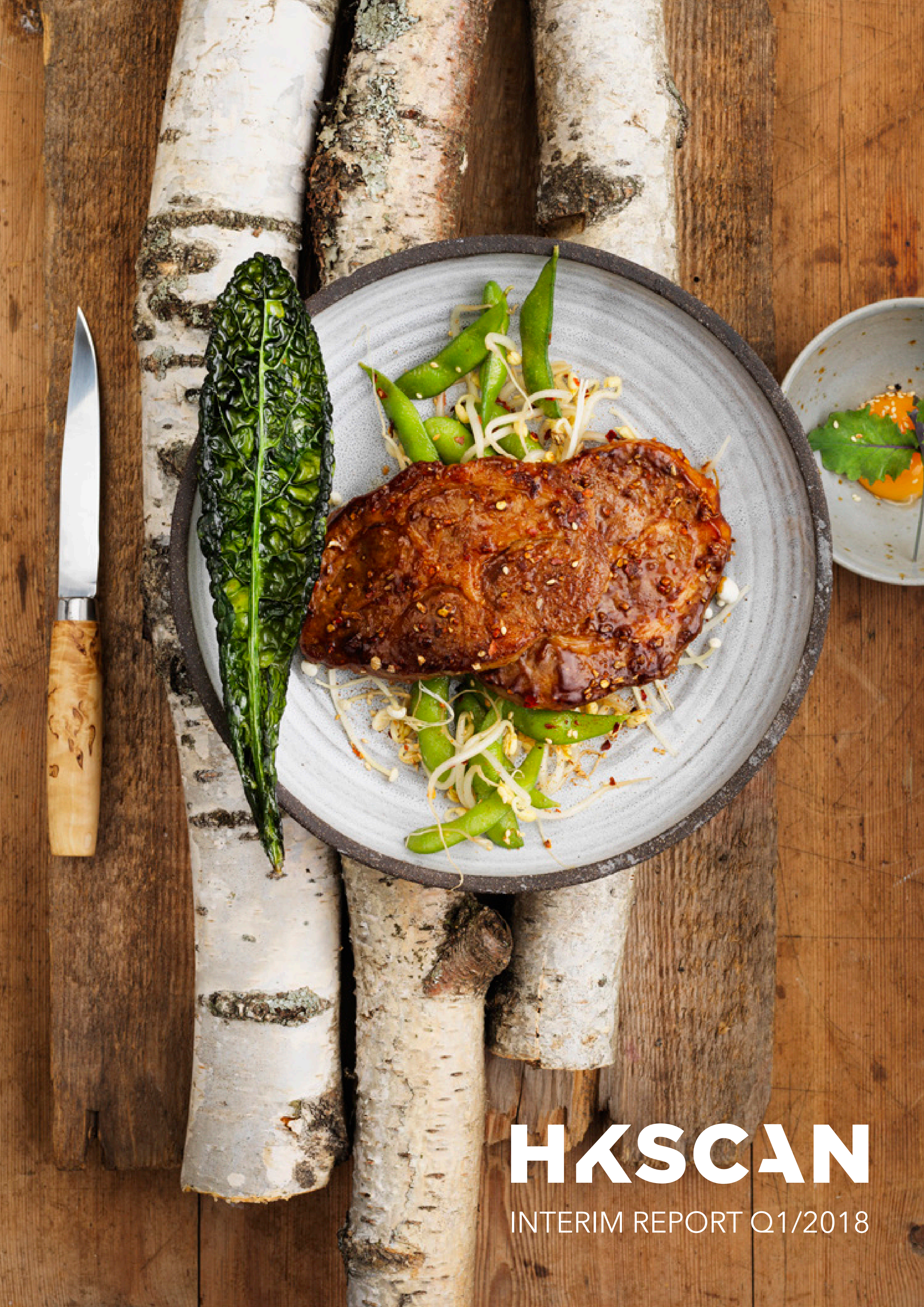


HKSCAN

INTERIM REPORT Q1/2018

HKScan Group's Interim Report 1 January–31 March 2018:

Strategy implementation proceeds – result still in loss

January–March 2018 in brief

- Net sales were EUR 411.0 (420.7) million.
- EBIT was EUR -18.6 (-6.8) million. Comparable EBIT was EUR -18.4 (-6.8) million. The corresponding EBIT margin was -4.5 (-1.6) per cent.
- Comparable profit before taxes was EUR -20.9 (-8.2) million.
- EPS was EUR -0.32 (-0.14).
- Cash flow before investments was EUR -42.8 (-22.4) and before debt service EUR -102.7 (-41.8) million.
- Net debt was EUR 313.5 (185.2) million and net gearing 95.1 (46.5) per cent.
- The challenges related to the Rauma unit ramp-up impacted the comparable EBIT by EUR -9.9 (0.0) million. However, delivery capability improved clearly and stabilised on a good level towards the end of the quarter.
- Preparations for export to China proceeded well and the first deliveries took place after the reporting period, on 23 April 2018.
- Strategy implementation and the programme for improving operational efficiency proceeded well, and cost-saving actions are ongoing.

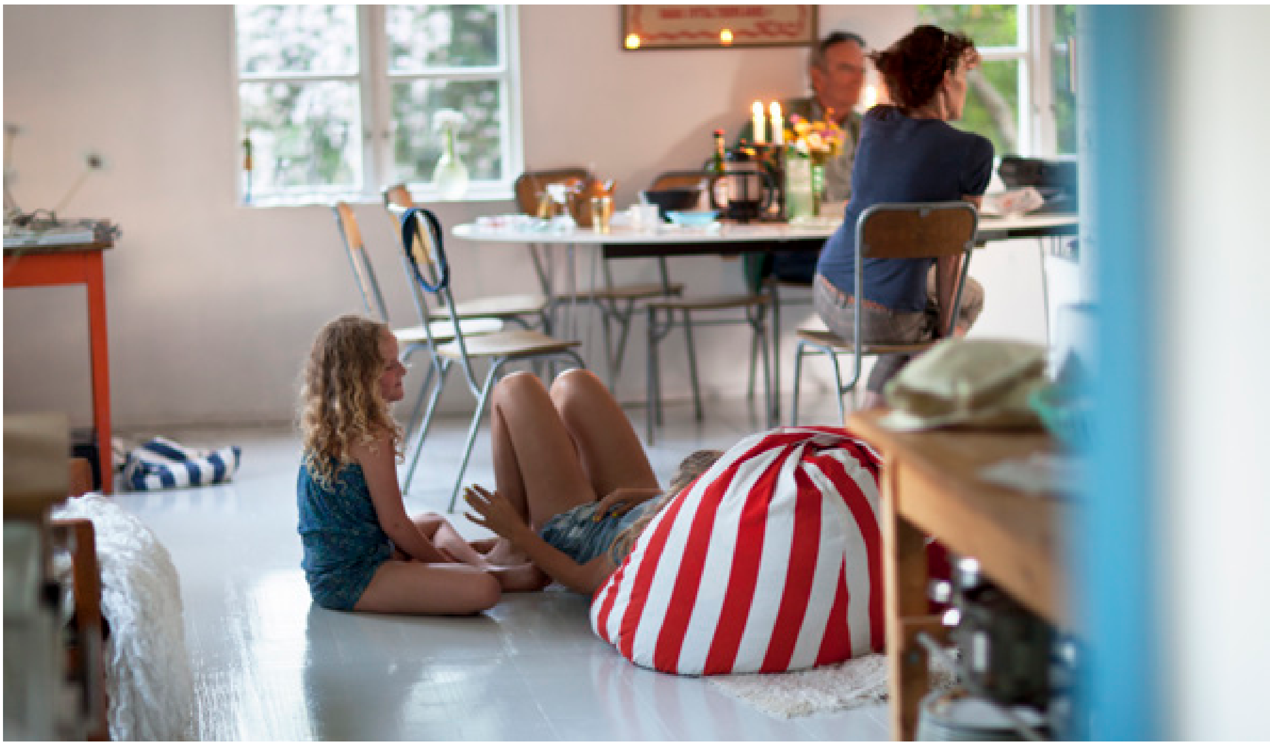
The figures in parentheses refer to the comparison period, i.e. the same period in the previous year, unless otherwise mentioned.

