HKSCAN CORPORATION

FINANCIAL STATEMENTS BULLETIN 2017

7 February 2018

HKSCAN GROUP'S FINANCIAL STATEMENTS RELEASE 1 JANUARY—31 DECEMBER 2017:

RESULT IN LOSS DUE TO RAUMA UNIT RAMP UP – STRATEGY IMPLEMENTATION PROCEEDS

• Net sales for January–December were EUR 1 808.1 (1 872.9) million and in the fourth quarter EUR 475.3 (485.2) million.

• EBIT for January–December was EUR -40.3 (9.7) million. Comparable EBIT was EUR -17.6 (13.2) million. The corresponding EBIT margin was -1.0 (0.7) per cent.

• EBIT for the fourth quarter was EUR -22.2 (4.2) million. Comparable EBIT was EUR -12.3 (6.0) million. The corresponding EBIT margin was -2.6 (1.2) per cent.

• Cash flow before debt service for January–December was EUR -49.6 (23.7) million and in the fourth quarter EUR -11.3 (29.0) million.

• Comparable profit before taxes for January–December was EUR -26.5 (4.4) million and in the fourth quarter EUR -14.9 (4.0) million.

• EPS for January–December was EUR -0.84 (-0.10) and in the fourth quarter EUR -0.41 (0.02).

• Net financial expenses for January–December were EUR -10.6 (-8.7) million and in the fourth quarter EUR -3.6 (-2.2) million.

• Net debt was EUR 208.2 (137.2) million and net gearing 59.3 (33.5) per cent.

• Outlook for 2018: Global meat consumption is projected to increase 1.6 per cent per annum during the coming years. Consumption growth is estimated to be led by poultry. There are also several value related consumption trends, which support HKScan's strategy implementation.

In 2018, HKScan expects its strategy implementation to start recording results in terms of value growth in sales and operational efficiency in production.

The company will emphasize the implementation of its From Farm to Fork strategy through the five focus areas, which are Focus on meat, Leadership in poultry, Continue growing meals business, Cooperate with our farming community, and Drive efficiency and cost-competitiveness.

HKScan has changed its guidance policy to be in line with general international practice and discontinued giving numerical financial guidance.

• Board of directors' proposal on the distribution of profit is EUR 0.09 (0.16) per share.

As of the beginning of 2017, the Group has amended its segment reporting. The net sales and EBIT for specific market areas no longer include intercompany sales and margins. Figures for the comparison period 2016 have been revised accordingly. The amendment has no effect on Group-level figures. The reported and restated market area figures for 2016 are given in the notes to the consolidated interim report in this bulletin.

JARI LATVANEN, HKSCAN'S PRESIDENT AND CEO, COMMENTS ON THE FOURTH QUARTER AND THE FULL YEAR 2017:

"Our fourth quarter and full year results were clear disappointments. Our performance is not yet acceptable and we are in an early phase of the turnaround. In spite of the fact that the transformation of the company has just been started, positive signs in certain markets and categories have already been visible. Our market share showed an upturn in our biggest market – Sweden, and the meals business sales and margins developed well throughout the year in all our home markets. We also increased the share of branded products and novelties in our sales in a highly competitive retail market, where the dominance of private labels has been increasing.

The Rauma poultry unit ramp-up phase has been more challenging than anticipated and has eroded our result significantly. It increased operative costs and temporarily weakened our poultry delivery capability in Finland. In the long run, our Rauma plant will substantially improve our efficiency and competitiveness as planned.

During 2017 we started our journey of an extensive strategic transformation targeting to improve our competitiveness and profitability. In August we launched our 'From Farm to Fork' strategy. In order to secure and speed-up the turnaround process, the Group strategy execution was being kicked off simultaneously in all strategic focus areas.

We initiated a programme for improving our operational efficiency with promising initial results from a pilot phase in our Vantaa unit. Currently, the programme is being rolled out simultaneously at several production units. We are improving on-site efficiency and developing asset utilization in our production network.

Together with our farming community, we have also launched several strategic actions to secure the availability of responsibly produced, domestic, high-quality meat in all our home markets. One of the examples is the long-term development programme aimed at increasing beef farming in Finland. We also launched a unique hatching concept enabling chickens to be born at the farms where they are grown. On top of this, we have developed pork, poultry and beef products based on totally antibiotic-free breeding. This breeding method is among the key competitive assets in our export sales.

One of our strategic targets is to strengthen our position in the attractive and growing meals business. We see good growth in the current meals product offering in all our markets, and we also have decided to invest close to eight million euros in our meals production capacity expansion in Rakvere.

Our long-term work to enhance the quality and sustainability of the entire food value chain was rewarded by the confirmation of an export agreement between Finnish and Chinese food authorities. The Forssa unit was approved as an export plant of high-quality Finnish pork to China. We are preparing ourselves for the commencement of the exports of high-quality pork grown at family farms in Finland to China during the first half of 2018.

We are now executing our 'From Farm to Fork' strategy with a strong focus to improve the Group's cost efficiency and productivity. On top of our own efforts to secure a turnaround, we see that there are several consumer trends supporting our transformation process. One of them is the growing demand for sustainably produced, high-quality food. By stressing quality and sustainability in everything we do, we can build a differentiating edge for both Nordic and international markets. In doing so, we will reach our vision to be the company that can serve even 'the most demanding fork in the world'."

KEY FIGURES Q4 AND FULL-YEAR 2017

(EUR million)	Q4/2017	Q4/2016	2017	2016
Net sales	475.3	485.2	1 808.1	1 872.9
EBIT	-22.2	4.2	-40.3	9.7
- % of net sales	-4.7	0.9	-2.2	0.5
Profit/loss before taxes	-24.8	2.2	-49.2	0.9
- % of net sales	-5.2	0.5	-2.7	0.0
Profit/loss for the period	-21.2	1.7	-42.4	-3.6
- % of net sales	-4.5	0.4	-2.3	-0.2
Comparable EBIT	-12.3	6.0	-17.6	13.2
- % of net sales	-2.6	1.2	-1.0	0.7
Comparable profit/loss before taxes	-14.9	4.0	-26.5	4.4
- % of net sales	-3.1	0.8	-1.5	0.2
EPS, EUR	-0.41	0.02	-0.84	-0.10
Cash flow before debt service (mEUR)	-11.3	29.0	-49.6	23.7
Cash flow before financing activities (mEUR)	-15.5	25.0	-58.3	17.1
Return on capital employed (ROCE) before taxes, %			-6.3	2.1
Net debt (mEUR)			208.2	137.2
Net Gearing, %			59.3	33.5

JANUARY-DECEMBER 2017

The Group’s net sales decreased both in the fourth quarter and the January–December period, compared to the corresponding periods of the previous year. In the fourth quarter, however, Denmark, the Baltics and Sweden improved their product sales from the previous year, but the decline primarily affected Finland, mainly due to the ramp up of the Rauma poultry unit.

