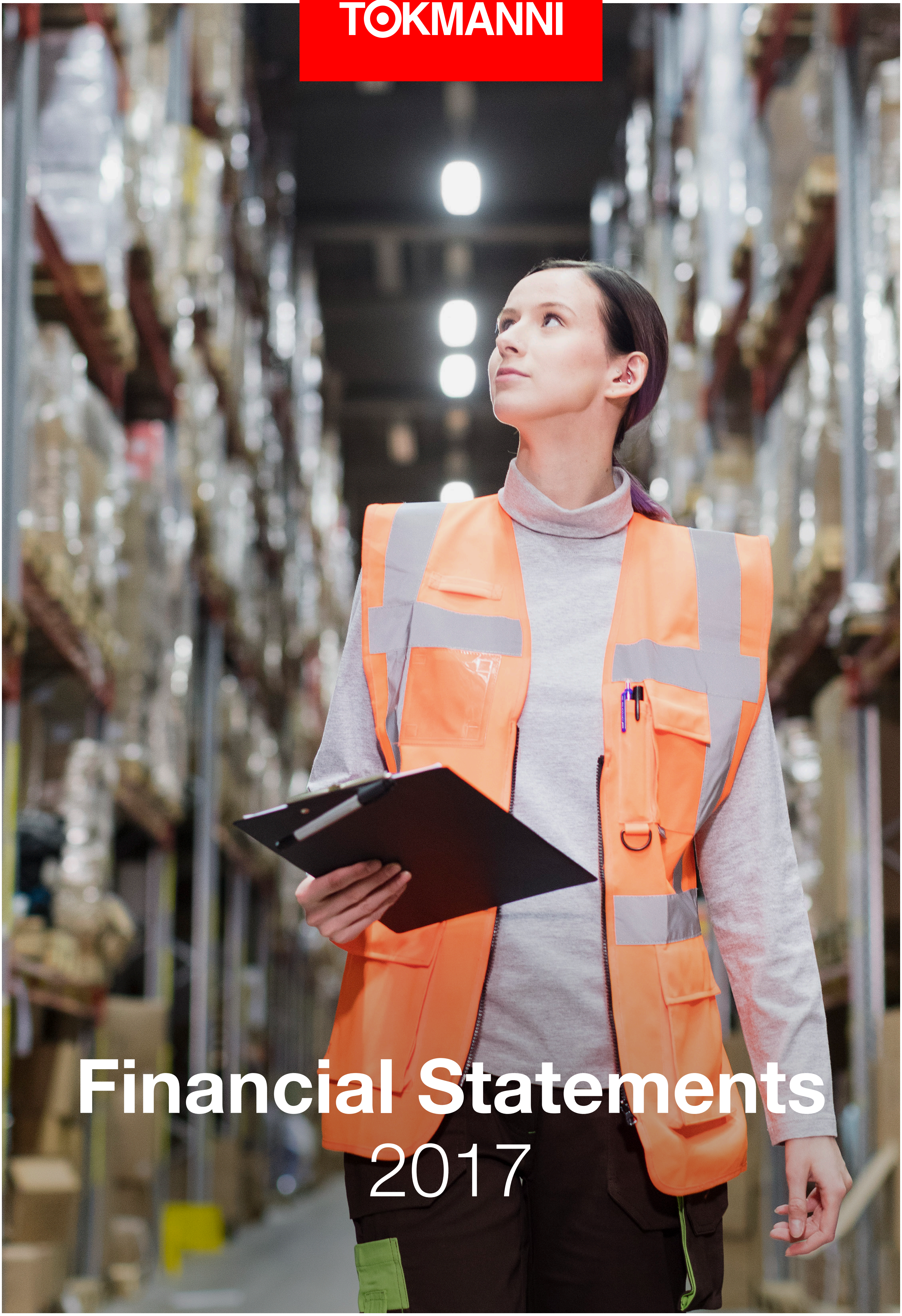
TOKMANNI



Financial Statements 2017

Tokmanni Group Corporation

Report by the Board of Directors and financial statements

Report by the Board of Directors 2017

The principal line of business of Tokmanni Group Corporation is to sell administrative services to the other companies in the Tokmanni Group. These companies include Retail Leasing Oy, whose line of business is to own and lease property, plant and equipment to the other Group companies. Retail Leasing Oy is also the parent of Nordic Disco AB (Sweden) which, in turn, is the parent of Tokmanni Oy. Tokmanni Oy engages in wholesale, retail and speciality goods trade in collaboration with its subsidiary, Tarjousmaxi Oy. Tarjousmaxi Oy was merged with its parent company on August 31, 2017. Taitomanni Oy is a company owned by Tokmanni Oy, whose business is to provide Group companies with personnel rental and support services in the retail sector. The Group also includes Retail Property Investment Ltd, which carries out a real estate business by investing in own real estate companies that build store premises for Group company use. During the financial year Retail Property Investment Oy sold its real estate company, Kiinteistö Oy Tokmanni Närpiö, owned by the company during the financial year.

2017 Highlights

Tokmanni's revenue for 2017 grew by 2.7% to EUR 796.5 million (775.8) and comparable EBITDA was EUR 55.0 million. (62.8), representing 6.9% of revenue (8.1%). Comparable operating profit was EUR 40.6 million. (47.7), 5.1% of revenue (6.1%).

In 2017 the Finnish economy improved significantly and GDP grew more than 3%, significantly faster than what was expected at the beginning of the year. Nonetheless, the uncertainty in the non-grocery market continued throughout the year. Competition continued harsh and many retailers suffered from market weakness, intense competition, and the growth in popularity of online stores.

In 2017 Tokmanni opened six new stores and a record high amount of new stores, a total of 13 new and 2 relocated stores during 2017. Thereby, Tokmanni increased its selling space by approximately 24,000 square meters.

Tokmanni’s business

Tokmanni is Finland’s leading discount retailer. We are the only discount retailer with a nationwide store network. At the end of 2017 Tokmanni had 175 stores around Finland and an online store. We offer our customers an interesting and wide assortment at affordable prices combined with a good customer experience. We want to offer our customers an inspirational shopping experience in all our sales channels. We have a wide range of products at low prices in six product categories: Groceries, Home cleaning and personal care, Clothing, Tools and electrical equipment, Home, decoration and garden, Leisure and home electronics. Our assortment consists of leading international brands, our private labels and non-branded products.

Business environment and market development

Competitive field

Tokmanni’s offering is broad and covers six product categories, which is why the company’s target market is large and the competitive field is fragmented.

Tokmanni is the market leader in Finland in the discount retail market. In this market Tokmanni's competitors are several smaller regional companies and Tokmanni is the only discount retailer with a nationwide store network. In addition to its low perceived price image, Tokmanni has focused on its store concept and the continuous development of the customer experience in order to distinguish itself from other discount retailers.

Hypermarkets carry a large product assortment, from fresh food to consumer goods. They are mostly located in the suburbs of the main cities and benefit from repeated visits thanks to their fresh food offering. Tokmanni also has a wide range of non-grocery goods, and its low perceived price image provides it with a competitive advantage over hypermarkets.

Specialty discount retailers with affordable prices and a strong assortment of private label goods offer a comprehensive assortment in individual product groups, such as sports products or home electronics. Tokmanni's primary competitive advantage compared to specialty retailers is its considerably wider assortment and a nationwide store network.

