Finland was 3.4 billion kilos, which is one of the weakest crops since 2000. The grain crop was reduced by exceptionally large failure areas and smaller cultivation areas. Avena's key areas of supply are Finland and the Baltic countries.

The International Grains Council (IGC) estimates that global grain stocks will decrease for the first time in five years, due to increased demand. However, world grain stocks are at a historically high level, meaning ample supply in the grain markets. For example, successful crops in Russia and the Black Sea region have affected grain supply. The euro has continued to strengthen in relation to other currencies in early 2018, which reduces the EU's competitiveness in the international markets.

Implementation of strategic projects

The revamped Avenakauppa online store, a modern service for Finnish growers, was opened during the fourth quarter. In conjunction with this, the basis pricing method was introduced to Finnish growers. It enables growers to tie the basis price of a grain batch and price a contract in accordance with grain futures quotes. Basis contracts allow growers to monitor market price development and price contracts far into the future, if they so wish.

Strategic business objectives

In Grain Trade, our goal is to increase our market share in the Finnish markets for grains, oilseeds and raw materials for feeds and to grow in the grain and oilseed sector in the Baltic countries in particular. In this capital-intensive business, we will pay special attention to the effective use of capital. We seek to gain a competitive edge by offering the best service and tools for the sellers and buyers of grains.

Discontinued operations (Seafood segment)

Discontinued operations include the operations of the fish products group in Finland, Sweden and Norway.

EUR million	10-12 2017	10-12 2016	Change	1-12 2017	1-12 2016	Change
Net sales	5.6	24.1	-77 %	63.6	87.8	-28%
Operational EBIT	0.1	1.0		0.4	0.1	
Operating profit	0.1	0.6		-3.6	-0.3	

Corporate transaction between Apetit Plc and Insula AS concerning the seafood business

On 29 June 2017, Apetit Plc announced that it would sell its seafood business in Finland, Norway and Sweden to Insula AS, a Norwegian company specialising in the seafood business. On 16 October 2017, Apetit Plc announced that the Norwegian competition authorities had approved the corporate transaction. The transaction was completed on 31 October 2017. In Finland, Apetit will remain a minority shareholder of the seafood business, with a holding of less than 20 per cent.

The discontinued operations include the Seafood segment, which comprises fish processing operations in Finland and the Maritim Food Group and its subsidiaries in Norway and Sweden. In addition to the Seafood segment's business operations, the discontinued operations include expert costs related to the segment's structural development.

The effect of the arrangement on the Group's result is EUR -2.3 million, including the tax effect of the recognition of deferred tax assets. The recognition of deferred tax assets is based on the Group's improved outlook on the usability of previously unrecognised tax losses as a result of the corporate transaction.

Operational performance in October–December

Net sales in the Seafood segment amounted to EUR 5.6 (24.1) million in October–December. Operational EBIT was EUR 0.1 (1.0) million. The reported operating profit was EUR 0.1 (0.6) million. Only October is included in net sales and the result in 2017.

Summary of January–December

Net sales in the Seafood segment amounted to EUR 63.6 (87.8) million in January–December. Operational EBIT was EUR 0.4 (0.1) million, and the reported operating profit was EUR -3.6 (-0.3) million.

USE OF THE AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

In accordance with a decision made by the Supervisory Board regarding the remuneration of Board members, a total of 1,244 Apetit Plc shares held by the company were transferred to the Board members on 2 March 2017, and a total of 4,135 shares were transferred on 4 December 2017. The transfers were announced by means of stock exchange releases issued on each date of transfer.

TREASURY SHARES

At the end of the review period, the company had in its possession a total of 111,426 of its own shares acquired during previous years. These treasury shares represent 1.8 per cent of the company's total number of shares and votes. The company's treasury shares carry no voting or dividend rights.

SHARE TURNOVER

The number of Apetit Plc shares traded on the stock exchange during the review period was 835,165 (560,709), representing 13.0 (8.9) per cent of the total number of shares. The highest share price quoted was EUR 14.58 (14.50), and the lowest was EUR 12.91 (11.64). The average price of shares traded was EUR 13.67 (12.97). The share turnover for the year was EUR 11.4 (7.3) million. At the end of the review period, the market capitalisation was EUR 89.2 (81.9) million.