Outlook 2018 (unchanged)

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 that support HKScan's strategy implementation.

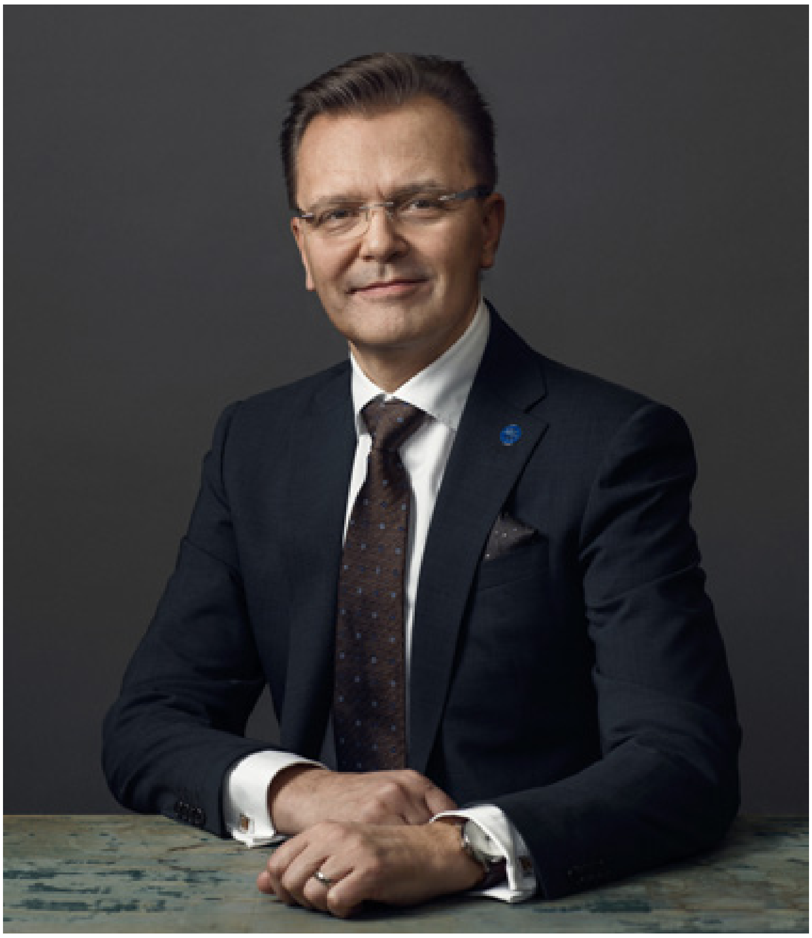
In 2018, HKScan expects its strategy implementation to start recording results in terms of value growth in sales and operational efficiency in production.

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.



Key figures, Q1

EUR million	1–3/2018	1–3/2017	2017
Net sales	411.0	420.7	1,808.1
EBIT	-18.6	-6.8	-40.3
- % of net sales	-4.5	-1.6	-2.2
Profit/loss before taxes	-21.2	-8.2	-49.2
- % of net sales	-5.1	-2.0	-2.7
Profit/loss for the period	-17.1	-7.0	-42.4
- % of net sales	-4.2	-1.7	-2.3
Comparable EBIT	-18.4	-6.8	-17.6
- % of net sales	-4.5	-1.6	-1.0
Comparable profit/loss before taxes	-20.9	-8.2	-26.5
- % of net sales	-5.1	-2.0	-1.5
EPS, EUR	-0.32	-0.14	-0.84
Cash flow before investments	-42.8	-22.4	57.8
Cash flow before debt service	-102.7	-41.8	-49.6
Cash flow before financing activities	-104.0	-43.7	-58.3
Return on capital employed (ROCE) before taxes, %	-7.8	1.8	-6.3
Net debt	313.5	185.2	208.2
Net gearing, %	95.1	46.5	59.3



Jari Latvanen, HKScan's President and CEO:

Our first quarter result was still burdened by the challenges related to the Rauma poultry unit ramp-up process in Finland. However, the negative impact clearly decreased from the previous quarter. During the first quarter, our main target was to improve our poultry delivery capability towards customers, and in this we succeeded well. However, the measures taken to secure the customer deliveries caused additional costs and eroded the result. Moreover, the seasonal effect, that is typical for the first quarter, was visible.

During the second quarter of the year 2018, our aim is to consolidate the Finnish poultry volumes fully to Rauma. In the second half of the year, full attention will be given to improving our efficiency and financial performance related to the Rauma plant. In the long run, our Rauma unit will substantially improve our efficiency and competitiveness, contributing to our strategy implementation.

We have taken several firm actions in order to correct the negative result trend. The group-wide programme for operational efficiency improvement is advancing as planned in parallel in several production units. Additionally, we are implementing cost-saving actions at all home markets.

At the same time, consumer confidence has strengthened both at our home and export markets. Moreover, the meat market continues to grow. In line with our From Farm to Fork strategy, we aim to capitalise this growth trend at the maximum by serving our customers and consumers with innovative and sustainably produced products.

Our efforts are supported by the export agreement signed last year between the Chinese and Finnish food authorities. We will commence the pork exports during the first half of this year. In February 2018, we also signed an agreement to establish a joint venture in China. We will establish a footprint on the Chinese market with premium category, value-added products.