In the centers of large cities, Tokmanni also competes with department stores, such as Sokos and Stockmann. Department stores offer a wide assortment of consumer goods but because their perceived price image is higher, their sales have decreased in recent years.

In recent years, the importance of international online stores has also increased in Finland. Competition has increased especially in the product categories of clothing and home electronics, and online stores are expected to further grow over coming years. Tokmanni continuously develops its digital services to meet the changing needs of its customers and to develop the holistic customer experience.

Market development 2017

In 2017 the Finnish economy improved significantly and GDP grew more than 3%, significantly faster than what was expected at the beginning of the year. Nonetheless, the uncertainty in the non-grocery market continued throughout the year. Competition continued harsh and many retailers, such as Erätukku and Seppälä, suffered from market weakness, intense competition, and the growth in popularity of online stores.

According to the Finnish Grocery Trade Association's FGTA (www.pty.fi) statistics the total sales of the non-grocery market, the market closest comparable to Tokmanni, decreased by -6.1% during the year 2017. Department stores and hypermarket chain sales decreased by -0.5% in the same period according to the statistics. According to Tokmanni's estimate, the non-grocery market decreased by -0.7% and the total sales of department stores and hypermarket chains grew 1.6% during the review period January-December 2017 when Anttila's estimated sales is adjusted from the 2016 comparable numbers.

FGTA member department stores and hypermarket chains are K-Citymarket, Prisma, Sokos, Stockmann, Tokmanni and Minimani. In addition, Anttila is included in the comparable numbers. It is important to note that the FGTA statistics only partially covers Tokmanni's addressable market. Tokmanni's target is to develop its market coverage to be able to provide a more detailed picture of the development. However, the challenges of access to topical quarterly information will limit the possibility to provide a complete picture.

Store network development 2017

Based on efficient roll-out and short ramp up, opening new stores is one of the drivers for Tokmanni's revenue and earnings growth. At the end of the fourth quarter Tokmanni had 175 (162) stores across Finland.

In 2017 Tokmanni opened a record high amount of new stores, a total of 13 new and 2 relocated stores during 2017. Thereby, Tokmanni increased its selling space by approximately 24,000 square meters.

To date, Tokmanni has agreed to open two new stores and two relocated stores in 2018. In addition, the company will expand three stores during 2018. The selling space of these stores will increase by more than 30% and they will therefore be included in new stores according to Tokmanni's definition. To improve the efficiency of the selling space, the selling space of two existing stores is planned to be reduced, which may affect the 2018 net space increase. No final decision regarding these reductions has yet been taken. During 2018, the company's selling space is estimated to grow by approximately 8,000 square meters depending on the store reductions.

According to Tokmanni's definition a store is considered a new or relocated store in its opening year and in the following calendar year. On average a new store is profitable in approximately 12 months and reaches full capacity in approximately 24 months.

Financial development

Revenue development

Tokmanni's January-December 2017 revenue amounted to EUR 796.5 million (775.8), a growth of 2.7%. Like-for-Like revenue decreased by 1.3 %. This was mainly due to the weak beginning of the year, stronger competition especially in groceries, and the impact from some new stores and store size reductions on Like-for-Like sales. The strong competition brought on by online stores and specialty discount retailers could be seen especially in the clothing and tools product categories. The Like-for-Like sales improved considerably during the second half of the year, -0.2 % year on year compared to -2.7% during the first half of the year. This signals that measures taken to improve Like-for-Like sales, such as the continuous development of the assortment and the store concept, are beginning to make a difference. When analyzing the numbers, it is also good to keep in mind that 2017 had one selling day less than the previous year. The share of sales of the continuous assortment was 74% (72%), seasonal products 21% (22%) and stock lots 5% (6%). In the review period January-December 2017 the revenue from Tokmanni's online sales was more than EUR 3 million and its share of Group revenue approximately 0.5%. The online sales is also seasonal and as a result, the first quarter is usually the weakest and the last quarter is the strongest. As of 2018 the online sales will be included in Like-for-Like revenue. The number of baskets grew 3.6% to 46.4 million but the average basket size decreased slightly by 0.9% to 17.2 euros.

Profitability development

January-December 2017 gross profit totaled EUR 267.1 million (268.4), a gross margin of 33.5% (34.6%). Comparable gross profit totaled EUR 268.1 million (267.9), corresponding to a gross margin of 33.7% (34.5%). The direct imports' share of revenue remained at last year's level 25% (25%). In 2017 Tokmanni has determinedly focused on developing sourcing efficiency and sourcing through its Shanghai office. 14% (13%) of products sold in 2017 was sourced through the Shanghai office. Tokmanni continues to increase the share of direct sourcing and private label products as a part of its profitability improvement strategy. In 2017 the share of private labels, licensed and non-branded products was 32% of revenue (34%). The decrease was mainly due to the sales mix with a higher amount of branded products, even though the share of private labels improved towards the end of the year and the fourth quarter in particular.

Operating expenses for January-December 2017 totaled EUR 217.8 million (207.4), 27.3% of revenue (26.7%). Comparable operating expenses were EUR 217.0 million (208.5), 27.2% of revenue (26.9%). The growth in operating expenses in 2017 was mainly due to the high number of new stores opened in 2017.

EBITDA for the review period totaled EUR 53.1 million (64.3), 6.7% of revenue (8.3%) and comparable EBITDA EUR 55.0 million (62.8), 6.9% of revenue (8.1%).

January-December 2017 operating profit (EBIT) totaled EUR 38.8 million (49.2), 4.9% of revenue (6.3%). Comparable EBIT totaled EUR 40.6 million (47.7), 5.1% of revenue (6.1%).

The financial expenses for the period January-December 2017 totaled EUR 5.9 million (15.3). In 2017, the financial structure of the Group was clearly lighter than in the previous year, as a result of which financial expenses declined significantly and net income was almost at the previous year's level.

January-December 2017 profit before taxes totaled EUR 32.9 million (34.0). Taxes for the period were EUR 6.6 million (6.8). The result for the period was close to last year's level EUR 26.3 million (27.2). Earnings per share were 0.45 euros (0.50). Return on Capital Employed (ROCE) was 11.4% (14.5%) and Return on Equity (ROE) 16.0% (18.1%).

Balance sheet, financing and cash flow

Cash flow from operating activities 2017 amounted to EUR 27.1 million (62.5). Cash flow from operating activities, which was exceptionally strong in 2016, weakened during 2017 due to the growth in working capital. Cash and cash equivalent totaled EUR 42.5 million (57.6) at the end of the period.

At the end of December 2017 Tokmanni had a total of EUR 176.6 million (173.5) in interest bearing debt. Net debt/comparable EBITDA was 2.4 (1.8) at the end of the year. Tokmanni's target is that net debt/adjusted EBITDA is below 2.0. Tokmanni's equity ratio was 35.2% (36.3%).

Capital expenditure

Net capital expenditure for 2017 amounted to EUR 8.1 million (9.8). The capital expenditure is decreased by a repayment of EUR 2.9 million temporary financing related to the construction of the Närpiö store, which was returned as a result of a sales-and-leaseback arrangement.