CORPORATE GOVERNANCE AND AUDITORS

At its organisational meeting on 12 April 2017, Apetit Plc's Supervisory Board appointed Harri Eela as Chair and Marja-Liisa Mikola-Luoto as Deputy Chair of the Supervisory Board.

The Supervisory Board decided to elect six members to Apetit Plc's Board of Directors. Lasse Aho, Annikka Hurme, Esa Härmälä, Seppo Laine, Veijo Meriläinen and Niko Simula were elected as members of the Board of Directors. Veijo Meriläinen was appointed as Chair of the Board of Directors and Esa Härmälä as Deputy Chair.

It was decided that the Board members be paid an annual remuneration of EUR 19,560 and that the Chair and Deputy Chair receive an annual remuneration of EUR 39,060 and EUR 24,120, respectively. A total of 60 per cent of the annual remuneration will be paid in cash and 40 per cent in the form of Apetit Plc shares held by the company at the current value of the shares at the time of transfer. The remuneration will be paid once a year in December. It was also decided that the chair and members of the Board of Directors will be paid a meeting allowance of EUR 510 and EUR 300, respectively.

Pasi Karppinen, APA, and PricewaterhouseCoopers Oy, Authorised Public Accountants, with Jari Viljanen, APA, as the auditor with principal responsibility, were appointed as the company's auditors for the period ending at the close of the 2018 Annual General Meeting.

AUDIT COMMITTEE

Seppo Laine was elected as Chair of the Board of Directors' Audit Committee, and Lasse Aho and Esa Härmälä were elected as its members.

SHORT-TERM RISKS AND UNCERTAINTIES

The most significant short-term risks for the Apetit Group are related to the management of changes in the prices of raw materials; the availability of raw materials; the quality and volume of grain, oilseed and field vegetable crops; the solvency of customers; the delivery performance of suppliers and service providers; and changes in the Group's business areas and customer relationships.

PROFIT GUIDANCE FOR 2018

The Group's full-year operational EBIT from continuing operations is expected to improve year-on-year (EUR 1.3 million in 2017). Due to the seasonal nature of the Group's operations, most of the annual profit is accrued in the second half of the year. Sales volumes and the profit outlook for early 2018 are burdened by the weak harvest of 2017.

In comparison with the previous year, favourable profitability development is supported by an increase in the volume of fresh products in Food Solutions, as well as new products and growth in exports. Full-year favourable performance development is supported by an increase in volumes in Grain Trade and Oilseed Products, provided that the forthcoming crop is average.

Due to the substantial effect of international grain market price fluctuations on the Group's net sales, Apetit will not issue any estimates of its expected full-year net sales.

BOARD OF DIRECTORS' PROPOSALS CONCERNING PROFIT MEASURES AND DISTRIBUTION OF OTHER UNRESTRICTED EQUITY

The Board of Directors of Apetit Plc aims to ensure that the company's shares provide shareholders with a good return on investment and retain their value. In line with its dividend policy, the company will distribute at least 50 per cent of the profit for the financial year in dividends.

On 31 December 2017, the parent company's distributable funds totalled EUR 62,596,445.91, of which EUR 838,688.75 is profit for the financial year.

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.70 per share be paid. The Board of Directors will propose that a total of EUR 4,344,305.00 be distributed in dividends and that EUR 58,252,140.91 be left in equity. No significant changes have taken place in the financial standing of the company since the end of the financial year. The company's liquidity is good, and the Board deems that the company's solvency will not be jeopardised by the proposed distribution of dividends.

No dividend will be paid on shares held by the company.

ANNUAL REPORT AND ANNUAL GENERAL MEETING

Apetit Plc's Annual Report for 2017 – including the Board of Directors' report, the financial statements for 2017, a corporate responsibility report and a separate statement on Apetit Plc's corporate

governance – will be published in the week beginning 5 March 2018 on the company’s website at www.apetitgroup.fi.

The Annual General Meeting will be held in Säkylä on Tuesday 27 March 2018.