Our performance is not yet acceptable, and we are in an early phase of our strategic transformation and turnaround process. We continue implementing our From Farm to Fork strategy, which we today find highly relevant not only for HKScan but for the entire meat industry. We are committed to improving our competitiveness and profitability and to adding value to all players along the entire food chain on a sustainable long-term basis.

Group net sales and performance

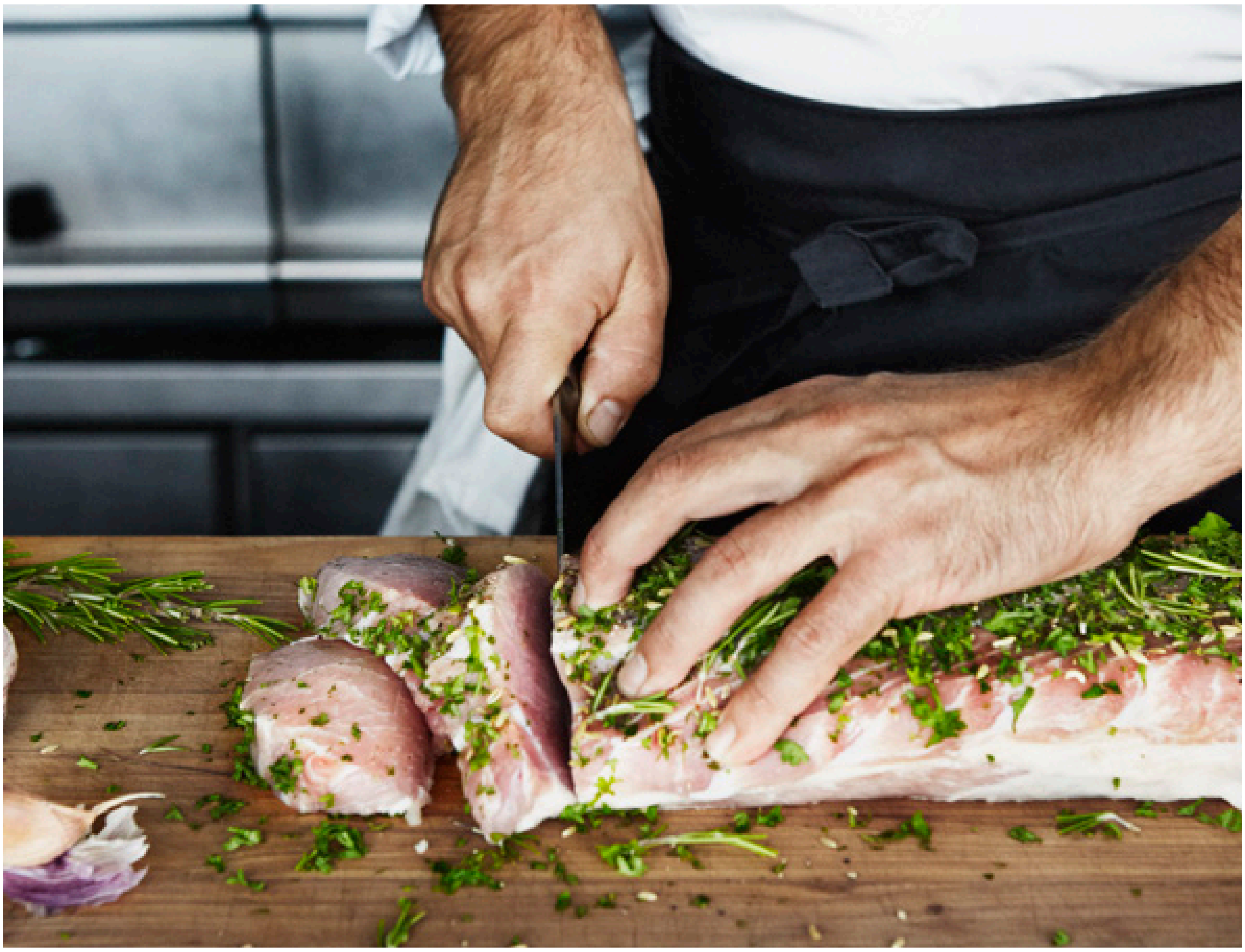
Group net sales decreased in the first quarter mainly due to the Rauma poultry unit's ramp-up challenges, which postponed the poultry product sales and campaigns in Finland. In Sweden, a slight net sales increase was recorded in local currency but the sales decreased in euros. Net sales in Denmark remained on par with the previous year due to improved export sales. Net sales in the Baltics decreased slightly due to lower slaughter volumes.

In addition to seasonality, the Group's EBIT was heavily burdened by the challenges related to the Rauma unit's ramp-up in Finland, which increased production costs and material loss, together with lost sales. The total Rauma effect on the EBIT was approximately EUR -9.9 (0.0) million during the first quarter. Excluding Rauma, the Group EBIT was EUR 1.9 million lower than the EBIT of the comparable period. However, delivery capability of the Rauma unit improved clearly and stabilised on a good level towards the end of the quarter. Excluding Rauma, the EBIT of the market area Finland exceeded the EBIT of the comparison period.

In Sweden, the EBIT lagged behind the previous year mainly due to increased production costs. In the Baltics, the strike activities of a group of the Rakvere slaughterhouse employees resulted in a temporary cost increase. Denmark's EBIT improved slightly as a result of successful operational efficiency measures.

In February 2018, HKScan signed an agreement to establish a joint venture in China. The company will commercialise, sell and market Finnish premium quality pork products on the Chinese market. Exports commenced after the reporting period, creating new revenue opportunities throughout the entire value chain.

The overall meat market showed positive development and growth, particularly in Finland. While the fierce price competition continued and private labels increased their market share, the domestic origin of meat raised growing interest among consumers in the Group's main market areas.