In our investment program for 2018, we will invest more heavily in the maintenance of our store network than in the previous years, especially in updating our grocery stores, and in Tokmanni's digital services to support Like-for-Like sales. We will open approximately five new stores in 2018 in accordance with our targets. Capital expenditures are expected to be at the level of depreciation in 2018. In 2017 depreciation amounted to EUR 14.3 million (15.1).

Strategy

Tokmanni's goal is to continue strengthening its position as the leading general discount retailer in Finland by leveraging its key competitive advantages: the strong perceived price image, an attractive and wide assortment and a good in-store customer experience.

Tokmanni aims to deliver stable and profitable growth over the long term by

- leveraging its unified brand image and, demand-driven category management, continuous store concept and assortment development and through further investments in digital and omni-channel services to drive like-for-like revenue growth;
- continuing to increase the amount of net new selling space by approximately 12,000 square meters annually, translating into approximately five new or relocated stores, and
- improving profitability and working capital management through improved processes and tools in sourcing, supply chain management and category management as well as improving its store efficiency.

Financial targets

The Board of Directors has adopted the following financial and other targets for Tokmanni:

- Tokmanni's target is to increase the amount of net new selling area by approximately 12,000 square meters annually, translating into approximately five new or relocated stores;
- Tokmanni's long-term target is to achieve low single digit revenue growth of like-for-like stores;
- Tokmanni's long-term target is to progressively expand to an adjusted EBITDA margin of approximately 10 percent driven by improving gross margin levels and maintaining stable operating expenses in relative terms;
- Tokmanni intends to maintain an efficient long-term capital structure – adjusted net debt in relation to adjusted EBITDA of below 2.0x.
- Tokmanni target is to distribute approximately 70% of Tokmanni's net result as dividends for the year subject to capital structure, financial condition, general economic and business conditions and future prospects.

Strategic measures during the review period

During January-December 2017, Tokmanni continued to implement its strategy and to develop the company according to its targets.

Tokmanni continuously develops its customer-focused assortment and offers interesting products to its customers at attractive prices. To ensure a pleasant experience for customers Tokmanni continuously develops its store concept according to customer needs. During the review period, the reinforcement of Tokmanni's store concept continued. The company regularly analyzes the functionality of the concept, modifies solutions when needed and designs new elements to be embedded in the concept. The new elements of the store concept are tested in pilot stores and thereafter partially or completely implemented in stores. During the review period key components of the store concept development were space optimization, the development of easy to use and attractive "worlds" as well as increasing impulse shopping for example through the improvement of mass areas. During the review period, the company continued to improve its store efficiency. The aim of the project is to improve the store presentation work and releases sales staff time to better customer service.

Tokmanni's assortment consists of leading international brands, Tokmanni's own private labels and non-branded products. Tokmanni's most important profitability drivers are the increase in direct imports and the share of private labels. Tokmanni has been developing its operations decisively since 2013, when the company established a sourcing company in Shanghai with Norwegian discounter Europris. During the review period, the company continued to develop its portfolio of private labels and at the same time concentrating it. As a result, Tokmanni is now investing more and more in, among other things, the marketing of private labels and has, among other things, made private label focused marketing recruitments in 2017.

Tokmanni continued to sharpen the destination categories of its assortments as a part of its product category strategy.

Tokmanni’s digital project proceeded as planned. In the first phase of the project, the company focuses on building a system platform to enable an omni-channel approach. The goal is to create new tools for reaching and serving customers as well as to develop sales digitally and building a new online store.

In addition to increasing Like-for-Like sales, Tokmanni is seeking growth by opening new stores. During 2017 Tokmanni opened 13 new and 2 relocated stores net.

Personnel

Tokmanni is a significant employer in Finland and the company had 3,255 (3,224) employees at the end of the year 2017. On average Tokmanni had 3,232 (3,209) employees during the year. Out of the total number of employees 86.0% (86.0%) worked in the stores, 6.4% (6.4%) in the warehouse and 7.6% (7.6%) in support functions. In the fourth quarter Tokmanni Oy and Administer Partner Oy entered into a contract for the transfer of Tokmanni's accounting services to the Administer. As a result of the agreement, ten Tokmanni employees were transferred to Administer as old employees at their Mäntsälä branch office. Personnel expenses for the financial year were EUR 97.9 million. (96.4), 12.3% of net sales.

Share and shareholders

At the end of 2017 Tokmanni Group Corporation had 58,868,752 shares. During the review period 63,315,286 Tokmanni Group Corporation shares were traded on Nasdaq Helsinki and the value of the shares traded was EUR 520.8 million.

At the end of the year the biggest shareholders were Rockers Tukku Oy 17.00%, Elo Pension Company 8.07%, Varma Mutual Pension Insurance Company 7.38%, Nordea Pro Finland Fund 4.54% and OP-Finland Value Fund 3.18%. At the end of the year Tokmanni Group Corporation had approximately 14,000 shareholders.

Tokmanni Group Corporation has one share series and all shares carry equal voting rights at the general meeting. The share has no nominal value. Corporation does not hold any of its own shares.

Governance

Governance at Tokmanni Group Corporation is based on the Articles of Association approved by the General Meeting of Shareholders, the Finnish Limited Liability Companies Act and the rules and regulations issued by Nasdaq Helsinki Ltd with regard to listed companies. Tokmanni complies with the Finnish Corporate Governance Code for listed companies issued by the Securities Market Association in 2015.

Tokmanni publishes a separate corporate governance and remuneration report for 2017 in accordance with the Finnish Corporate Governance Code. The report will be released in week 8 on Tokmanni's website.

Decisions taken by the Annual General Meeting

Tokmanni Group Corporation's annual general meeting, which was held on 24 March 2017, approved the 2016 financial statements, and discharged the members of the Board of Directors and the company's CEO from liability.

The general meeting approved the proposal to pay a dividend of EUR 0.51 per share, for the accounting period that ended on 31 December 2016.

The general meeting decided the number of Board members to be six. The meeting elected Harri Sivula, Therese Cedercreutz, Christian Gylling, Kati Hagros, Sven-Olof Kulldorff and Seppo Saastamoinen as members of the Board of Directors. Harri Sivula was re-elected as Chairman of the Board of Directors.

The general meeting decided that the auditor is paid remuneration in accordance with a reasonable invoice. The authorized public accountants KPMG Oy Ab were reappointed as the company's auditor until the Annual general meeting 2018.

The general meeting resolved to establish a Shareholders' Nomination Board to prepare future proposals concerning the election and remuneration of the members of the Board of Directors to the general meetings. The Shareholders' Nomination Board replaces the Nomination Committee nominated by the Board of Directors.

The general meeting authorized the Board of Directors to decide on repurchase or accepting as pledge, using the company's non-restricted equity, a maximum of 2,943,000 own shares, which corresponds to approximately 5 per cent of the company's total shares at the time of convening the meeting. The authorization is effective until the annual general meeting held in 2018. The authorization was not exercised during the review period.

The general meeting authorized the Board of Directors to decide on the issuance of at most 2,943,000 new shares or shares held by the company in one or more tranches through a share issue and/or by issuing options or other special rights entitling to shares as referred to in Chapter 10 Section 1 of the Limited Liability Companies Act.The authorization is effective until 23 March 2022. The authorization was not exercised during the review period.