CONSOLIDATED INCOME STATEMENT

EUR million

	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
Net sales	87.1	80.4	314.0	312.0
Other operating income	0.2	0.7	0.7	1.5
Operating expenses	-84.7	-79.2	-308.0	-307.7
Depreciation	-1.5	-1.3	-5.6	-4.9
Impairments	0.0	0.0	0.0	0.0
Operating profit	1.2	0.6	1.1	0.8
Share of profits of associated companies	1.4	1.5	1.0	0.7
Financial income and expenses	-0.1	-0.2	-0.5	-0.6
Profit before taxes	2.5	1.9	1.6	1.0
Income taxes	-0.2	0.0	1.2	1.1
Profit for the period, continuing operations	2.3	1.9	2.9	2.0
Profit for the period, discontinued operations	0.0	0.4	-3.5	-0.9
Profit for the period, equity holders of the parent	2.4	2.4	-0.6	1.2
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR,				
Continuing operations	0.38	0.31	0.46	0.33
Discontinued operations	0.01	0.07	-0.56	-0.14
To the shareholders of the parent company	0.38	0.38	-0.10	0.19

STATEMENT OF COMPREHENSIVE INCOME

EUR million

	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
Profit for the period	2.4	2.4	-0.6	1.2
Other comprehensive income				
Items which may be reclassified subsequently to profit or loss:				
Cash flow hedges	-0.9	-0.5	-1.1	-0.2
Taxes related to cash flow hedges	0.2	0.1	0.2	0.0
Translation differences	0.3	0.1	0.1	0.1
Total comprehensive income	2.0	2.0	-1.4	1.1
Total comprehensive income, continuing operations	1.6	1.5	2.0	1.9
Total comprehensive income, discontinued operations	0.4	0.5	-3.4	-0.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

	31 Dec 2017	31 Dec 2016
ASSETS		
Non-current assets		
Intangible assets	6.8	7.7
Goodwill	0.4	0.4
Tangible assets	37.5	47.7
Investment in associated companies	23.4	23.1
Available-for-sale financial assets	0.1	0.1
Receivables	1.3	0.3
Deferred tax assets	5.3	4.3
Non-current assets total	74.7	83.6
Current assets		
Inventories	45.8	65.3
Trade receivables and other receivables	18.3	30.1
Income tax receivable	0.2	0.1
Cash and cash equivalents	15.7	4.6
Current assets total	80.0	100.1
Total assets	154.7	183.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

	31 Dec 2017	31 Dec 2016
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	112.3	117.7
Total equity	112.3	117.7
Non-current liabilities		
Deferred tax liabilities	3.1	3.7
Long-term financial liabilities	3.4	4.9
Non-current provisions	0.2	0.3
Other non-current liabilities	0.2	0.2
Non-current liabilities total	6.9	9.0
Current liabilities		
Short-term financial liabilities	1.5	14.2
Income tax payable	0.0	0.0
Trade payables and other liabilities	34.1	42.5
Short-term provisions	0.0	0.2
Current liabilities total	35.5	57.0
Total liabilities	42.5	66.0
Total equity and liabilities	154.7	183.7

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million

	Q1-Q4 2017	Q1-Q4 2016
Net profit for the period	-0.6	1.2
Adjustments, total	-0.7	5.7
Change in net working capital	22.5	17.5
Interests paid	-1.0	-1.7
Interests received	0.0	0.1
Taxes paid	-0.2	-0.9
Net cash flow from operating activities	20.0	21.9
Investments in tangible and intangible assets	-5.9	-9.7
Proceeds from sales of tangible and intangible assets	0.1	0.0
Acquisition of associated companies	-0.4	-
Proceeds from sales of operational segment	13.6	-
Proceeds from sales of associated companies	0.2	-
Proceeds from sales of other investments	-	0.3
Dividends received from investing activities	1.3	0.3
Net cash flow from investing activities	8.9	-9.0
Proceeds from and repayments of short-term loans	-12.8	-21.0
Proceeds of long-term loans	0.1	5.0
Repayments of long-term loans	-0.8	-1.3
Dividends paid	-4.3	-4.3
Cash flows from financing activities	-17.8	-21.6
Net change in cash and cash equivalents	11.1	-8.8
Cash and cash equivalents at the beginning of the period	4.6	13.4
Cash and cash equivalents at the end of the period	15.7	4.6