The Group’s comparable EBIT fell short of that in 2016 – both for the January-December period and the fourth quarter. All market areas except Denmark lagged behind the previous year for the full year. Mainly thanks to the improvement in operational efficiency, Denmark decreased the previous year’s loss by nearly half. In addition, business consulting, including strategy work, market studies as well as the launch of the operational excellence programme increased the cost of external services from the previous year.

Market Areas Sweden and Denmark improved their fourth-quarter comparable EBIT from the previous year. Market Area Baltics fell short of the previous year’s level due to a primary production-related EU grant no longer issued to the Group in 2017 (EUR 0.9 million in 2016) and the cost increase in production. Market Area Finland was clearly behind in the fourth quarter as comparable EBIT was burdened by the Rauma ramp-up, which amounted to some EUR 19 million (EUR 25 million in January-December). Ramp-up activities also weakened poultry delivery capability during quarters three and four, which caused a EUR 9 million loss due to the lost sales and market share. A cost of EUR 16 million related to increased production costs and material loss. Excluding poultry, Finland reached the previous year’s comparable EBIT in the fourth quarter.

Cash flow before investments in the fourth quarter was EUR 26.6 million and lagged behind the year 2016 (40.7). The main driver of the poor cash flow was the Rauma ramp up, but the cash flow performance was also very modest in other market areas. The same factors applied also to the full year. As a result, cash flow before financing activities was significantly lower than in the previous year.

In the red meat category, HKScan suffered from a beef shortage throughout out the year, keeping the costs of raw material high in Finland and Sweden. Beef availability improved towards the end of the year in

Sweden, however, and margins also recovered. Finland has successfully also improved its margins, despite a decline in volume.

As for pork, volumes decreased both in Sweden and in Finland in January-December. Sweden showed a volume recovery in the third and fourth quarter and improved the margins. As Finland suffered from a pork overcapacity in 2016, the volume decrease in 2017 improved the meat balance and improved pork sales margins. Thanks to the systematic actions to mitigate the oversupply, pork inventories in Finland continued to improve from 2016 and are on a good level. The pork category showed improvement in the Baltics, where exports increased and new export channels were launched. Towards the end of the year, there was a shortage of raw material in the Baltics. Several actions to strengthen the market position in animal sourcing and availability of the animal raw material were initiated in collaboration with the farming community in all market areas.

In the poultry category, profitability in Finland was seriously hit by the ramp-up related challenges of the new Rauma unit. The ramp-up process, including the parallel run of the old Eura unit, and the use of subcontracting caused a temporary increase in costs. The challenges also decreased delivery capability in the latter part of the third quarter and in the fourth quarter. In Denmark, efforts to improve operational efficiency paid off, and production efficiency improved significantly for the whole year. The achievements in export markets offset the challenges in the domestic market in Denmark. In the Baltics, margins in the poultry category have improved as a result of greater cost efficiency in primary production, but also thanks to recovered sales prices.

As for the processed food category, the market situation remained challenging in all market areas. This was due to fierce competition in sausages and cold cuts, where both sales prices and volume decreased for the full year, but turned somewhat to positive growth primarily in Sweden and also in Finland during the fourth quarter. By contrast, the meal component category, including bacon, showed strong growth and stable margins throughout the year.

In 2017, several actions were taken to support a turnaround and long-term profitability. The Group's operating model was reviewed and assessed in Group-wide statutory negotiations, which were completed in May and resulted in a headcount reduction of 160 employees. The Group's operating model was renewed and was valid as of 1 June. The Group Leadership Team also was renewed during the year.

In August 2017, HKScan announced its From Farm to Fork strategy and the strategic focus areas through which the strategy is being implemented. HKScan focuses on the consumer by leading the food value chain. The five focus areas are: Focus on meat, Leadership in poultry, Continue growing the meals business, Cooperate with our farming community, and Drive efficiency and cost-competitiveness.

In the third quarter 2017 HKScan initiated various operational excellence actions as part of a programme to improve productivity and cost-competitiveness in line with its long-term strategic targets. The programme is being rolled out across all operations in Finland, Sweden, Denmark and the Baltics.

The most significant step in implementing the strategy in 2017 was the Rauma poultry unit investment. The investment proceeded on schedule, but the ramp up faced challenges and resulted in a delay to the start of full-scale production. The new unit will significantly improve HKScan's competitiveness and will enable new innovative products in the poultry category.

In November 2017, HKScan launched another important step towards the strategic target of becoming the leader in the poultry category: a new, unique hatching concept enabling chickens to be born at the farm where they are grown and improving animal welfare. The first new products, based on this breeding method, will be launched during the second quarter of 2018.

A significant milestone was achieved when HKScan received confirmation of an agreement between Finnish and Chinese food authorities allowing HKScan's Forssa plant in Finland to launch exports of pork to China. The exports are scheduled to commence during the first half of 2018. HKScan's long-term goal is to initiate the export of poultry and other meat and to launch exports to China from HKScan's other home markets as well.

The reported EBIT for the full year includes a remarkable amount of the cost items affecting comparability. The total sum of the items amounts to EUR 22.6 million, of which EUR 5.8 million are terminations of employment and EUR 14.3 million are impairment of assets.

The total capital expenditure for 2017 amounted to EUR 125.5 million, of which the biggest single investment – EUR 117.5 million in total in years 2015-2017 – was the Rauma poultry unit.

MARKET AREA SWEDEN

(EUR million)	Q4/2017	Q4/2016	2017	2016
Net sales	202.7	206.1	759.4	790.8
EBIT	4.8	2.7	5.4	9.5
- EBIT margin, %	2.4	1.3	0.7	1.2
Comparable EBIT	4.8	4.2	8.6	11.1
- EBIT margin, %	2.4	2.0	1.1	1.4

In Sweden, net sales for January-December were EUR 759.4 (790.8) million and EUR 202.7 (206.1) in the fourth quarter. Comparable EBIT for January-December totalled EUR 8.6 (11.1) million and EUR 4.8 (4.2) for the fourth quarter.

The product net sales turned to growth in the third and fourth quarter and also showed growth for the full year; however, net sales in total decreased due to the greater decline in animal trading. HKScan’s market share in value terms showed a slight upturn during the full year, thanks to a turn during the third and fourth quarter. Full-year net sales of pork and sausages remained unchanged, whereas cold cuts declined – although the decline slowed at the end of the year. The growth in net sales of meal components, including bacon, continued in the fourth quarter. Beef sales improved from the previous year’s low level.

Margins in total for January-December fell short of the previous year even though they showed improvement for pork. In the fourth quarter margins for sausages and cold cuts began to record a slightly positive development from the previous year. The growth categories of beef and meal components maintained their margins. The supply of pork and beef improved towards the end of the year, and animal raw material prices were approximately at the previous year’s level in the third and fourth quarter but above the previous year’s level for the full year. Nevertheless, margins were negatively affected by cost increases in operations.