Constitutive meeting of the Board of Directors

At Tokmanni Group Corporation's constitutive meeting following the annual general meeting, the Board resolved to elect as members of the Finance and Audit Committee: Christian Gylling, Kati Hagros and Harri Sivula.

Organizational changes

M.Sc. (Econ.) Mathias Kivikoski took up the position as sales director and member of the Executive Group and M.Sc. (Econ.) Hanna Nikoskelainen as business director and member of the Executive Group in January 2017.

M.Sc. (Econ.) Markku Pirskanen was appointed Tokmanni's CFO and member of the Executive Group as of May 2017. Pirskanen is the successor to Tokmanni's former CFO Sixten Hjort. Hjort retired from the company at the end of June.

Tokmanni Group Corporation's Board of Directors appointed Chairman of the Board Harri Sivula interim CEO as of 15 June 2017 when CEO Heikki Väänänen left the company. At the same time, the Board of Directors appointed CFO Markku Pirskanen deputy to the CEO.

In July Tokmanni's Board of Directors appointed M.Sc. (Econ.) Mika Rautiainen as new CEO of Tokmanni Group Corporation. He will take up his position in June 2018.

Risk management

Tokmanni Group Corporation's risk management is guided by its risk management policy confirmed by the Board of Directors. The objective of Tokmanni's risk management is to support the company's values, strategy and business continuity by anticipating and managing potential risks involved in the activities. The aim is to assess the risks systematically in order to promote the in-depth planning and decision-making process.

The responsibility for the practical implementation of risk management lies with Group management. Risks are assessed on a regular basis and managed holistically. Tokmanni Group Corporation's risks are discussed in Tokmanni's Board of Directors' Finance and Audit Committee annually.

The chairman of the Finance and Audit Committee regularly reports on risk management to the Board. The most significant risks and uncertainty factors are disclosed to the market in the report by the Board of Directors and any material changes to these risks in the business reviews and half year financial reports.

Tokmanni's risks and uncertainties considered significant

Market risk

Tokmanni's business performance and profitability are exposed to consumer behavior in the Finnish retail market. New international market powers are changing market dynamics, create market pressure and further tighten the competitive situation. If Tokmanni failed to understand the direction of market development and the need for change required, this could have a negative impact on Tokmanni's business. To manage market risks Tokmanni monitors the market as part of the company's everyday business operations, effectively adapts its business processes and services, adapts sales promotion measures and pricing strategies as a response to changing market conditions.

Reputation risk

Failures in Tokmanni's product safety control or quality assurance of the supply chain may result in financial losses and loss of customer confidence. Different aspects of responsibility, manufacturing of products, responsible sourcing, the importance of fair and equal treatment of employees is becoming even more pronounced to customers. Possible failures in implementing the responsibility aspects would cause negative publicity and affect the company's reputation. The aforementioned quality and reputation risks are managed, among others through quality and sustainability audits, through compliance requirements regarding amfori BSCI and Tokmanni's Code of Conduct, through internal audit measures as well as a rigorous internal compliance program.

Information system and information security risks

Dependence on information systems, telecommunications and external service providers has grown also at Tokmanni. Also the integration of networks, outsourcing services as well as online and mobile retail have reduced the possibility for effective information security control. Extended malfunctions in information systems, payment systems or in other parts of the supply chain can cause major losses in sales. Tokmanni focuses even more on identifying the risks associated with data security and in increasing data security capabilities.

Risks related to Tokmanni’s private labels and direct sourcing

Tokmanni increases the number of private label products in all product categories as part of its target to improve profitability. Tokmanni's private label products generally have a low price image and have higher margins than branded products. Tokmanni is also focusing on direct sourcing, leaving the middlemen out and doing business directly with the suppliers. Increasing direct sourcing can increase risks related to the availability of products, the need for working capital, as well as product quality and safety-related business risks. Failure to increase Tokmanni's private labels and direct sourcing may also endanger the implementation of the strategic objectives, which can have a negative impact on Tokmanni’s business and financial position. To manage the above mentioned risks, the group among others takes advantage of its sourcing joint venture established in Shanghai, continues to develop and optimize its sourcing model and conducts manufacturing audits.

Inventory turnover and working capital management

Tokmanni strives to improve working capital management with better processes and tools in sourcing, supply chain management and category management. If the company fails to improve working capital management this can have a negative impact on the company's financial position and profitability. Tokmanni continuously monitors the inventory turnover, product life cycles and assortment management as part of the company's everyday business operations management and take corrective action if necessary.

Brand perception and marketing risk

Tokmanni's Like-for-Like revenue growth is largely dependent on its advertising and the effectiveness and efficiency of marketing programs. The success of the advertising and marketing program requires that Tokmanni manages advertising and marketing costs effectively to keep the marketing investment returns at an acceptable level and to increase the number of customers through improved awareness. To manage the marketing risk, Tokmanni monitors the market and measures marketing and advertising efficiency constantly. Tokmanni’s marketing processes have been developed to be agile and flexible, allowing for a very rapid response to potential negative effects.

Employee competencies and key employee risks

Tokmanni's strategy implementation and strategic changes require new kind of competencies and skilled personnel. Tokmanni's ongoing development and the need for specialized expertise will increase the risk of key employees and reliance on the competence of individual people. Tokmanni focuses on essential competencies in recruitment, competence development, learning on the job and training to reduce key employee risks.

Currency risks

Tokmanni is exposed to currency risk through its purchasing practices. Unfavorable changes in currency exchange rates may increase the cost of the products purchased in currencies other than in euros and Tokmanni may not be able to transfer all such costs to its customers. Tokmanni's main foreign currency is the US dollar. Of Tokmanni’s products purchased during the review period ending December 31st, 2017 approximately 90 per cent were euro denominated and about 10 per cent US dollar denominated. Tokmanni hedges at least half of purchases made in USD for an average period of six months.

Market outlook

In 2017, the Finnish economy recovered and GDP grew over 3%, significantly more than what had been expected at the beginning of the year. The Finnish Ministry of Finance forecasts GDP growth of 2.4% in 2018 and 1.9% in 2019. Unemployment is projected to decrease to 8.1% and real disposable income to rise by more than 2%, as inflation only accelerates slightly.

Tokmanni expects the Finnish retail market to grow slightly, but the competition to continue to be fierce, especially in groceries. The share of E-commerce is expected to grow in all product categories, especially in home electronics and clothing. Specialty stores are also expected to continue strengthening their positions.

Although the weak economic situation has accelerated the growth of the share of discount retail stores in the Finnish retail market, growth is expected to continue as the economy recovers. As customers have taken discount retailers as regular shopping places, have become accustomed to discount stores and found the value for money of their products to be good, they are likely to remain regular customers even when the economy recovers. The long-standing global trend which emphasizes good value-for-money, is expected to continue.

Tokmanni's outlook for 2018

Tokmanni's expects good revenue growth for 2018 based on the revenue from new stores opened in 2017 and stores to be opened in 2018 and low single digit Like-for Like revenue growth. As of 2018 Tokmanni's online revenue will be included in the Group's Like-for-Like revenue. Group profitability (adjusted EBITDA%) is expected to improve from the previous year.