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

A = Shareholders' equity at 1 January

B = Dividend distribution

C = Other changes

D = Total comprehensive income

E = Shareholders' equity at 31 December

January - December 2017

EUR million

	A	B	C	D	E
Share capital	12.6				12.6
Share premium account	23.4				23.4
Net unrealised gains	0.1			-0.8	-0.8
Other reserves	7.2				7.2
Own shares	-1.6		0.1		-1.5
Translation differences	-0.3			0.1	-0.2
Retained earnings	76.3	-4.3	0.1	-0.6	71.4
Attributable to equity holders of the parent	117.7	-4.3	0.2	-1.4	112.3

January - December 2016

EUR million

	A	B	C	D	E
Share capital	12.6				12.6
Share premium account	23.4				23.4
Net unrealised gains	0.2			-0.2	0.1
Other reserves	7.2				7.2
Own shares	-1.7		0.1		-1.6
Translation differences	-0.4			0.1	-0.3
Retained earnings	79.5	-4.3	0.0	1.2	76.3
Attributable to equity holders of the parent	121.0	-4.3	0.0	1.1	117.7

ACCOUNTING POLICIES

The financial statements bulletin has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the accounting policies presented in the 2016 financial statements. The standards that came into effect at the beginning of 2017 did not have a material effect on the financial statements report.

RECONCILIATION OF OPERATIONAL EBIT AND OPERATING PROFIT

EUR million	Q1-Q4 2017	Q1-Q4 2016
Continuing operations		
Operational EBIT	1.3	0.8
Brand dispute concerning frozen pizzas	-0.2	
Operating profit, Continuing operations	1.1	0.8
Discontinued operations, Seafood segment		
Operational EBIT	0.4	0.1
Loss from sale of business operations and expert fees related to development of the business structure	-4.1	-0.3
Operating profit, Discontinued operations	-3.6	-0.3
Operating profit, Group total	-2.5	0.6

DISCONTINUED OPERATIONS, SEAFOOD SEGMENT

Apetit Plc has signed an agreement on selling its seafood business in Finland, Sweden and Norway to Insula AS, a Norwegian company specialising in seafood business operations. The transaction was executed at the end of October as a business transfer in Finland and as a share transaction of Maritim Food Group in Norway and Sweden. In Finland, Apetit will remain a minority shareholder of the seafood business, with a holding of less than 20 per cent.

Discontinued operations comprises Apetit Kala Oy fish processing business in Finland and Maritim Food Group in Norway and Sweden. Apetit Kala is one of the major manufacturers of salmon and rainbow trout fish products in Finland. Maritim Food Group produces high quality fish and shellfish products in Norway and in Sweden. In 2016, the net sales of Apetit's Seafood segment's operations were EUR 87.8 million and the operational EBIT was EUR 0.1 million. Apetit's Seafood operations employ 82 persons in Finland, 71 in Norway and 15 in Sweden.

EUR million	Q1-Q4 2017	Q1-Q4 2016
Income	63.6	87.8
Expenses	-67.3	-88.1
Operating profit	-3.6	-0.3
Financial income and expense	-0.3	-0.4
Profit before taxes	-4.0	-0.6
Income taxes	0.5	-0.2
Profit for the period, discontinued operations	-3.5	-0.9

The 2017 profit includes a loss from the sale of the seafood business and expert costs related to the transaction and tax effects, totalling EUR -3.7 million. As a result of the transaction, the Group's outlook on the usability of previously unrecognised deferred tax losses improved. EUR 1.3 million was recognized in deferred tax assets under continuing operations. The Group's total profit impact is EUR -2.3 million.

Cash flows

EUR million	Q1-Q4 2017	Q1-Q4 2016
Net cash flow from operating activities	-1.1	3.2
Net cash flow from investing activities	-0.7	-2.0
Cash flows from financing activities	1.9	-1.3
Net change in cash and cash equivalents	0.0	0.0

The change in the net working capital has a significant impact on the operating cash flows.

Details of the assets and liabilities in discontinued operations classified as held-for-sale

EUR million	31 Oct 2017
Tangible and intangible assets and non-current receivables	5.6
Deferred tax assets	1.1
Inventories	9.2
Trade receivables and other receivables	3.8
Cash and cash equivalents	0.1
Total assets	19.7
Non-current liabilities	0.4
Current liabilities	8.7
Total liabilities	9.1

Assets classified as held-for-sale does not include common group assets allocations to the discontinued operations.