MARKET AREA FINLAND

(EUR million)	Q4/2017	Q4/2016	2017	2016
Net sales	197.0	204.9	742.2	774.9
EBIT	-12.2	7.2	-16.5	15.3
- EBIT margin, %	-6.2	3.5	-2.2	2.0
Comparable EBIT	-9.7	7.5	-9.3	15.5
- EBIT margin, %	-4.9	3.6	-1.3	2.0

In Finland, net sales for January-December were EUR 742.2 (774.9) million and EUR 197.0 (204.9) million in the fourth quarter. Comparable EBIT for January-December totalled EUR -9.3 (15.5) million and EUR -9.7 (7.5) million in the fourth quarter.

Net sales declined for January-December and in the fourth quarter due to delivery issues in poultry in the Rauma unit, a shortage of beef, and as a result of fierce competition in the processed product category. Sales of meal components, however, continued to increase. HKScan lost its market share in value terms in both the fourth quarter and the full year.

The total margin clearly decreased, mainly due to the poor delivery capability in poultry, but also due to the highly competitive processed product category. As a result of the systematic actions to mitigate oversupply, pork inventories continued to improve from 2016 and are on a good level. The margin in red meat improved from the previous year, thanks to the balanced pork supply. In beef, however, the scarcity of raw material continued and resulted in reduced volumes, which had a negative impact on EBIT in 2017 – in spite of the fact that relative profitability improved. Operating costs decreased from the previous year, excluding the ramp-up costs of the new Rauma plant. The total ramp-up impact on profit for January-December amounted to 25 million euros. This includes the impact of lost sales and market share of EUR 9 million and a cost of EUR 16 million related to increased production costs and material loss.

The new Rauma poultry unit was inaugurated in August. The efficient new unit will enable the development of innovative Kariniemen® novelties, as well as improve the competitiveness and the overall profitability of the farm-to-fork chain. It will also give a boost to domestic poultry farming and local employment. The main target during the first quarter of 2018 is to ensure our delivery capability in Rauma.

In November 2017 HKScan launched its new, unique hatching concept enabling chickens to be born at the farm where they are grown. This will minimize the handling of chicks and eliminate the need for transporting them from the hatchery to farm, marking an improvement in animal welfare. The first new Kariniemen® products based on this breeding method will be launched during the second quarter of 2018.

The demand for high-quality beef is increasing in Finland. In October HKScan announced the launch of a long-term beef development programme, called ROTUKARJA 2025, aimed at increasing beef farming in Finland.

HKScan continued development of its product range based on totally antibiotic-free breeding and launched a new, special edition ham for the Christmas season. HKScan’s totally antibiotic-free grown Omega 3 Pork earned honourable mention in Lidl’s export competition, and in November it won an international innovation award in the Fourth European Award for Cooperative Innovation (EACI) organized by the joint organization Copa Cogeca (the Committee of Professional Agricultural Organizations and the General Confederation of Agricultural Cooperatives).

The Finnish and Chinese food authorities signed an agreement in November allowing 2017 HKScan’s Forssa plant in Finland to prepare for the launch of exports of high-quality pork grown at family farms in Finland to China. The exports are scheduled to begin during the first half of 2018.

MARKET AREA DENMARK

(EUR million)	Q4/2017	Q4/2016	2017	2016
Net sales	35.9	34.8	147.8	149.5
EBIT	-7.4	-2.2	-13.9	-6.6
- EBIT margin, %	-20.7	-6.4	-9.4	-4.4
Comparable EBIT	-0.6	-2.2	-3.2	-6.2
- EBIT margin, %	-1.7	-6.4	-2.2	-4.1

In Denmark, net sales for January-December were EUR 147.8 (149.5) million and EUR 35.9 (34.8) in the fourth quarter. Comparable EBIT for January-December was EUR -3.2 (-6.2) million and EUR -0.6 (-2.2) in the fourth quarter.

Net sales turned to a slight growth from the previous year for the fourth quarter but decreased for the full year. Export sales remained higher than the previous year, thanks to a good demand in certain markets, e.g., South Africa and Korea. The domestic retail sales weakened and the stock levels of the organic chicken category increased compared to the previous year. However, the inventories decreased in total.

Lower costs in animal raw materials offset the decrease in sales prices; as a result, the margin after raw materials remained unchanged. The production efficiency improved significantly throughout the year, reducing the full-year comparable EBIT loss to half from the previous year.

HKScan announced in October 2017 that it will streamline its organization and strengthen collaboration between its export team and Market Area Denmark. Jukka Nikkinen, who leads the export business as EVP Market Area International & Biotech, also took the lead for Market Area Denmark.

An impairment loss amounting to EUR 6.7 million has been recorded in Denmark in the end of year 2017 as result of impairment testing that was based on the IFRS accounting regulations and due to historical financial performance. Impairment had no impact on cash flow.

MARKET AREA BALTICS

(EUR million)	Q4/2017	Q4/2016	2017	2016
Net sales	39.7	39.5	158.7	157.7
EBIT	-0.5	1.0	4.4	6.2
- EBIT margin, %	-1.2	2.6	2.8	3.9
Comparable EBIT	-0.5	1.0	4.4	6.2
- EBIT margin, %	-1.2	2.6	2.8	3.9

January-December net sales in the Baltics were EUR 158.7 (157.7) million and EUR 39.7 (39.5) million in the fourth quarter. Comparable EBIT for January-December was EUR 4.4 (6.2) million and EUR -0.5 (1.0) in the fourth quarter.

The Baltic market recovered and net sales remained at the level of the previous year in the fourth quarter and slightly above for January-December. Sales price levels of both pork and poultry improved from the low level of the previous year. The shortage in pork raw material increased towards year-end. The demand for branded products picked up and exports showed positive growth with the launch of new export channels. Margins in poultry and pork recovered in step with positive sales price development.

A considerable proportion of Baltic pig farms remained in the protection zone for African Swine Fever, i.e. there are limitations on handling and selling meat. Operational costs increased from the previous year, in particular in the fourth quarter. The EU subsidy for primary production wasn’t issued in 2017, which affects comparability to the previous year (EUR 0.9 million in 2016). The change in the fair value of biological assets amounted to EUR 0.1 (0.8) million in the January-December period.

In November 2016 HKScan communicated its decision to start an internal inquiry investigating the practices of its Baltic business. The aim was to ensure that the local management was complying with the principles of good governance and the company’s Code of Conduct. During 2017 HKScan requested the Estonian authorities to investigate the malpractice allegations and whether a violation of the law had taken place. The Group thereby ended its own internal inquiry. On November 2017 the Estonian Public Prosecutor announced an investigation related to the criminal allegations.

HKScan announced in December that it will strengthen its meals offering and will invest in the Group’s Rakvere unit in Estonia. The 8-million-euro investment will go towards modernizing the unit’s frying department, including an expansion of the building and installation of new cooking and packaging lines that will enable implementation of new technologies and packaging solutions. Construction is to commence in May 2018.

FINANCING

The Group's interest-bearing debt at year-end increased to EUR 259.2 (144.1) million, due to a decreased cash flow and the Rauma poultry plant investment. Net debt was EUR 208.3 (137.2) million and the net gearing ratio 59.3 (33.5) per cent.

The Group's liquidity was good. Committed credit facilities at 31 December 2017 stood at EUR 100.0 (100.0) million and were entirely undrawn. The EUR 200.0 million commercial paper programme was also entirely unused at the end of the year (7.0 million). Cash reserves were EUR 50.9 (6.6) million at year-end.