Board of director's dividend proposal

The parent company's distributable funds total 112,878,460.17 euros, which includes 24,265,300.88 euro in profit for the year. The Board of Directors proposes that a dividend of 0.41 euro per share, in total 24,136,188.32 euros be paid for the financial period ending December 31st 2017. The dividend will be paid to shareholders who are registered in the list of shareholders maintained by Euroclear Finland Ltd on the record date 16 March 2018. The dividend payment date proposed by the Board is 23 March 2018. The Group's liquidity is good and the proposed profit distribution does not endanger Tokmanni's solvency.

Non-financial information

Pursuant to Section 2 of the Finnish Accounting Act 3a large companies with an average number of employees over 500 employees during the financial year must include a report on the non-financial information in the Board of Directors' report. The report must include at least the information on how the company handles: 1) environmental issues; 2) social and personnel matters; 3) respect for human rights; 4) combating corruption and bribery.

The statement below describes Tokmanni's responsibility through the group's four responsibility themes. The environmental issues of the group are dealt with in the "Efficient use of resources" section, social and personnel matters and respect for human rights are discussed in the section on "Fair treatment" and "Responsible sourcing and products" and corruption and bribery in the "Business integrity" section

Responsibility issues are thoroughly dealt with in Tokmanni's Responsibility Report. The report has been prepared in accordance with the GRI standards.

Responsibility at Tokmanni

Responsibility is part of the daily work of every member of Tokmanni's personnel. Tokmanni has a responsibility program that includes the objectives and measures of corporate responsibility. The group aims to minimize business risks, make use of the opportunities associated with this, and produce added value for stakeholders. The materiality analysis has allowed Tokmanni to identify the responsibility themes most relevant to its stakeholders and business. Tokmanni's material corporate responsibility themes are business integrity, fair treatment, responsible sourcing and products and efficient use of resources. Tokmanni has evaluated its risks associated with its operations and business relations from a responsibility point of view and strives to minimize them. From a responsibility angle, the biggest challenges of the group's business are responsible purchasing and reducing climate impacts throughout the value chain.

Description of Tokmanni's business model

Tokmanni is Finland's largest discount retailer shop. Through the 175 store network Tokmanni serves its customers from Hanko to Rovaniemi. In addition, the group serves its customers through its online store. Tokmanni has competitive sourcing and is therefore able to offer its customers interesting products at low prices. Products are purchased from Finnish and foreign suppliers directly and through agents. Tokmanni has a joint venture sourcing group in Shanghai with Norwegian Europris AS.

The group's target is to grow profitably and profitability improvement drivers are the increase of direct imports and increase the share of private labels brands of sales, by among other things, opportunities the Shanghai's sourcing group brings. Tokmanni's products are delivered to stores from its logistics center, located in Mäntsälä. The group's head office is also located in Mäntsälä. Tokmanni employs some 3,200 people, of whom 86% work in stores, 6% in warehouse and 8% in support functions.

Business integrity

The ethical guidelines govern our operations

Responsibility towards customers, employees, investors and other stakeholders is a core principle in our business operations. We observe the relevant legislative requirements and the principles of good governance in everything we do.

The basis of corporate responsibility work at Tokmanni are the group's values and Code of Conduct, including the complementary principles, policies and instructions. Tokmanni's Code of Conduct and related principles have been approved by the Board of Directors. The policies and instructions have been approved by the Executive Group and the heads of department, respectively. The CEO is ultimately responsible for Tokmanni's corporate responsibility matters. He reports these to the Board of Directors regularly. The Board of Directors deals with corporate responsibility matters if necessary, and the presentations and information produced by Tokmanni's responsibility experts serve as support for the decision making.

Our Code of Conduct includes among others the following the rules of the game: We treat everyone equally and without discrimination; We minimize accidents at work; We obey laws and regulations; We do not bribe; We protect sensitive business information and group assets; We respect privacy; We support fair competition; We minimize the environmental impact; We require responsible production of our products; Our communication is transparent and reliable.

BUSINESS INTEGRITY		
Targets 2017	**Level**	**Targets 2018**
The group's Code of Conduct is trained to Tokmanni employees.	Achieved	The group's Code of Conduct is trained to Tokmanni employees. All employees to renew the training in 2018.
All messages sent to Tokmanni's grievance channel are managed properly.	Achieved	All messages sent to Tokmanni's grievance channel are managed properly.
Tokmanni has no cases of corruption.	Achieved	Tokmanni has no cases of corruption..
Tokmanni has no privacy violations.	Achieved	Tokmanni has no privacy violations.

Fair treatment

Tokmanni generates enterprise value by engaging in responsible operations, utilizing the diversity of its personnel and enhancing their expertise. An open and fair corporate culture that respects all personnel is essential for conducting successful and sustainable business activities. With fair and effective personnel management Tokmanni is able to reduce its business risks, exploit business opportunities, increase its enterprise value and generate added value for its stakeholders. The group continuously monitors the standard of supervision, the implementation of good management practices and the quality of working atmosphere and equal treatment.

Tokmanni's aim is a diverse work community in which equal treatment is ensured for everyone from the recruitment phase onwards. Tokmanni aims to ensure diversity and equal treatment in all tasks and remuneration, and to guarantee non-discrimination in all of the group's workplaces. The group has established procedures for handling cases of inappropriate treatment and for preventing such occurrences. The guidelines state that intervention must be made immediately in cases of inappropriate treatment.

Tokmanni's aims to have motivated and committed personnel who value the customer, their colleagues, their own work, their employer and contribute responsibly to the group's performance. Tokmanni focuses on the systematic development of the expertise of its personnel. The objective is to ensure the personnel's skills and the group's competitiveness. Development opportunities and training are offered to the entire personnel. Tokmanni's in-house experts participate in the training development and improving personnel skills in collaboration with external training partners.

Tokmanni is successful when its healthy and satisfied personnel conduct their work tasks safely. The purpose of working capacity management is to ensure the health, working capacity and safety of personnel.
The goal of Tokmanni's working capacity management is to anticipate the occupational health risks of personnel, improve job satisfaction and lengthen careers.

Tokmanni tracks employee satisfaction. The focus of the monitoring is on the development of equality, working atmosphere, supervisory and fair management development. Annual development areas are selected by organization, and they are regularly monitored.

At the end of 2017, Tokmanni had 3 255 employees, which is 31 more than at the end of 2016. Opening new stores was the main reason for the growth in the number of people. The average number of employees in Tokmanni in 2017 was 3 232 people. The number of employees reported also includes employees with absentee status (eg maternity, paternity, parental, care, study, and vacancy). The average number of absentees was 183 in the same period.

Targets 2017	Level	Targets 2018
Tokmanni has an equality and diversity programme to monitor the development of a diverse work community. The programme ensures that personnel are treated equally and respectfully throughout their employment.	Partially achieved	Personnel involvement in business development continues. New values and management principles have been created and implemented throughout the organization.
All employees receive the appropriate induction to their work and they are all ensured the coaching or training required for their duties.	Partially achieved	Safety observations are made and reported more actively and the working environment becomes safer and healthier. Inclusion of staff
Tokmanni looks after the occupational wellbeing of its employees with coaching-based supervisory work and working capacity management based on common procedures.The aim is for work to be carried out safely at the workplace and to ensure that personnel are healthy when they reach retirement age.	Achieved	Personnel related operational KPIs are renewed and knowledge management improved.