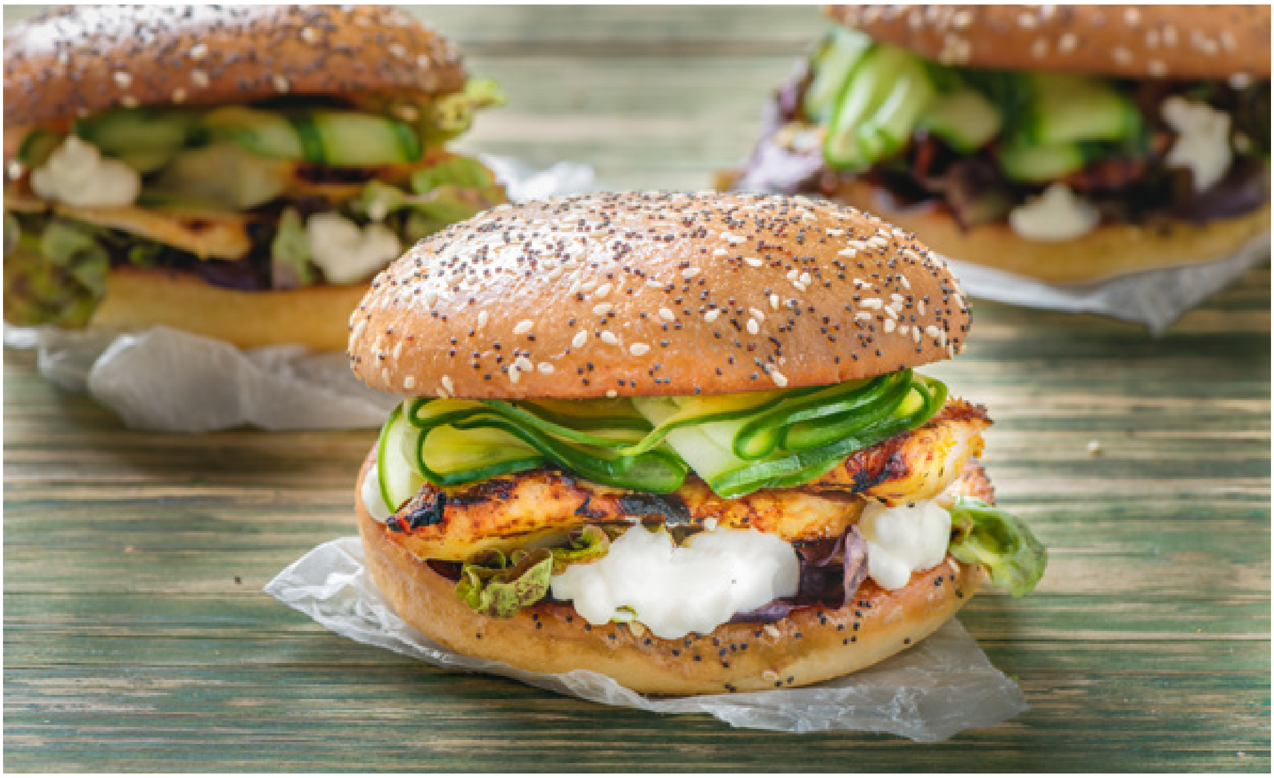
Market area Sweden

EUR million	1–3/2018	1–3/2017	2017
Net sales	164.0	171.3	759.4
EBIT	-1.6	-0.6	5.4
- EBIT margin, %	-1.0	-0.3	0.7
Comparable EBIT	-1.4	-0.6	8.6
- EBIT margin, %	-0.8	-0.3	1.1

In Sweden, net sales were EUR 164.0 (171.3) million and comparable EBIT was EUR -1.4 (-0.6) million. Net sales decreased from the previous year, but total product sales increased slightly in local currency. The growth was driven by improved demand and increased market share particularly in processed categories.

Retail sales in the red meat category were on par with the previous year, boosted by increased beef sales and the improved availability of domestic beef overall. Swedish meat continued to increase its share of the total Swedish meat market as well as its share in private label products in all categories.

Comparable EBIT decreased from the previous year due to temporarily higher operational costs mainly driven by increased electricity costs. Stock levels remained on a low level during the whole reporting period.



Market area Finland

EUR million	1–3/2018	1–3/2017	2017
Net sales	174.2	176.6	742.2
EBIT	-10.4	-1.1	-16.5
- EBIT margin, %	-6.0	-0.6	-2.2
Comparable EBIT	-10.4	-1.1	-9.3
- EBIT margin, %	-6.0	-0.6	-1.3

In Finland, net sales were EUR 174.2 (176.6) million and comparable EBIT was EUR -10.4 (-1.1) million. Net sales decreased slightly from the previous year due to postponed poultry campaigns and ramp-up challenges with the new poultry unit in Rauma. Despite the tough price competition, overall product sales in retail developed positively, particularly in the meals category, and the general market growth in all categories sped up towards the end of the quarter.

Comparable EBIT was burdened by the challenges related to the Rauma unit's ramp-up, which led to an increase in production costs and material loss, together with lost sales and a decrease in market share. During the first quarter, the total Rauma effect on the EBIT was approximately EUR -9.9 (0.0) million. The EBIT of the market area Finland exceeded the EBIT of the comparison period when excluding Rauma. Despite the challenges, the ramp-up costs were lower than in the last quarter 2017. Additionally, our delivery capability of poultry products increased clearly and stabilised to a good level towards the end of the quarter. Special measures for improving delivery capability were taken in close cooperation with the customers.

As a result of the operational efficiency improvement actions operating costs, excluding Rauma, continued to decrease. Systematic actions to manage the pork and beef supply continued, decreasing overall inventory levels.

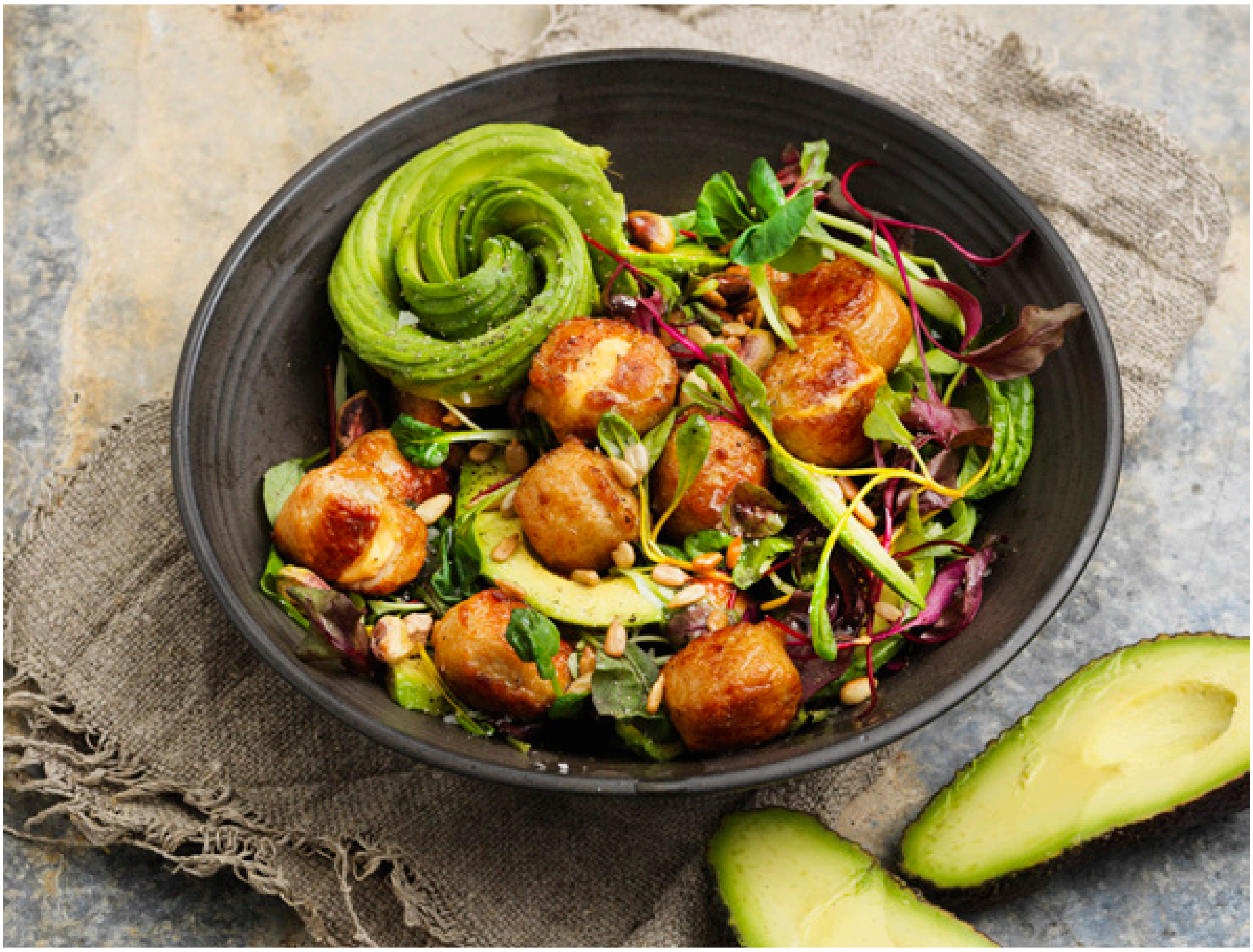
HKScan's exports from Finland to China were scheduled to commence during the first half of 2018. The first deliveries were made after the reporting period, on 23 April 2018.