During the year the Group widened the funding profile and lengthened the maturity structure with several long-term financial agreements and transactions.

During the first quarter 2017 the Group signed new 8.5-year loan arrangements for approximately EUR 30 million in total. The loan was withdrawn in the last quarter, and it is guaranteed by a group of foreign export credit agencies. In addition, the Group signed a new bilateral 4-year term loan (bullet) of EUR 40 million, which will be withdrawn at the beginning of 2018. Simultaneously, the Group rearranged a bilateral committed credit facility of EUR 35 million that was maturing in 2018. The new arrangement is for three years and also has an option for an extension.

During the second quarter 2017 the Group rearranged a bilateral committed credit facility of EUR 25 million maturing in 2018. The new arrangement will mature in 2021 and also has an option for an extension.

During the third quarter 2017 the Group issued a new EUR 135 million senior unsecured bond and redeemed EUR 67 million of its existing corresponding EUR 100 million bond maturing in 2019. The new bond matures in 2022 and carries a fixed annual interest of 2.625 per cent.

Net financial expenses were EUR -3.6 (-2.2) million in the last quarter and EUR -10.6 (-8.7) million in 2017. Fourth-quarter expenses include a recognition of interest rate hedging inefficiency of EUR -0.5 million.

RESEARCH AND DEVELOPMENT

A total of EUR 6.5 (6.6) million was spent on R&D in 2017, equal to 0.4 (0.4) per cent of net sales.

HKScan research and development activities aim to develop the Group's offering to customers and consumers by leveraging consumer insights and foresight, capabilities, resources and investments in innovation and concept development across all markets.

Product development is part of HKScan's Culinary Competence Centre, where teams of R&D, nutrition expertise, chefs and product developers meet. The R&D team cooperates with universities in Sweden and Finland, and HKScan personnel also engage in academic research, e.g. in the field of veterinary sciences. The Group also offers trainee positions for students completing their studies in food and business sciences.

CORPORATE RESPONSIBILITY

Corporate responsibility is an integral part of HKScan's 'From Farm to Fork' strategy. HKScan's corporate responsibility work focuses on four main areas: Economic responsibility, Social responsibility, Animal health and welfare, and Environment. Corporate Responsibility at HKScan is described in the Group's Report of Non-financial Information, which is a separate report. It complements the Group's Annual Report 2017. Both reports will be published during week 11 in 2018.

SHARES AND SHAREHOLDERS

At the end of December 2017, HKScan Corporation's share capital stood at EUR 66 820 528. The Corporation's total number of shares issued, 55 026 522, were divided into two share series as follows: A Shares, 49 626 522 (90.19% of the total number of shares) and K Shares, 5 400 000 (9.81%). The A Shares are quoted on the Nasdaq Helsinki. The K Shares are held by LSO Osuuskunta (4 735 000 shares) and Lantmännen ek.för. (665 000 shares) and are not listed. There were no changes in number of shares and in holdings of LSO Osuuskunta and Lantmännen ek.för.

At the end of December 2017, the company held 1 008 849 (1 008 849) A shares as treasury shares, corresponding to 1.8 per cent of the company's total number of shares, and 0.6 per cent of the total number of votes.

HKScan's calculational capitalization at the end of December 2017 stood at EUR 169.1 (172.3) million, breaking down as follows: Series A shares had a market value of EUR 152.2 (155.1) million, and the unlisted Series K shares a calculational value of EUR 16.9 (17.2) million.

In January-December, a total of 10 426 342 (13 313 324) of the company's shares with a total value of EUR 33 784 168 (42 427 708) were traded. The highest price quoted in the period under review was EUR 3.60 (3.89), and the lowest was EUR 2.96 (2.89). The average price was EUR 3.24 (3.18). At the end of December 2017, the closing price was EUR 3.13 (3.19).

Shareholders

At the end of 2017, the shareholders maintained by Euroclear Finland Ltd included 12 212 (13 226) shareholders. Nominee-registered foreign shareholders held 18.1 (12.6) per cent of the company's shares.

Notifications of changes in holdings

On 20 November 2017 HKScan Corporation received a notification that the total amount of HKScan Corporation shares owned by Sveriges Djurbönder ek. för. had decreased below the threshold of five (5) per cent. According to the notification, the reason for the decrease was the disposal of shares and voting rights resulting from the voluntary liquidation and distribution of assets of Sveriges Djurbönder ek. för.

Share-based long-term incentive plan

On 10 April 2017 HKScan announced that the Board of Directors of HKScan Corporation approved a share-based long-term incentive plan for the Group's top management and selected key employees for 2017–2019.

The new share-based incentive plan comprises a one-year performance period, 2017, followed by a restriction period extending to 2018–2019. The potential rewards payable based on the plan will be based on HKScan Group's return on capital employed (ROCE) and earnings per share (EPS) in the performance period.

Those eligible to participate in the new share-based incentive plan are 28 members of HKScan's top management and other selected key employees.

ANNUAL GENERAL MEETING 2017 AND BOARD OF DIRECTORS' AUTHORIZATIONS

The Annual General Meeting (AGM) of HKScan Corporation held on 6 April 2017 in Turku, Finland, adopted the parent company's and consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for 2016.

The AGM resolved that a dividend of EUR 0.16 be paid for 2016.

The AGM also resolved on the annual remuneration of the Board's members, deputy members and the chairs of the committees. Of the current Board members, Mikko Nikula and Pirjo Väliaho were re-elected, and Per Olof Nyman, Marko Onnela, Riitta Palomäki and Tuomas Salusjärvi were elected as new members until the end of the Annual General Meeting 2018. In addition, Veikko Kemppi and Carl-Peter Thorwid were elected as deputy Board members until the end of the Annual General Meeting 2018.

At the organizational meeting after the AGM, the Board re-elected Mikko Nikula as Chairman and elected Marko Onnela as the new Vice Chairman.

PricewaterhouseCoopers Oy, authorized public accountants, with Markku Katajisto, APA, as the responsible auditor, was elected as the auditor until the close of the next AGM.

The AGM authorized the Board to decide on share issues, option rights as well as other special rights entitling to shares, and on the purchase of the company's own Series A shares and/or on the acceptance the company's own Series A shares as pledges. The authorizations will be effective until 30 June 2018, revoking the authorizations given by the AGM 2016.

The resolutions of the Annual General Meeting have been published in full in the stock exchange release of 6 April 2017, and they are also available on the company's website at www.hkscan.com.

CHANGES IN SENIOR MANAGEMENT

On 28 December 2017 HKScan announced that Mikko Forsell had been appointed as HKScan's CFO and a member of the Group Leadership Team. Forsell joined HKScan on 1 January 2018. His predecessor Tuomo Valkonen will pursue new challenges outside HKScan as of 1 March 2018.