Responsible sourcing and products

Responsibility is a key element of Tokmanni's sourcing process. The process is supported by Tokmanni's principles and guidelines for responsible sourcing. As a member of the amfori Business Social Compliance Initiative (amfori BSCI), Tokmanni is committed to complying with the amfori BSCI's Code of Conduct. Tokmanni also requires its supplier factories to be committed to operating in accordance with the amfori BSCI Code of Conduct, and these suppliers must also demand the same from their own suppliers and producers.
The supervision of responsibility of sourcing focuses in particular on risk countries, which according to the World Bank's classification have the greatest risk of labour and human rights violations. The primary focus is on suppliers within Tokmanni's more immediate sphere of influence, i.e. private label and exclusive distribution product suppliers. Tokmanni requires factories manufacturing these products in risk countries to be audited in accordance with amfori BSCI or SA8000. Sourcing agreements with the factories of brand suppliers must also contain a commitment stating that production accords with the requirements of amfori BSCI. The assessment of responsibility already begins at the supplier tendering stage, as responsibility issues are taken into account in the competitive bidding.
The responsibility of Tokmanni's sourcing is monitored and developed with amfori BSCI audits and Tokmanni's own audits. Tokmanni also accepts SA8000 auditing. In 2017, 102 own audits were carried out.

Respect for human rights

Responsible sourcing ensures the fundamental rights of employees. Human rights are the starting point for Tokmanni's responsibility work and its operations accord with the provisions of the UN's International Bill of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact.

The UN Guiding Principles on Business and Human Rights guide Tokmanni in respecting human rights. In line with the due diligence principle, Tokmanni has evaluated the effects of its operations on human rights, monitors these effects, and takes if necessary corrective measures and communicates them as far as possible within its degree of participation, possibility and power of influence. Tokmanni has published its Human rights principles and a summary of its Human rights report 2016 on its website. Based on the evaluation, the salient potential human rights impacts in Tokmanni's operations relates to health and safety, safety of buildings, excessive overtime, lack of living wage, child labor and forced labor. The negative impacts identified can impact upon a range of human rights, including the right to work, the right to health, the right to life and the right to a family life. Several important human rights implications in the risk countries would be good professional organization and collective bargaining. They are a channel for, for example, to ensuring sufficient pay and reasonable working hours.

The most important measures for eliminating or mitigating human rights impact in Tokmanni's own operations are improving occupational health and safety, improving the safety of business travel and increasing flexibility of work.

Human rights impacts are constantly monitored, for example, through audits and communication with suppliers, and negative impacts are dealt with.

Product responsibility

Product safety is one of Tokmanni's main responsibility themes. Tokmanni aims to ensure that the products it sells are safe to use. The group ensures product safety, responsibility and duty of care by conducting self-supervision, visiting suppliers and by carrying out product testing itself or commissioning this from third parties.
The aim in 2017 has been to improve the product safety and product and quality of experience of private label products, licensed products and products imported by the group. The indicator used in this assessment is the number of instances of non-compliance for these product categories. The number of non-compliances in 2017 was 15. Most of the cases were due to the quality of the product in use deviating from the product specification. The number of cases decreased by 44 per cent compared with the previous year.

Targets 2017	Level 2017	Targets 2018
Over 95% of purchases come from factories that have joined the amfori BSCI initiative.	Achieved	Tokmanni has piloted it grievance mechanism for the reporting of breaches of human rights violations in the supply chain.
No serious human rights violations have been found in Tokmanni’s supply chain.	Partially achieved	Tokmanni has confirmed more than 25% of BSCI auditing results in 2018 from active risk country factories through own factory visits.
No serious faults/accidents related to products sold by Tokmanni have been found.	Partially achieved	No serious faults/accidents related to products sold by Tokmanni have been found.

Efficient use of resources

Tokmanni's most significant environmental issues are energy consumption and related emissions as well as waste and waste handling. Tokmanni implements a range of measures that aim to achieve more resource-efficient business. The group is constantly examining new opportunities to make use of alternative energy forms and energy-saving equipment, and it is working towards a more environmentally sound logistics system. The group also continuously monitors the amount of waste generated at its warehouse and in its stores, and is actively improving its waste recycling.

Energy efficient business

Mitigation of climate change and reduction of climate impacts are among the most important areas of corporate responsibility at Tokmanni. The main focus of Tokmanni’s climate strategy is to reduce the energy consumption and carbon dioxide emissions of its properties. The target is to achieve carbon neutrality regarding its properties, air travel and leasing cars by 2030.

The majority of the climate impacts during the lifecycle of Tokmanni’s products arise during the manufacturing and use of the products. The group has limited opportunities to affect these impacts and their measurement is challenging. This is also partly the case for transport.

During the next year, Tokmanni's climate strategy will focus on reducing energy consumption and carbon dioxide emissions in real estate. The target is achieved by reducing energy consumption, improving energy efficiency, using renewable energy, obtaining renewable energy certificates and compensating for air travel emissions.

Environmentally sound logistics

Despite its growth and the expansion of its store network, Tokmanni is aiming to keep the greenhouse gas emissions from transport at the 2015 level in relation to net sales. Tokmanni strives to concentrate its transport needs with long-term contractors and, with these partners, looks for ways to reduce carbon dioxide emissions and other environmental impacts from transport.

Resource efficiency

Tokmanni seeks to minimize the amount of waste transferred to landfills by reducing waste, reusing and recycling. Excellent results have been achieved in waste recovery. In 2017 Tokmanni recycled more than 60 percent of its waste. The rest of the waste was directed to waste recovery, to energy among others. The goal is to raise the recycling rate to 70% in 2018.

Targets 2017	Level 2017	Targets 2018
Reduction of properties’ location based carbon dioxide emissions (Scope 1 and 2) by eight per cent.	Achieved	Reduction of properties’ location based carbon dioxide emissions (Scope 1 and 2) by five per cent.
Greenhouse gas emissions from transport at 2015 level in relation to revenue.	Partially achieved	Greenhouse gas emissions from transport at 2015 level in relation to revenue.
Increasing the waste recovery rate to 100 per cent.	Achieved	Keeping recycling rate at 34 per cent and increasing reuse to 62 per cent

Group key figures and calculation of financial ratios

Key figures	1-12/2017	1-12/2016	1-12/2015
Revenue, MEUR	796.5	775.8	755.3
Like-for-like revenue development, %	-1.3	-0.1	-0.6
Number of baskets, M	46.4	44.7	43.3
Gross profit, MEUR	267.1	268.4	257.5
Gross margin, %	33.5	34.6	34.1
Comparable gross profit, MEUR	268.1	267.9	258.1
Comparable gross margin, %	33.7	34.5	34.2
Operating expenses	-217.8	-207.4	-207.7
Comparable operating expenses	-217.0	-208.5	-203.7
EBITDA, MEUR	53.1	64.3	53.9
EBITDA, %	6.7	8.3	7.1
Comparable EBITDA, MEUR	55.0	62.8	58.5
Comparable EBITDA, %	6.9	8.1	7.7
Operating profit (EBIT), MEUR	38.8	49.2	39.1
Operating profit margin EBIT, %	4.9	6.3	5.2
Comparable EBIT, MEUR	40.6	47.7	43.7
Comparable EBIT, %	5.1	6.1	5.8
Net financial items, MEUR	-5.8	-15.2	-20.9
Net capital expenditure, MEUR	8.1	9.8	9.0
Net debt / adjusted EBITDA **	2.4	1.8	2.7
Net cash from operating activities, MEUR	27.1	62.5	35.0
Return on capital employed, %	11.4	14.5	11.6
Return on equity, %	16.0	18.1	12.0
Personnel at the end of the period	3 255	3 224	3 293
Personnel on average in the period	3 232	3 209	3 193

* The amount of shares 2015 and 2016 has been adjusted with the effects of the bonus issue (‘share split’) carried out 04/2016.