Market area Denmark

EUR million	1–3/2018	1–3/2017	2017
Net sales	36.0	36.0	147.8
EBIT	-0.8	-1.1	-13.9
- EBIT margin, %	-2.4	-3.1	-9.4
Comparable EBIT	-0.8	-1.1	-3.2
- EBIT margin, %	-2.4	-3.1	-2.2

In Denmark, net sales were EUR 36.0 (36.0) million and comparable EBIT was EUR -0.8 (-1.1) million. Net sales remained on par with the corresponding quarter in the previous year and were boosted by the positive development of export sales, particularly to South Africa. The share of the fresh chicken category in domestic retail continued its increase compared to the frozen category. Branded sales in retail were kept under pressure by fierce price competition.

Comparable EBIT improved from the corresponding quarter in the previous year due to the continuing improvement of operational efficiency. Inventory levels decreased in total.



Market area Baltics

EUR million	1–3/2018	1–3/2017	2017
Net sales	36.8	36.9	158.7
EBIT	-1.0	0.4	4.4
- EBIT margin, %	-2.6	1.1	2.8
Comparable EBIT	-1.0	0.4	4.4
- EBIT margin, %	-2.6	1.1	2.8

In the Baltics, net sales were EUR 36.8 (36.9) million and comparable EBIT EUR -1.0 (0.4) million in the first quarter. Net sales were almost on par with the corresponding quarter in the previous year despite lower slaughter volumes and slaughterhouse strike activities at the Rakvere unit. However, good growth in domestic retail sales continued towards the end of the quarter and the share of novelties increased.

Comparable EBIT for the first quarter fell short of the previous year due to the strike, which temporarily lowered productivity. Costs increased also as measures to secure customer deliveries were taken. However, delivery capability remained on a good level and inventory levels were on balance. The strike activities ended after the reporting period on 16 April 2018.

The change in the fair value of the biological assets amounted to EUR -0.1 (0.2) million in January–March period.

Strategy implementation

HKScan's From Farm to Fork strategy and relating strategic focus areas were launched in August 2017. 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 order to secure and speed up the turnaround process, the Group's strategy execution was kicked off simultaneously in all strategic focus areas in autumn 2017.

The most significant step in implementing the strategy has been the Rauma poultry unit investment. The state-of-the-art unit will significantly improve HKScan's competitiveness and enable new, innovative products in the attractive poultry category.

A programme for improving our operational efficiency was launched in the third quarter of 2017. The programme has been rolled out simultaneously at several production units. HKScan is improving on-site efficiency and developing asset utilisation in its production network with positive results.

Together with its farming community, HKScan has launched several strategic initiatives to secure the availability of responsibly produced, domestic, high-quality meat. Examples of these actions comprise a long-term development programme aimed at increasing beef farming in Finland and a unique hatching concept enabling chickens to be born at the farms where they are grown. On top of this, HKScan has developed pork, poultry and beef products based on completely antibiotic-free rearing, which is among the company's key competitive assets in export markets. After the reporting period, in April 2018, HKScan announced that the Group will partly replace soy-based protein in Finland with domestic pulses such as broad beans in its poultry feed. The proportion of domestic pulses used in animal feed will be increased in line with availability.

In order to strengthen the Group's position in the attractive and growing meals business, a decision to invest in the expansion of the Group's meals production capacity in Rakvere, Estonia was made in December 2017. Construction is to commence in May 2018.

A significant milestone in strategy implementation was achieved in 2017, 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 first deliveries were made after the reporting period, on 23 April 2018.

HKScan is executing its From Farm to Fork strategy with a strong focus on improving the Group's cost efficiency and productivity. Several consumer trends support the strategic transformation process. One of them is the growing demand for sustainably produced, high-quality food. By stressing quality and sustainability in all its operations, HKScan can build a differentiating edge for both the Nordic and international markets.

Balance sheet, cash flow and financing

The Group's interest-bearing debt at the end of March increased to EUR 320.8 (197.4) million due to the Rauma poultry plant investment payments and its ramp-up costs. Net debt was EUR 313.5 (185.2) million and it increased by 128.3 million from the previous year and 105.3 million from the year-end. The net gearing ratio was 95.1 (46.5) per cent. Cash flow before investments decreased to EUR -42.8 (-22.4) million.

The Group's liquidity remained good. Committed credit facilities at the end of March stood at EUR 100.0 (100.0) million, and were entirely undrawn. The EUR 200.0 million commercial paper programme had been drawn to the amount of EUR 27.0 (65.0) million.

During the first quarter, the Group withdrew a new bilateral 4-year term loan (bullet) of EUR 40 million in relation to Rauma investment. The loan arrangement was disclosed on the first quarter interim report in 2017.

Net financial expenses increased to EUR -3.0 (-2.2) million due to the increase in interest-bearing debt.

Research and development

HKScan's research and development activities aim to develop the Group's offering to customers and consumers by leveraging consumer insight and foresight as well as 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. It complements the Group's Annual Report 2017. Both reports were published on 15 March 2018.

As part of the Group's annual strategy review, HKScan is in process of revising its Corporate Responsibility agenda and targets.