On 8 November HKScan announced that Sami Sivuranta was appointed as HKScan's new EVP Operations and a member the Group Leadership Team. He joined HKScan on 1 January 2018. His predecessor Aki Laiho left the Company. Pia Nybäck was appointed EVP, Animal Sourcing & Primary Production and a member of the Group Leadership Team. Nybäck has worked for HKScan since 2013.

On 4 October HKScan announced that Jukka Nikkinen, EVP Market Area International & Biotech, will also head Market Area Denmark. His predecessor Svend Schou Borch left HKScan.

On 27 September HKScan announced that Olli Huuskonen had been appointed as HKScan Corporation's new Head of Legal as of October 1, 2017. Huuskonen reports to the Group President and CEO. His predecessor Markku Suvanto left the Company.

On 24 May HKScan announced that Mikko Saariaho had been appointed as EVP, Corporate Communications and a member of the Group Leadership Team. This was a new position in the Group Leadership Team.

On 8 February HKScan announced that Sofia Hyléen Toresson had been appointed EVP Market Area Sweden, effective 2 May. Göran Holm, who previously held the position, left the company. It was also announced on 8 February that Heli Arantola had been appointed EVP Categories and Concepts, effective 2 May. This was a new position in the Group Leadership Team.

GROUP LEADERSHIP TEAM

On 7 February 2018, HKScan's Group Leadership Team comprises the following members: Jari Latvanen, President and CEO; Sofia Hyléen Toresson, EVP Market Area Sweden; Jyrki Karlsson, EVP Market Area

Finland (until 31 March 2018; as of 2 May 2018 at the latest Kati Rajala); Jukka Nikkinen, EVP Market Area International & Biotech; Anne Mere, EVP Market Area Baltics; Heli Arantola, EVP Categories and Concepts; Sami Sivuranta, EVP Operations; Anu Mankki, EVP HR; Mikko Forsell, CFO; Mikko Saariaho, EVP Communications and Corporate Responsibility; and Pia Nybäck, EVP Animal Sourcing & Primary Production.

SHORT-TERM RISKS AND UNCERTAINTY FACTORS

The most significant uncertainty factors in the HKScan Group's business are related to sales and raw material prices, as well as management of global and local meat balances. Breaches of business principles and the Group's Code of Conduct are also recognized as operational risks. HKScan is in the process of renewing its Code of Conduct, and the related implementation of it will take place from 2018 onwards.

Other risks include various unexpected actions potentially taken by tax authorities, other authorities or pressure groups, which may cause restrictions to the business, volatility in demand, or significant increase of taxes or other fees. HKScan is also involved in some juridical proceedings in its home markets.

In the food industry's raw material supply, the risks of animal diseases, such as the African Swine Fever (ASF), or any international or regional food scandals impacting the overall consumption outlook cannot be fully excluded.

Securing the completion of the Rauma unit's ongoing ramp-up process and thereby minimizing the risks related to it, is considered as the highest of the Group Management's priorities in 2018

HKScan's risks are reported in more detail in the risk management section of the Annual Report 2017.

EVENTS AFTER THE REPORTING PERIOD

On 23 January 2018, HKScan announced that Kati Rajala, M.Sc. (Tech.), had been appointed as Executive Vice President, Market Area Finland and a member of the Group Leadership Team. Rajala will join HKScan on 2 May 2018 at the latest and she will report to the President and CEO. Jyrki Karlsson, currently Executive Vice President, Market Area Finland, will leave HKScan at the end of March 2018.

On 18 January 2018, HKScan announced preliminary unaudited information on the Corporation's 2017 result: HKScan estimated its net sales to be approximately EUR 1 808 million and comparable operating profit (EBIT) approximately EUR -18 million. The estimated ramp-up cost of the new Rauma unit and the related negative impact of the lost poultry sales due to the lowered delivery capability in Finland were estimated to amount to some EUR 25 million in total.

OUTLOOK FOR 2018

Global meat consumption is projected to increase 1.6 per cent per annum during the coming years. Consumption growth is estimated to be led by poultry. There are also several value related consumption trends, which support HKScan's strategy implementation.

In 2018, HKScan expects its strategy implementation to start recording results in terms of value growth in sales and operational efficiency in production.

The company will emphasize the implementation of its From Farm to Fork strategy through the five focus areas, which are Focus on meat, Leadership in poultry, Continue growing meals business, Cooperate with our farming community, and Drive efficiency and cost-competitiveness.

HKScan has changed its guidance policy to be in line with general international practice and discontinued giving numerical financial guidance.

These statements are based on current expectations and assumptions regarding anticipated developments of HKScan Group's market environment.

BOARD OF DIRECTORS' PROPOSAL ON THE DISTRIBUTION OF PROFIT

The parent company's distributable equity stands at EUR 235.5 (307.9) million including the reserve for invested unrestricted equity, which holds EUR 143.2 (143.2) million. The Board of Directors recommends that the company pay a dividend of EUR 0.09 (0.16) per share for 2017, i.e. a total of approximately EUR 4.9 (8.6) million.

There have been no material changes in the company's financial standing since the end of the year under review. The company maintains good liquidity, and the recommended distribution of dividend will not, in the Board's estimation, compromise the company's solvency.

ANNUAL GENERAL MEETING 2018

HKScan's Annual General Meeting will be held on Thursday, 12 April 2018 at 10.00 in Turku, Finland.

To be eligible to attend the Annual General Meeting, shareholders should register by 29 March 2018 in HKScan Corporation's shareholder register maintained by Euroclear Finland Ltd. A notice to the Annual General Meeting will be published at a later date.

NEXT FINANCIAL REPORT

HKScan Group's interim report January–March 2018 will be published on 3 May 2018.

Vantaa, 7 February 2018

HKScan Corporation
Board of Directors

Further information is available from Jari Latvanen, President and CEO, and Mikko Forsell, CFO. Please submit a call-back request via the Group media desk +358 (0)10 570 5700.

HKScan is the leading Nordic food company. We produce, market and sell high-quality, responsibly produced pork, beef, poultry and lamb products, processed meats and convenience foods under strong brand names. Our customers are the retail, food service, industrial and export sectors, and our home markets comprise Finland, Sweden, Denmark and the Baltics. We export to close to 50 countries. In 2017, HKScan had net sales of EUR 1.8 billion and some 7,300 employees.