Per-share data	2017	2016	2015
Earnings per share (EUR/share)*	0.45	0.50	0.33
Dividend per share	0.41 **	0.51	-
Equity per share */***	2.77	3.08	3.02
Share price at 31 December	7.25	8.50	-
Highest price during the period	11.13	9.88	-
Lowest price during the period	6.66	6.26	-
Average price during the period	8.17	7.62	-
Share turnover (thousands)	63 315	51 668	-
Share turnover, %	107.6	87.77	-
Market capitalization at 31 December (MEUR)	426.8	500.38	-
Number of shares at 31 December (thousands)	58 869	58 869	22 274
Number of shares, weighted average during the financial period (thousands)*	58 869	54 095	44 549

* The amount of shares 2016 and 2015 has been adjusted with the effects of the bonus issue (‘share split’) carried out 04/2016.

** Proposal by the Board of Directors to the Annual General Meeting

*** Including shareholder loans in 2015

Alternative Performance Measures (APM)

Tokmanni presents APMs because management uses APM to manage the underlying business performance and to enhance comparability, The items affecting comparability and APMs used by Tokmanni are defined below:

MEUR	**1-12/2017**	**1-12/2016**	**1-12/2015**
Gross profit	**267.1**	**268.4**	**257.5**
Changes in fair value of currency derivatives	1.0	-0.5	0.6
Comparable Gross Profit	**268.1**	**267.9**	**258.1**
Operating expenses	**-217.8**	**-207.4**	**-207.7**
Changes in fair value of electricity derivatives	-0.4	-1.1	0.3
Brand harmonization costs	-	-	3.5
Loss on real estate sales	1.2	-	-
IPO costs	-	-	0.2
Comparable operating expenses	**-217.0**	**-208.5**	**-203.7**
EBITDA	**53.1**	**64.3**	**53.9**
Operating profit (EBIT)	**38.8**	**49.2**	**39.1**
Changes in fair value of currency derivatives	1.0	-0.5	0.6
Changes in fair value of electricity derivatives	-0.4	-1.1	0.3
Loss on real estate sales	1.2	-	-
Comparable EBITDA	**55.0**	**62.8**	**58.5**
Comparable operating profit (adj. EBIT)	**40.6**	**47.7**	**43.7**

Calculation of Group's financial ratios

Like-for-like revenue	=	Like-for like revenue growth: Like-for-like revenue growth is calculated by taking into account the revenue growth of stores that are not considered to be net new and relocated stores, as defined by Tokmanni to include: (i) new stores opened; (ii) store relocations where the store size changes by 30 percent or more and the assortment increases or is reduced substantially; (iii) store expansions where the store size changes by 30 percent or more; and (iv) closed stores. If the store falls in one of these categories, it is regarded as a net new or relocated store in its opening year and in the following calendar year.
Number of baskets	=	Number of customer transactions during the relevant period
Gross profit	=	Revenue - Materials and services
Adjusted gross profit	=	Gross profit - Changes in fair value of currency derivatives
Operating expenses	=	Employee benefits expenses + Other operating expenses
Adjusted operating expenses	=	Operating expenses - (Changes in fair value of electricity derivatives + Loss on real estate in 2017)
EBITDA	=	Operating profit + Depreciation
Adjusted EBITDA	=	EBITDA - (Changes in fair value of currency derivatives + Changes in fair value of electricity derivatives + Loss on real estate in 2017)
Adjusted EBIT	=	EBIT - (Changes in fair value of currency derivatives + Changes in fair value of electricity derivatives + Loss on real estate in 2017)
Net financial items	=	Financial income - Financial expenses

Net debt	=	Interest bearing debt - Cash and cash equivalents
Net debt / adjusted EBITDA	=	Net debt / Adjusted EBITDA
Net cash from operating activities	=	Sum of changes in current non-interest bearing operating receivables, changes in inventories and changes in current non-interest bearing operating liabilities
Capital employed	=	Balance sheet total - Deferred tax liability and other non-interest-bearing liabilities
Return on capital employed, %	=	Profit before taxes + Interest and other financial expenses / Average capital employed
Return on equity, %	=	Net result for the financial period / Average equity
Number of personnel	=	Number of personnel at the end of the period
Number of personnel on average	=	Number of personnel on average in the financial period
Equity ratio	=	Equity / Balance sheet total

Calculation of Group's per-share data

Earnings Per Share	=	Net profit / Number of shares weighted average during the financial period
Equity per share	=	Equity / Number of shares at the end of the reporting period
Average price during the period	=	Share turnover in euro terms divided by the number of shares traded during the period
Share turnover	=	Number of shares traded during the period
Market capitalization at 31 December	=	Number of shares x share price on the balance sheet date
Number of shares at 31 December	=	Number of shares on the balance sheet date

Shares and share capital

Tokmanni Group Oy had 22,274,436 shares at the beginning of 2016. The Group issued a bonus issue (a share split) in April 2016 where one new share was given to shareholders for each share (1:1). In total 22,274,436 shares were issued. In the IPO Tokmanni issued 14,319,880 new shares and consequently, Tokmanni had 58,868,752 shares at the end of the 2016 financial period. There were no changes in the amount of shares during the financial period 2017.

Tokmanni has one share series and all shares carry equal voting rights at the general meeting. The share has no nominal value. Tokmanni does not hold any of its own shares.

Tokmanni's shares on the Nasdaq Helsinki stock exchange

	2017
Turnover, EUR	520 767 219
Volume	63 315 286
High	11.13
Low	6.66
WVAP	8.17
Last	7.25
Market cap 31.12.2017	426 798 452

Division of shares 31.12.2017

Number of shares	Shareholders		Shares		Votes	
	Number	%	Number	%	Number	%
1-100	4 314	30.11	242 731	0.41	242 731	0.41
101-500	5 936	41.42	1 654 017	2.81	1 654 017	2.81
501-1000	2 173	15.16	1 707 081	2.90	1 707 081	2.90
1001-5000	1 611	11.24	3 386 086	5.75	3 386 086	5.75
5001-10000	138	0.96	1 006 474	1.71	1 006 474	1.71
10001-50000	99	0.69	2 162 935	3.67	2 162 935	3.67
50001-100000	22	0.15	1 644 297	2.79	1 644 297	2.79
100001-500000	15	0.11	4 169 450	7.08	4 169 450	7.08
500001-999999999	21	0.15	42 895 681	72.86	42 895 681	72.86
Total	14 329	100.00	58 868 752	100.00	58 868 752	100.00
Out of which nominee registered			908 243	1.54	908 243	1.54