Personnel

HKScan employed 7,018 (7,090) people at the end of March 2018. The average number of employees in the first quarter was 6,944 (7,000). Of that number, 29.1 per cent (29.0) were located in Sweden, 40.2 (40.2) per cent in Finland, 8.9 (9.2) per cent in Denmark and 21.8 (21.6) in the Baltics.

Salaries and remunerations to employees including social costs totaled EUR 77.9 million (81.6) in January–March 2018.

Shares and shareholders

At the end of March 2018, 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 Nasdaq Helsinki Oy. The K Shares are held by LSO Osuuskunta (4,735,000 shares) and Lantmännen ek. för. (665,000 shares) and are not listed. In the first quarter, there were no changes in number of shares and in holdings of LSO Osuuskunta and Lantmännen ek. för.

At the end of March 2018, 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 market cap at the end of March 2018 stood at EUR 168.1 (188.0) million, breaking down as follows: Series A shares had a market value of EUR 152.4 (169.2) million, and the unlisted Series K shares a calculational value of EUR 16.6 (17.6) million.

In January–March, a total of 3,038,946 (3,022,581) of the company's shares, with a total value of EUR 9,332,044 (11,186,603), were traded. The highest price quoted in the period under review was EUR 3.23 (3.48), and the lowest was EUR 2.94 (3.08). The average price was EUR 3.07 (3.30). At the end of March 2018, the closing price was EUR 3.07 (3.48).

Share-based long-term incentive plan

On 7 February 2018, 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 2018–2020. It comprises a Performance Share Plan (also "PSP") as the main structure and a Restricted Share Plan (also "RSP") as a complementary structure.

The first plan (PSP 2018–2020) commences effective as of the beginning of 2018 and the potential share rewards thereunder will be paid in spring 2021 if the performance targets set by the Board of Directors are reached. The potential rewards will be paid in class A shares of HKScan.

The performance targets based on which the potential share reward under PSP 2018–2020 will be paid are the comparable EBIT (operating profit) and comparable EPS (earnings per share) of HKScan. Approximately 30 individuals are eligible to participate in PSP 2018–2020.

The complementary Restricted Share Plan consists of annually commencing individual restricted share plans, each with a three-year vesting period after which the allocated restricted share grants will be paid to the participants in class A shares of HKScan.

Eleven individuals belonging to the top management are eligible to participate in RSP 2018–2020.

A precondition for the payment of the share reward based on the Restricted Share Plan is that the employment relationship of the individual participant with HKScan continues until the payment date of the share reward. In addition to the afore-mentioned employment precondition, the Board has for RSP 2018–2020 set a company level financial criterion, the fulfilment of which is a precondition for the payment of the share reward under the plan. This criterion is based on the average comparable ROCE (return on capital employed) before taxes.

The first plan (RSP 2018–2020) within the Restricted Share Plan structure commences effective as of the beginning of 2018 and the potential share rewards thereunder will be paid in the spring 2021.

Board authorisations

In the first quarter of 2018, the Board did not exercise the authorisations given by the Annual General Meeting (AGM) on 6 April 2017.

The new authorisations, granted to the Board by the AGM 2018 on 12 April 2018, are described in the section 'Annual General Meeting 2018'.

Changes in senior management

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 joined HKScan on 2 May 2018.

Short-terms risks and uncertainty factors

The most significant uncertainty factors in 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 recognised 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 increases 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 minimising 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 20 April 2018 a total of 16,501 HKScan Corporation's A shares owned by the company were transferred without consideration to the participants of the Group's share based incentive plan 2013 according to its terms. After the transfer HKScan holds a total of 992,348 own A shares.

Annual general meeting 2018

The Annual General Meeting (AGM) of HKScan Corporation, held on 12 April 2018 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 2017.

The AGM resolved that a dividend of EUR 0.09 be paid for 2017.

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, Per Olof Nyman, Marko Onnela, Riitta Palomäki and Tuomas Salusjärvi were re-elected, and Reijo Kiskola was elected as new member until the end of the Annual General Meeting 2019. In addition, Carl-Peter Thorwid was re-elected and Jari Mäkilä was elected as deputy Board members until the end of the Annual General Meeting 2019.

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

Ernst & Young Oy, the firm of authorised public accountants, with Erkka Talvinko, APA, as the lead audit partner, was elected as the auditor until the closing of the next AGM.

The AGM authorised 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 authorisations will be effective until 30 June 2019, revoking the authorisations given by the AGM 2017.

The resolutions of the Annual General Meeting have been published in full in the stock exchange release of 12 April 2018, and they are also available on the company's website at www.hkscan.com

Next financial report

HKScan Group's half year financial report 2018 will be published on 19 July 2018. The interim report January–September will be published on 7 November 2018.

Press conference for analysts and media

Information meeting related to HKScan Corporation's interim report January–March 2018 for analysts, institutional investors and media will be organized at Hotel Haven's auditorium (address: Eteläranta 16, Helsinki) at 10–11 a.m. on 3 May 2018.

The interim report will be presented by Jari Latvanen, President and CEO, and Mikko Forsell, CFO. The event will be held in Finnish.

Conference calls in English will be arranged upon separate requests. Those interested in the calls, kindly contact Marjukka Hujanen, marjukka.hujanen@hkscan.com (phone +358 10 570 6218) to make an appointment.

Outlook for 2018 (unchanged)

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 that 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 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.

Vantaa, 3 May 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 or email: communications@hkscan.com

HKScan is a Nordic meat and meals company. We employ over 7 300 professionals in striving to serve the world´s most demanding consumers, maintaining quality throughout the full chain of operations, From Farm to Fork. HKScan produces, markets and sells high-quality, sustainably produced pork, beef, poultry and lamb products, as well as charcuterie and meals, with strong consumer brands, including HK®, Scan®, Rakvere®, Kariniemen®, Rose®, Pärsons® and Tallegg®. Our customers are the retail, food service,industrial and export sectors, and our home market comprises of Finland, Sweden, Denmark and the Baltics. We export to close to 50 countries. In 2017, HKScan had net sales of EUR 1.8 billion, making us one of Europe's leading meat and meals companies.