DISTRIBUTION: Nasdaq Helsinki, Main media, www.hkscan.com

CONSOLIDATED FINANCIAL STATEMENTS 1 JANUARY – 31 DECEMBER 2017

CONSOLIDATED INCOME STATEMENT

(EUR million)	Note	Q4/2017	Q4/2016	2017	2016
Net sales		475.3	485.2	1 808.1	1 872.9
Cost of goods sold	1.	-465.5	-452.0	-1 731.4	-1 750.8
Gross profit		9.8	33.3	76.7	122.2
Other operating items total	1.	-0.4	1.3	4.8	8.3
Sales and marketing costs	1.	-11.3	-14.7	-50.4	-56.5
General administration costs	1.	-20.3	-15.7	-71.3	-64.4
Operating profit		-22.2	4.2	-40.3	9.7
Financial income		0.4	0.5	2.0	2.3
Financial expenses		-4.1	-2.7	-12.6	-11.1
Share of profit/loss in associates and joint ventures		1.1	0.2	1.7	-0.1
Profit/loss before taxes		-24.8	2.2	-49.2	0.9
Income tax		3.6	-0.5	6.8	-4.4
Profit/loss for the period		-21.2	1.7	-42.4	-3.6
Non-controlling interests		-1.2	-0.8	-3.0	-1.8
Profit/loss for the period		-22.4	0.9	-45.5	-5.4
Earnings per share calculated on profit attributable to equity holders of the parent:					
EPS, undiluted, continuing operations, EUR/share		-0.41	0.02	-0.84	-0.10
EPS, diluted, continuing operations, EUR/share		-0.41	0.02	-0.84	-0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR million)	Q4/2017	Q4/2016	2017	2016
Profit/loss for the period	-21.2	1.7	-42.4	-3.6
OTHER COMPREHENSIVE INCOME (after taxes):				
Exchange differences on translating foreign operations	-1.7	0.7	-2.7	-4.1
Cash flow hedging	1.1	1.6	3.1	2.5
Actuarial gains or losses	-3.1	-2.9	-3.1	-2.9
TOTAL OTHER COMPREHENSIVE INCOME	-3.8	-0.6	-2.7	-4.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-24.9	1.1	-45.1	-8.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
Equity holders of the parent	-26.1	0.3	-48.1	-9.8
Non-controlling interests	1.2	0.8	3.0	1.8
Total	-25.3	1.1	-45.1	-8.0

CONSOLIDATED BALANCE SHEET

(EUR million)	Note	31.12.2017	31.12.2016
ASSETS			
Intangible assets	2.	137.2	143.0
Tangible assets	3.	458.2	401.7
Holdings		34.9	34.9
Other non-current assets		36.0	28.5
TOTAL NON-CURRENT ASSETS		666.3	608.1
Inventories	4.	111.8	116.1
Current receivables		123.7	123.9
Cash and cash equivalents		50.9	6.6
TOTAL CURRENT ASSETS		286.4	246.6
TOTAL ASSETS		952.7	854.8
EQUITY AND LIABILITIES			
EQUITY	5.	351.0	409.7
Non-current loans, interest-bearing		245.1	126.9
Non-current liabilities, non-interest-bearing		58.7	39.8
TOTAL NON-CURRENT LIABILITIES		303.8	166.7
Current loans, interest-bearing		14.1	17.2
Current liabilities, non-interest-bearing		283.8	261.2
TOTAL CURRENT LIABILITIES		297.8	278.4
TOTAL EQUITY AND LIABILITIES		952.7	854.8

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(EUR million)	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY AT 1.1.2017	**66.8**	**72.9**	**-9.9**	**143.5**	**10.3**	**-5.3**	**0.0**	**116.5**	**394.8**	**14.9**	**409.7**
Result for the financial period	-	-	-	-	-	-	-	-45.5	-45.5	3.0	-42.4
Other comprehensive income (+) / expense (–)											
Transl. diff.	-	-	-	-	-	-2.7	-	-	-2.7	-	-2.7
Cash flow hedging	-	-	3.1	-	-	-	-	-	3.1	-	3.1
Actuarial gains or losses	-	-	-	-	-	-	-	-3.1	-3.1	-	-3.1
Total compreh. income for the period	-	-	**3.1**	-	-	**-2.7**	-	**-48.6**	**-48.1**	**3.0**	**-45.1**
Direct recognitions	-	-	-	-	0.0	-	-	-0.1	0.0	-	0.0
Transfers between items	-	-	-	-	-	-	-	-	-	-	-

Transactions with non-controlling interests	-	-	-	-	-	-	-	-1.3	-1.3	-3.2	-4.5
Dividend distribut.	-	-	-	-	-	-	-	-8.6	-8.6	-0.4	-9.0
EQUITY AT 31.12.2017	**66.8**	**72.9**	**-6.8**	**143.5**	**10.3**	**-7.9**	**0.0**	**57.9**	**336.6**	**14.4**	**351.0**

(EUR million)	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY AT 1.1.2016	**66.8**	**72.9**	**-12.4**	**143.5**	**10.2**	**-3.7**	**0.0**	**134.7**	**412.0**	**13.8**	**425.8**
Result for the financial period	-	-	-	-	-	-	-	-5.4	-5.4	1.8	-3.6
Other comprehensive income (+) / expense (–)											
Transl. diff.	-	-	-	-	-	-4.1	-	-	-4.1	-	-4.1
Cash flow hedging	-	-	2.5	-	-	-	-	-	2.5	-	2.5
Actuarial gains or losses	-	-	-	-	-	-	-	-2.9	-2.9	-	-2.9
Total compreh. income for the period	-	-	**2.5**	-	-	**-4.1**	-	**-8.3**	**-9.8**	**1.8**	**-8.0**
Direct recognitions	-	-	-	-	0.0	-	-	0.1	0.1	-	0.1
Transfers between items	-	-	-	-	0.0	2.5	-	-2.5	0.0	-	0.0
Dividend distribut.	-	-	-	-	-	-	-	-7.6	-7.6	-0.7	-8.2
EQUITY AT 31.12.2016	**66.8**	**72.9**	**-9.9**	**143.5**	**10.3**	**-5.3**	**0.0**	**116.5**	**394.8**	**14.9**	**409.7**

COLUMNS: 1. Share capital, 2. Share premium reserve, 3. Revaluation reserve, 4. Reserve for invested unrestricted equity (RIUE), 5. Other reserves, 6. Translation differences, 7. Treasury shares, 8. Retained earnings, 9. Equity holders of the parent, 10. Non-controlling interests, 11. Total

CASH FLOW STATEMENT

(EUR million)	Q4/2017	Q4/2016	2017	2016
Cash flow before change in net working capital	0.6	16.9	30.0	58.4
Change in net working capital	30.4	28.4	27.9	21.4
Financial items and taxes	-4.3	-4.6	-12.1	-8.9
CASH FLOW FROM OPERATING ACTIVITIES	26.6	40.7	45.7	70.9
Cash flow from investing activities	-42.1	-15.7	-104.0	-53.9
CASH FLOW AFTER INVESTING ACTIVITIES	-15.5	25.0	-58.3	17.1
Change in loans	30.5	-27.3	115.4	-12.3
Dividends paid	0.0	-	-9.0	-8.2
Transactions with non-controlling interests	-	-	-4.5	-
CASH FLOW FROM FINANCING ACTIVITIES	30.5	-27.3	101.9	-20.6
NET CASH FLOW	15.0	-2.3	43.6	-3.5
Cash and cash equivalents at beginning of period	35.4	8.3	6.6	9.5
Translation differences	0.5	0.7	0.6	0.7
Cash and cash equivalents at end of period	50.9	6.6	50.9	6.6

FINANCIAL INDICATORS

	31.12.2017	31.12.2016
Earnings per share (EPS), undiluted, EUR	-0.84	-0.10
Earnings per share (EPS), diluted, EUR	-0.84	-0.10
Equity per share, EUR	6.23	7.31
Equity ratio, %	36.9	47.9
Adjusted average number of outstanding shares, mill.	54.0	54.0
Gross capital expenditure on PPE, EUR mill.	125.5	97.6
Employees, end of month average	7 292	7 319

CALCULATION OF FINANCIAL INDICATORS

HKScan discloses alternative performance measures (APM) to give relevant information to stakeholders. Disclosed APMs are also used in steering the company. Items affecting comparability and related APMs are disclosed to better reflect the operational business performance and to enhance comparability between periods.