Cash flows of discontinued operations sold

EUR million	Q1-Q4 2017
Consideration received	13.7
Cash disposed	0.0
Net cash inflow	13.6

SEGMENT INFORMATION

A = Food Solutions
 B = Oilseed Products
 C = Grain Trade
 D = Continuing operations
 E = Discontinued operations, Seafood segment
 F = Total

Operating segments, January - December 2017

EUR million

	A	B	C	D	E	F
Total segment sales	102.4	65.3	162.9	330.6	63.6	394.2
Intra-group sales	-0.2	-0.3	-16.1	-16.6	-9.5	-26.1
Net sales	102.2	65.0	146.8	314.0	54.1	368.1
Operating profit	-1.5	1.8	0.8	1.1	-3.6	-2.5
Gross investments in non-current assets	3.7	1.1	0.4	5.2	0.7	5.9
Corporate acquisitions and other share purchases			0.4	0.4		0.4
Depreciations	4.5	0.8	0.3	5.6	0.8	6.5
Impairments	0.0	0.0	0.0	0.0	0.0	0.1
Personnel	451	45	61	557	140	697

Operating segments, January - December 2016

EUR million

	A	B	C	D	E	F
Total segment sales	97.8	68.2	159.7	325.7	87.8	413.5
Intra-group sales	-0.9	-0.2	-13.3	-13.7	-12.6	-27.0
Net sales	96.9	68.0	146.4	312.0	75.2	386.5
Operating profit	-2.8	2.5	1.1	0.8	-0.3	0.6
Gross investments in non-current assets	5.7	1.9	0.1	7.7	2.0	9.7
Corporate acquisitions and other share purchases			0.0	0.0	0.0	0.0
Depreciations	3.9	0.8	0.3	4.9	1.7	6.6
Impairments	0.0	0.0	0.0	0.0	0.0	0.0
Average number of personnel	452	42	55	549	180	729

KEY INDICATORS	31 Dec 2017	31 Dec 2016
Shareholders' equity per share, EUR	18.10	19.00
Equity ratio, %	72.6	64.1
Gearing, %	-9.6	12.4
Gross investments in non-current assets, EUR million	5.9	9.7
Corporate acquisitions and other share purchases, EUR million	0.4	0.0
Average number of personnel	697	729
Average number of shares, 1,000 pcs	6202	6198

The key figures in this Interim Report are calculated with same accounting principles than presented in the 2016 annual financial statements.

COLLATERALS, CONTINGENT LIABILITIES, CONTINGENT ASSETS AND OTHER COMMITMENTS

EUR million

	31 Dec 2017	31 Dec 2016
Mortgages given for debts		
Real estate and corporate mortgages		2.5
Guarantees	3.1	11.6
Non-cancellable other leases, minimum lease payments		
Real estate leases	8.0	9.6
Other leases	0.9	1.0
DERIVATIVE INSTRUMENTS		
Outstanding nominal values of derivate instruments		
Interest rate swaps	4.8	5.4
Forward currency contracts		8.1
Commodity derivative instruments	14.2	14.9
CONTINGENT ASSETS		
The present value of proceeds from the sale of shares in the joint entry account	0.7	0.7
INVESTMENT COMMITMENTS		
Food Solutions	1.0	1.0
Oilseed Products		
Seafood		

CHANGES IN TANGIBLE ASSETS

EUR million

	31 Dec 2017	31 Dec 2016
Book value at the beginning of the period	47.7	43.8
Additions	3.9	8.9
Disposals	-9.4	0.0
Depreciations and impairments	-4.5	-5.3
Other changes	-0.2	0.3
Book value at the end of the period	37.5	47.7

TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million

	Q1-Q4 2017	Q1-Q4 2016
Sales to associated companies	0.9	0.8
Purchases from associated companies	2.8	3.0
Trade receivables and other receivables from associated companies	0.4	0.1
Trade payables and other liabilities to associated companies	0.5	0.3

Helsinki, 1 March 2018

APETIT PLC

Board of Directors