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Consolidated Interim Report 1 January–31 March 2018

Consolidated income statement

EUR million	Note	1-3/2018	1-3/2017	2017
Net sales		411.0	420.7	1,808.1
Cost of goods sold	1.	-402.2	-399.4	-1,731.4
Gross profit		8.7	21.3	76.7
Other operating items total	1.	1.7	1.6	4.8
Sales and marketing costs	1.	-10.6	-13.1	-50.4
General administration costs	1.	-18.3	-16.6	-71.3
Operating profit		-18.6	-6.8	-40.3
Financial income		0.5	0.4	2.0
Financial expenses		-3.5	-2.6	-12.6
Share of profit/loss in associates and joint ventures		0.4	0.8	1.7
Profit/loss before taxes		-21.2	-8.2	-49.2
Income tax		4.1	1.2	6.8
Profit/loss for the period		-17.1	-7.0	-42.4
Non-controlling interests		-0.1	-0.3	-3.0
Profit/loss for the period		-17.2	-7.3	-45.4

Earnings per share calculated on profit attributable to equity holders of the parent:

EPS, undiluted, continuing operations, EUR/share		-0.32	-0.14	-0.84
EPS, diluted, continuing operations, EUR/share		-0.32	-0.14	-0.84

Consolidated statement of comprehensive income

EUR million	1–3/2018	1–3/2017	2017
Profit/loss for the period	-17.1	-7.0	-42.4
OTHER COMPREHENSIVE INCOME (after taxes):			
Exchange differences on translating foreign operations	-4.2	0.4	-2.7
Cash flow hedging	1.5	0.2	3.1
Actuarial gains or losses	-	-	-3.1
TOTAL OTHER COMPREHENSIVE INCOME	-2.7	0.6	-2.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-19.8	-6.4	-45.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the parent	-19.9	-6.7	-48.1
Non-controlling interests	0.1	0.3	3.0
Total	-19.8	-6.4	-45.1

Consolidated balance sheet

EUR million	Note	31.3.2018	31.3.2017	31.12.2017
ASSETS				
Intangible assets	2.	133.9	145.0	137.2
Tangible assets	3.	451.2	410.3	458.2
Holdings		34.7	35.8	34.9
Other non-current assets		39.6	29.7	36.0
TOTAL NON-CURRENT ASSETS		659.4	620.8	666.3
Inventories	4.	123.0	134.6	111.8
Current receivables		130.1	126.1	123.7
Cash and cash equivalents		7.2	11.9	50.9
TOTAL CURRENT ASSETS		260.3	272.6	286.4
TOTAL ASSETS		919.6	893.3	952.7
EQUITY AND LIABILITIES				
EQUITY	5.	329.6	398.8	351.0
Non-current loans, interest-bearing		284.4	122.2	245.1
Non-current liabilities, non-interest-bearing		54.7	38.3	58.7
TOTAL NON-CURRENT LIABILITIES		339.1	160.5	303.8
Current loans, interest-bearing		36.4	75.2	14.1
Current liabilities, non-interest-bearing		214.5	258.9	283.8
TOTAL CURRENT LIABILITIES		250.9	334.1	297.8
TOTAL EQUITY AND LIABILITIES		919.6	893.3	952.7

Statement of changes in consolidated equity

EUR million	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY ON 1.1.2018	**66.8**	**72.9**	**-6.8**	**143.5**	**10.3**	**-7.9**	**0.0**	**57.9**	**336.6**	**14.4**	**351.0**
Result for the financial period	-	-	-	-	-	-	-	-17.2	-17.2	0.1	-17.1
Other comprehensive income (+) / expense (–)											
Transl. diff.	-	-	-	-	-	-4.2	-	-	-4.2	-	-4.2
Cash flow hedging	-	-	1.5	-	-	-	-	-	1.5	-	1.5
Actuarial gains or losses	-	-	-	-	-	-	-	-	-	-	-
Total compreh. income for the period	**-**	**-**	**1.5**	**-**	**-**	**-4.2**	**-**	**-17.2**	**-19.9**	**0.1**	**-19.8**
Direct recognitions	-	-	-	-	0.0	-	-	0.0	0.0	-	0.0
Transfers between items	-	-	-	-	-	-	-	-	-	-	-
IFRS 9, Change in opening balance	-	-	-	-	-	-	-	-1.0	-1.0	-	-1.0
Dividend distribution	-	-	-	-	-	-	-	-	-	-0.6	-0.6
EQUITY ON 31.3.2018	**66.8**	**72.9**	**-5.3**	**143.5**	**10.3**	**-12.1**	**0.0**	**39.7**	**315.7**	**13.9**	**329.6**

EUR million	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY ON 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	-	-	-	-	-	-	-	-7.3	-7.3	0.3	-7.0
Other comprehensive income (+) / expense (–)											
Transl. diff.	-	-	-	-	-	0.4	-	-	0.4	-	0.4
Cash flow hedging	-	-	0.2	-	-	-	-	-	0.2	-	0.2
Actuarial gains or losses	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**0.2**	**-**	**-**	**0.4**	**-**	**-7.3**	**-6.7**	**0.3**	**-6.4**
Direct recognitions	-	-	-	-	0.0	-	-	0.0	0.0	0.0	0.0
Transfers between items	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	-1.3	-1.3	-3.2	-4.5
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-
EQUITY ON 31.3.2017	**66.8**	**72.9**	**-9.8**	**143.5**	**10.3**	**-4.8**	**0.0**	**107.8**	**386.7**	**12.0**	**398.8**

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	1-3/2018	1-3/2017	2017
Cash flow before change in net working capital	-4.6	6.3	30.0
Change in net working capital	-38.2	-28.7	27.9
Financial items and taxes	-2.3	-2.2	-12.1
CASH FLOW FROM OPERATING ACTIVITIES	-45.2	-24.6	45.7
Cash flow from investing activities	-58.8	-19.1	-104.0
CASH FLOW AFTER INVESTING ACTIVITIES	-104.0	-43.7	-58.3
Change in loans	61.1	53.2	115.4
Dividends paid	-0.6	-	-9.0
Transactions with non-controlling interests	-	-4.5	-4.5
CASH FLOW FROM FINANCING ACTIVITIES	60.4	48.7	101.9
NET CASH FLOW	-43.5	5.0	43.6
Cash and cash equivalents at beginning of period	50.9	6.6	6.6
Translation differences	-0.2	0.3	0.6
Cash and cash equivalents at end of period	7.2	11.9	50.9

Financial indicators

	31.3.2018	31.3.2017	31.12.2017
Earnings per share (EPS), undiluted, EUR	-0.32	-0.14	-0.84
Earnings per share (EPS), diluted, EUR	-0.32	-0.14	-0.84
Equity per share, EUR	5.85	7.16	6.23
Equity ratio, %	35.8	44.6	36.9
Adjusted average number of outstanding shares, mill.	54.0	54.0	54.0
Gross capital expenditure on PPE, EUR mill.	10.6	23.7	125.5
Employees, end of month average	6,944	7,000	7,292

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 (%)	$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Balance sheet total – non-interest-bearing liabilities (average)}} \times 100$
Equity ratio (%)	$\frac{\text{Total equity}}{\text{Balance sheet total – advances received}} \times 100$
Net gearing ratio (%)	$\frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$
Earnings per share (EPS)	$\frac{\text{Profit for the period attributable to equity holders of the parent}}{\text{Average number of outstanding shares during period}}$
Equity per share	$\frac{\text{Equity attributable to holders of the parent}}{\text{Number of outstanding shares at end of period}}$
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 interim report

Accounting policies

HKScan Corporation's interim report for 1 January–31 March 2018 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 2017, except for the adoption of new standards effective as of 1 January 2018. 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 applies for the first time 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 are recorded as an expense. This results 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. Comparative information is not restated. Other IFRS 9 changes, such as new credit loss impairment model, classification and measurement of financial assets and liabilities and hedge accounting, do not have material impact. Regarding IFRS 15, there is no impact to revenue recognition. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact to the Group. As result 2018 and 2017 figures are comparable except for the bond modification costs described above.