Return on capital employed (ROCE) before tax, last 12 months (%)	Profit before tax + interest and other financial expenses / Balance sheet total – non-interest-bearing liabilities (average	x 100
Equity ratio (%)	Total equity / Balance sheet total – advances received	x 100
Net gearing ratio (%)	Net interest-bearing liabilities / Total equity	x 100
Earnings per share (EPS)	Profit for the period attributable to equity holders of the parent / Average number of outstanding shares during period	
Equity per share	Equity attributable to holders of the parent / Number of outstanding shares at end of period	
Market capitalisation	The number of outstanding shares at the end of period X the closing price on the last trading day of the financial year	
Cash flow before debt service	Cash flow before financing activities and financial items	
Employee numbers	Average of workforce figures calculated at the end of calendar months	
Items affecting comparability	One-time charges, which are not related to the normal continuing operations and materially affect the company's finances. Examples of such expenses are: capacity adjustments (restructuring), redundancy, legal costs relating to restructuring or similar, one-time expenses related to efficiency/reorganisation programmes, significant compensations or penalties paid out due to a legal verdict or settlement, transaction fees/expenses related to business acquisitions (consultation, advisory, legal, due diligence, registration etc.) and gains/losses of business disposals.	

Comparable EBIT	Operating profit – items affecting comparability
Comparable profit before taxes	Profit before taxes – items affecting comparability
Net debt	Interest-bearing debt – cash and bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ACCOUNTING POLICIES

HKScan Corporation's interim report for 1 January–31 December 2017 has been prepared in compliance with IAS 34 Interim Financial Reporting standards. The same accounting principles have been applied in the interim report as in the annual financial statements for 2016. Due to the rounding of the figures to the nearest million euros in the interim report, some totals may not agree with the sum of their constituent parts. Accounting principles are explained in the financial statements for 2017. The interim report is unaudited.

The Group has evaluated the effects of the new IFRS 9 and IFRS 15 standards that are effective as of 1.1.2018. According to IFRS 9, bond modification costs from 2017 that have been treated with the effective interest rate method will be recorded as an expense. This will result in a EUR 1.0 million deduction of retained earnings, a EUR 1.2 million increase in interest-bearing liabilities and EUR 0.2 million deduction of deferred tax liability in the opening balance sheet 1.1.2018. New credit loss impairment model does not have material impact. Regarding IFRS 15, sales contracts with customers have been reviewed according to the 5-step model. Based on the review, there is no material impact to current revenue recognition.

As of the beginning of 2017, the Group has amended its segment reporting. The market areas' net sales and EBIT no longer include intercompany sales and margins. The reported and restated figures for the comparison period 2016 are in the tables below. The amendment has no effect on Group-level figures.

ANALYSIS BY SEGMENT 2016 (reported)

Net sales and EBIT by market area

(EUR million)	Q1/2016	Q2/2016	Q3/2016	Q4/2016	2016
NET SALES					
- Sweden	189.1	205.0	201.1	209.1	804.4
- Finland	187.0	207.4	198.7	213.4	806.5
- Denmark	44.7	46.6	42.6	39.3	173.2
- Baltics	38.0	41.5	41.4	40.4	161.3
- Between segments	-19.7	-17.7	-18.0	-17.0	-72.4
Group total	**439.1**	**482.7**	**465.9**	**485.2**	**1 872.9**
EBIT					
- Sweden	1.1	3.3	5.3	3.2	12.9
- Finland	0.8	2.2	4.6	7.0	14.6
- Denmark	-2.3	-2.6	-2.1	-2.6	-9.5
- Baltics	0.3	1.8	3.3	1.0	6.4
- Group administration costs	-4.2	-2.9	-3.1	-4.5	-14.7
Group total	**-4.3**	**1.7**	**8.1**	**4.2**	**9.7**
COMPARABLE EBIT					
- Sweden	1.1	3.3	5.3	4.8	14.5
- Finland	0.8	2.2	4.6	7.2	14.8
- Denmark	-2.3	-2.1	-2.1	-2.6	-9.1
- Baltics	0.3	1.8	3.3	1.0	6.4

- Group administration costs	-3.0	-2.9	-3.1	-4.5	-13.5
Group total	**-3.1**	**2.2**	**8.1**	**6.0**	**13.2**

ANALYSIS BY SEGMENT 2016 (restated)

Net sales and EBIT by market area

(EUR million)	Q1/2016	Q2/2016	Q3/2016	Q4/2016	2016
NET SALES					
- Sweden	185.8	201.5	197.5	206.1	790.8
- Finland	179.8	199.4	190.8	204.9	774.9
- Denmark	36.5	41.4	36.8	34.8	149.5
- Baltics	37.1	40.5	40.7	39.5	157.7
- Between segments	-	-	-	-	-
Group total	**439.1**	**482.7**	**465.9**	**485.2**	**1 872.9**
EBIT					
- Sweden	-0.3	2.5	4.7	2.7	9.5
- Finland	0.9	2.4	4.7	7.2	15.3
- Denmark	-1.0	-1.9	-1.5	-2.2	-6.6
- Baltics	0.3	1.7	3.2	1.0	6.2
- Group administration costs	-4.2	-2.9	-3.1	-4.5	-14.7
Group total	**-4.3**	**1.7**	**8.1**	**4.2**	**9.7**
COMPARABLE EBIT					
- Sweden	-0.3	2.5	4.7	4.2	11.1
- Finland	0.9	2.4	4.7	7.5	15.5
- Denmark	-1.0	-1.4	-1.5	-2.2	-6.2
- Baltics	0.3	1.7	3.2	1.0	6.2
- Group administration costs	-3.0	-2.9	-3.1	-4.5	-13.5
Group total	**-3.1**	**2.2**	**8.1**	**6.0**	**13.2**

ANALYSIS BY SEGMENT 2017

(EUR million)	Q4/2017	Q4/2016	2017	2016
NET SALES				
- Sweden	202.7	206.1	759.4	790.8
- Finland	197.0	204.9	742.2	774.9
- Denmark	35.9	34.8	147.8	149.5
- Baltics	39.7	39.5	158.7	157.7
- Between segments	0.0	0.0	0.0	0.0
Group total	**475.3**	**485.2**	**1 808.1**	**1 872.9**
EBIT				
- Sweden	4.8	2.7	5.4	9.5
- Finland	-12.2	7.2	-16.5	15.3
- Denmark	-7.4	-2.2	-13.9	-6.6
- Baltics	-0.5	1.0	4.4	6.2
- Between segments	-	-	-	-
Segments total	-15.4	8.7	-20.6	24.3