Analysis by segment

EUR million	1-3/2018	1-3/2017	2017
NET SALES			
- Sweden			
Sales, goods	163.9	171.2	759.0
Sales, services	0.1	0.1	0.3
- Finland			
Sales, goods	173.4	175.6	738.2
Sales, services	0.8	1.0	4.0
- Denmark			
Sales, goods	36.0	36.0	147.8
Sales, services	0.0	0.0	0.0
- Baltics			
Sales, goods	36.8	36.9	158.5
Sales, services	0.0	0.0	0.2
Group total	**411.0**	**420.7**	**1,808.1**
EBIT			
- Sweden	-1.6	-0.6	5.4
- Finland	-10.4	-1.1	-16.5
- Denmark	-0.8	-1.1	-13.9
- Baltics	-1.0	0.4	4.4
- Between segments	-	-	-
Segments total	-13.8	-2.4	-20.6
Group administration costs	-4.8	-4.4	-19.7
Group total	**-18.6**	**-6.8**	**-40.3**
INVESTMENTS			
- Sweden	1.3	2.9	13.7
- Finland	7.2	18.2	100.4
- Denmark	0.0	0.2	1.3
- Baltics	2.0	2.4	10.0
Total	10.6	23.7	125.5
AVERAGE NUMBER OF EMPLOYEES			
- Sweden	2,024	2,029	2,139
- Finland	2,789	2,815	2,964
- Denmark	615	646	663
- Baltics	1,516	1,511	1,527
Total	6,944	7,000	7,292

Notes to the income statement

1. Items affecting comparability

EUR million	1-3/2018	1-3/2017	2017
Comparable EBIT	**-18.4**	**-6.8**	**-17.6**
Termination of employment, Group Management [1]		-	-1.6
Termination of employment, Sweden [1]		-	-2.7
Termination of employment, Sweden [3]		-	-0.5
Closing of sales office, Sweden [1]	-0.2	-	-
Termination of employment, Finland [1]		-	-0.2
Termination of employment, Finland [3]		-	-0.3
Impairment of assets, Finland [3] [4]		-	-4.2
Environmental provision, Finland [2]		-	-2.5
Termination of employment, Denmark [1]		-	-0.3
Termination of employment, Denmark [3]		-	-0.3
Impairment of assets, Denmark [3] [4]		-	-10.1
EBIT	**-18.6**	**-6.8**	**-40.3**

[1]) Included in the Income Statement in the item "General administration and sales and marketing 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	1-3/2018	1-3/2017	2017
Opening balance	137.2	143.0	143.0
Translation differences	-3.7	0.2	-2.6
Additions	0.2	0.2	1.7
Additions, business acquisitions	-	-	-
Disposals	-	-	-
Depreciation and impairment	-0.5	-0.6	-7.6
Reclassification between items	0.9	2.2	2.8
Closing balance	133.9	145.0	137.2

3. Changes in tangible assets

EUR million	1-3/2018	1-3/2017	2017
Opening balance	458.2	401.7	401.7
Translation differences	-2.7	0.5	-1.3
Additions	10.4	23.5	123.9
Additions, business acquisitions	-	-	-
Disposals	-0.4	-0.3	-1.4
Depreciation and impairment	-13.5	-13.0	-61.8
Reclassification between items	-0.9	-2.2	-2.8
Closing balance	451.2	410.3	458.2

4. Inventories

EUR million	1-3/2018	1-3/2017	2017
Materials and supplies	75.7	75.1	62.9
Semi-finished products	3.2	3.6	4.3
Finished products	35.9	48.1	36.8
Other inventories	0.3	0.3	0.3
Inventories, advance payments	1.4	0.9	0.7
Biological assets	6.7	6.6	6.8
Total inventories	**123.0**	**134.6**	**111.8**

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
1.1.2018	54,017,673	66.8	72.9	143.5	0.0	283.1
31.3.2018	54,017,673	66.8	72.9	143.5	0.0	283.1

Derivative instrument liabilities

EUR million	31.3.2018	31.3.2017	31.12.2017
Nominal values of derivative instruments			
Foreign exchange derivatives	41.3	61.1	41.4
Interest rate derivatives	119.0	127.0	120.6
Electricity derivatives	8.7	6.2	7.4
Fair values of derivative instruments			
Foreign exchange derivatives	0.2	-0.1	-0.1
Interest rate derivatives	-9.5	-12.6	-10.2
Electricity derivatives	1.7	-0.5	0.5

Consolidated other contingent liabilities

EUR million	31.3.2018	31.3.2017	31.12.2017
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	17.0	17.6	17.2
Other contingencies			
Leasing commitments	7.2	6.3	7.4
Rent liabilities	31.3	33.9	32.4

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.

	31.3.2018	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	0.2	-	0.2	-
- Commodity derivatives	1.7	-	1.7	-
of which subject to cash flow hedging	1.7	-	1.7	-
Total	**1.9**	**0.0**	**1.9**	**0.0**
Liabilities measured at fair value				
Financial liabilities recognised at fair value through profit or loss				
-Trading derivatives				
- Interest rate swaps	-9.5	-	-9.5	-
of which subject to cash flow hedging	-9.5	-	-9.5	-
- Foreign exchange derivatives	0.0	-	0.0	-
- Commodity derivatives	-	-	-	-
of which subject to cash flow hedging	-	-	-	-
Total	**-9.5**	**0.0**	**-9.5**	**0.0**

	31.3.2017	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	0.2	-	0.2	-
of which subject to cash flow hedging	0.2	-	0.2	-
Total	**0.3**	**0.0**	**0.3**	**0.0**
Liabilities measured at fair value				
Financial liabilities recognised at fair value through profit of loss				
-Trading derivatives				
- Interest rate swaps	-12.6	-	-12.6	-
of which subject to cash flow hedging	-12.6	-	-12.6	-
- Foreign exchange derivatives	-0.2	-	-0.2	-
- Commodity derivatives	-0.8	-	-0.8	-
of which subject to cash flow hedging	-0.8	-	-0.8	-
Total	**-13.6**	**0.0**	**-13.6**	**-0.0**

Business transactions with related parties

EUR million	1-3/2018	1-3/2017	2017
Sales to associates	5.0	3.8	17.7
Purchases from associates	8.1	7.8	33.0
Trade and other receivables	2.0	1.6	2.3
Trade and other payables	5.8	5.5	5.8