Group administration costs	-6.9	-4.5	-19.7	-14.7
Group total	**-22.2**	**4.2**	**-40.3**	**9.7**

INVESTMENTS				
- Sweden	5.3	8.2	13.7	19.8
- Finland	35.2	23.8	100.4	64.0
- Denmark	0.5	0.4	1.3	3.1
- Baltics	2.4	3.7	10.0	10.8
Total	**43.4**	**36.1**	**125.5**	**97.6**
AVERAGE NUMBER OF EMPLOYEES				
- Sweden			2 139	2 162
- Finland			2 964	2 912
- Denmark			663	686
- Baltics			1 527	1 560
Total			**7 292**	**7 319**

NOTES TO THE INCOME STATEMENT

1. ITEMS AFFECTING COMPARABILITY

(EUR million)	**Q4/2017**	**Q4/2016**	**2017**	**2016**
Comparable EBIT	**-12.3**	**6.0**	**-17.6**	**13.2**
Personnel costs, Group Administration 1)	-	-	-	-1.2
Termination of employment, Group Management 1)	-0.6	-	-1.6	-
Environmental provision, Sweden 2)	-	-1.5	-	-1.5
Termination of employment, Sweden 1)	-	-	-2.7	-
Termination of employment, Sweden 3)	-	-	-0.5	-
Termination of employment, Finland 1)	-	-0.3	-0.2	-0.3
Termination of employment, Finland 3)	-	-	-0.3	-
Impairment of assets, Finland 3) 4)	-	-	-4.2	-
Environmental provision, Finland 2)	-2.5	-	-2.5	-
Termination of employment, Denmark 1)	-0.1	-	-0.3	-0.5
Termination of employment, Denmark 3)	-	-	-0.3	-
Impairment of assets, Denmark 3) 4)	-6.7	-	-10.1	-
EBIT	**-22.2**	**4.2**	**-40.3**	**9.7**

[1] Included in the Income Statement in the item ”General administration costs”

[2] Included in the Income Statement in the item ”Other operating items total”

[3] Included in the Income Statement in the item ”Cost of goods sold”

[4] Assets impairment to match their book value with estimated future profit

NOTES TO THE STATEMENT OF FINANCIAL POSITION

2. CHANGES IN INTANGIBLE ASSETS

(EUR million)	2017	2016
Opening balance	143.0	147.3
Translation differences	-2.6	-3.5
Additions	1.7	0.9
Additions, business acquisitions	-	-
Disposals	-	0.0
Depreciation and impairment	-7.6	-2.1
Reclassification between items	2.8	0.4
Closing balance	137.2	143.0

3. CHANGES IN TANGIBLE ASSETS

(EUR million)	2017	2016
Opening balance	401.7	361.8
Translation differences	-1.3	-2.1
Additions	123.9	96.7
Additions, business acquisitions	-	-
Disposals	-1.4	-1.9
Depreciation and impairment	-61.8	-52.4
Reclassification between items	-2.8	-0.4
Closing balance	458.2	401.7

4. INVENTORIES

(EUR million)	2017	2016
Materials and supplies	62.9	61.5
Semi-finished products	4.3	4.7
Finished products	36.8	42.0
Other inventories	0.3	0.3
Inventories, advance payments	0.7	0.9
Biological assets	6.8	6.7
Total inventories	**111.8**	**116.1**

5. NOTES TO EQUITY

Share capital and share premium reserve	Number of outstanding shares	Share capital	Share premium reserve	Reserve for invested unrestricted equity	Treasury	Total
1.1.2017	54 017 673	66.8	72.9	143.5	0.0	283.1
31.12.2017	54 017 673	66.8	72.9	143.5	0.0	283.1

DERIVATIVE INSTRUMENT LIABILITIES

(EUR million)	31.12.2017	31.12.2016
Nominal values of derivative instruments		
Foreign exchange derivatives	41.4	43.6
Interest rate derivatives	120.6	126.9
Electricity derivatives	7.4	7.2
Fair values of derivative instruments		
Foreign exchange derivatives	-0.1	-0.2
Interest rate derivatives	-10.2	-13.4
Electricity derivatives	0.5	0.1

CONSOLIDATED OTHER CONTINGENT LIABILITIES

(EUR million)	31.12.2017	31.12.2016
Debts secured by pledges or mortgages		
- loans from financial institutions	-	-
On own behalf		
- Mortgages given	-	-
- Assets pledged	-	-
On behalf of others		
- guarantees and other commitments	17.2	16.2
Other contingencies		
Leasing commitments	7.4	7.5
Rent liabilities	32.4	31.7

THE FAIR VALUE DETERMINATION PRINCIPLES APPLIED BY THE GROUP ON FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Derivatives

The fair values of currency derivatives are determined by using the market prices for contracts of equal duration at the reporting date. The fair values of interest rate swaps are determined using the net present value method supported by the market interest rates at the reporting date. The fair value of commodity derivatives are determined by using publicly quoted market prices.

	31.12.2017	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets recognised at fair value through profit or loss				
- Trading securities	-	-	-	-
- Trading derivatives				
- Interest rate swaps	-	-	-	-
- Foreign exchange derivatives	0.1	-	0.1	-
- Commodity derivatives	0.7	-	0.7	-
of which subject to cash flow hedging	0.7	-	0.7	-
Total	**0.8**	**0.0**	**0.8**	**0.0**
Liabilities measured at fair value				
Financial liabilities recognised at fair value through profit or loss				
-Trading derivatives				
- Interest rate swaps	-10.2	-	-10.2	-
of which subject to cash flow hedging	-10.2	-	-10.2	-
- Foreign exchange derivatives	-0.2	-	-0.2	-
- Commodity derivatives	-0.2	-	-0.2	-
of which subject to cash flow hedging	-0.2	-	-0.2	-
Total	**-10.6**	**0.0**	**-10.6**	**0.0**

	31.12.2016	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets recognised at fair value through profit or loss				
- Trading securities	-	-	-	-
- Trading derivatives				
- Interest rate swaps	-	-	-	-
- Foreign exchange derivatives	0.1	-	0.1	-
- Commodity derivatives	0.6	-	0.6	-
of which subject to cash flow hedging	0.6	-	0.6	-
Total	**0.7**	**0.0**	**0.7**	**0.0**
Liabilities measured at fair value				
Financial liabilities recognised at fair value through profit of loss				
-Trading derivatives				

- Interest rate swaps	-13.4	-	-13.4	-
of which subject to cash flow hedging	-13.4	-	-13.4	-
- Foreign exchange derivatives	-0.3	-	-0.3	-
- Commodity derivatives	-0.5	-	-0.5	-
of which subject to cash flow hedging	-0.5	-	-0.5	-
Total	**-14.2**	**0.0**	**-14.2**	**0.0**

BUSINESS TRANSACTIONS WITH RELATED PARTIES

(EUR million)	2017	2016
Sales to associates	17.7	46.9
Purchases from associates	33.0	39.2
Trade and other receivables	2.3	2.3
Trade and other payables	5.8	5.5