Ownership structure on 31 December 2017

Group	Nr of Shareholders	%	Nr of Shares	%
Private Corporations	678	4.77	14 363 292	24.40
Banks amd insurance companies	40	0.28	21 417 976	36.38
Public sector entities	13	0.09	12 399 852	21.06
Households	13 444	94.64	8 864 332	15.06
Outside Finland	31	0.22	915 057	1.55
Out of which nominee registered			908 243	1.54
Total	**14 206**	**100.00**	**58 868 752**	**100.00**

Tokmanni’s major shareholders by number of shares 31.12.2017

	Shareholders	Shares	% of shares
1	Rockers Tukku Oy	10 007 688	17.00
2	Elo Pension Company	4 750 000	8.07
3	Varma Mutual Pension Insurance Company	4 343 252	7.38
4	Nordea Pro Finland Fund	2 670 267	4.54
5	OP-Finland Value Fund	1 870 606	3.18
6	Nordea Nordic Small Cap Fund	1 442 137	2.45
7	Ilmarinen Mutual Pension Insurance Company	915 000	1.55
8	Fondita Nordic Small Cap Investment Fund	880 000	1.49
9	OP-Finland Small Firms Fund	802 936	1.36
10	Veritas Pension Insurance Company Ltd.	766 333	1.30
11	Nordea Fennia Fund	709 240	1.20
12	Ålandsbanken Premium 100	700 000	1.19
13	Säästöpankki Kotimaa	676 527	1.15
14	Etera Mutual Pension Insurance Company	675 000	1.15
15	Säästöpankki Pienyhtiöt	629 474	1.07
16	Säästöpankki Korko Plus-Sijoitusrahasto	607 641	1.03
17	Savings Bank Europe Fund	550 000	0.93
18	Evli Finnish Small Cap Fund	527 892	0.90
19	OP Life Assurance Company Ltd	517 360	0.88
20	Mandatum Life Unit-Linked	477 362	0.81

Consolidated financial statements (IFRS)

Consolidated income statement

MEUR	Note	1 Jan - 31 Dec 2017	1 Jan - 31 Dec 2016
Revenue		**796.5**	**775.8**
Other operating income	3	3.9	3.4
Materials and services		-529.4	-507.4
Employee benefits expenses	6, 25	-97.9	-96.4
Depreciation	5	-14.3	-15.1
Other operating expenses	4	-119.9	-111.1
Share of profit (loss) in joint ventures		0.0	0.0
OPERATING PROFIT		**38.8**	**49.2**
Financial income	7	0.0	0.1
Financial expenses	7	-5.9	-15.3
PROFIT/LOSS BEFORE TAX		**32.9**	**34.0**
Income taxes	8, 13	-6.6	-6.8
Net result for the financial period		**26.3**	**27.2**
Profit for the year attributable to			
Equity holders of the parent company		26.3	27.2

Consolidated statement of comprehensive income

Net result for the financial period	**26.3**	**27.2**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	0.0	0.0
Comprehensive income for the financial period, net of tax	**0.0**	**0.0**
Comprehensive income for the financial period	**26.3**	**27.2**
Comprehensive income for the financial period attributable to		
Equity holders of the parent company	26.3	27.2

Earnings per share	**2017**	**2016**
Equity holders of the parent company	26.3	27.2
Number of shares, weighted avarage during the financial period (thousands)*	58 869	54 095
Undiluted earnings per share (EUR/share)*	0.45	0.50

* The amount of shares 2016 has been adjusted with the effects of the bonus issue (‘share split’) carried out 04/2016.

Consolidated statement of financial position

MEUR	Note	31 Dec 2017	31 Dec 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	88.6	90.7
Goodwill	10	128.6	128.6
Other intangible assets	10	4.8	3.6
Non-current receivables	12, 18	0.2	0.1
Investments in joint ventures and other financial assets	11	0.2	0.2
Deferred tax asset	13	5.1	5.0
NON-CURRENT ASSETS, TOTAL		**227.5**	**228.1**
CURRENT ASSETS			
Inventories	14	170.2	155.2
Trade and other receivables	15, 18	18.4	17.0
Income tax receivables		3.8	0.7
Cash and cash equivalents	16	42.5	57.6
CURRENT ASSETS, TOTAL		**235.0**	**230.5**
ASSETS, TOTAL		**462.5**	**458.6**
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent company			
Share capital	17	0.1	0.1
Reserve for invested unrestricted equity	17	109.9	110.0
Translation differences		0.0	0.0
Retained earnings		52.9	56.5
EQUITY, TOTAL		**162.8**	**166.6**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	13	5.1	5.3
Non-current interest-bearing liabilities	18, 19, 22	173.0	170.3
Non-current non-interest-bearing liabilities	18, 21, 22	7.4	8.1
NON-CURRENT LIABILITIES, TOTAL		**185.4**	**183.6**
CURRENT LIABILITIES			
Current interest-bearing liabilities	18, 19, 22	3.6	3.2
Trade payables and other current liabilities	18, 21, 22	107.3	103.5
Income tax liabilities	21	3.3	1.7
CURRENT LIABILITIES, TOTAL		**114.2**	**108.4**
EQUITY AND LIABILITIES, TOTAL		**462.5**	**458.6**

Consolidated statement of cash flows

MEUR	Note	1 Jan - 31 Dec 2017	1 Jan - 31 Dec 2016
Cash flows from operating activities			
Net result for the financial period		**26.3**	**27.2**
Adjustments:			
Depreciation	5	14.3	15.1
Capital gains and losses on non-current assets		1.3	0.0
Financial income and expenses	7	5.8	15.2
Income taxes	8	6.6	6.8
Other adjustments		-0.2	-1.9
Change in working capital:			
Change in current non-interest-bearing receivables		-2.4	-2.4
Change in inventories		-14.7	4.7
Change in current non-interest-bearing liabilities		3.8	13.1
Interest paid		-5.3	-11.2
Other financing items		-0.2	-0.1
Income taxes paid		-8.3	-4.0
Net cash from operating activities		**27.1**	**62.5**
Cash flows from investing activities			
Purchases of tangible and intangible assets		-11.7	-10.0
Proceeds from disposal of tangible and intangible assets		0.8	0.2
Disposal of subsidiaries		0.1	0.0
Loans granted		-0.3	0.0
Proceeds from repayments of loans		2.9	0.0
Net cash from investing activities		**-8.1**	**-9.8**
Cash flows from financing activities			
Proceeds from share issue		-0.1	90.1
Dividends paid		-30.0	0.0
Repayments of finance lease liabilities		-3.6	-3.4
Proceeds from loans		0.0	125.0
Repayment of loans		0.0	-255.8
Net cash from financing activities		**-33.7**	**-44.1**
Net change in cash and cash equivalents		**-14.7**	**8.7**
Cash and cash equivalents at beginning of the financial period		57.6	48.9
Cash and cash equivalents, corporate arrangements		-0.3	0.0
Cash and cash equivalents at end of the financial period		42.5	57.6

Consolidated statement of changes in equity

MEUR	Note	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Equity attributable to owners of the parent	Total equity
Equity 1 Jan 2017		**0.1**	**110.0**	**0.0**	**56.5**	**166.6**	**166.6**
Comprehensive income							
Net result for the financial period					26.3	26.3	26.3
Translation differences				0.0		0.0	0.0
Total comprehensive income for the financial period				**0.0**	**26.3**	**26.3**	**26.3**
Dividends					-30.0	-30.0	-30.0
Share issue			0.0			0.0	0.0
Bonus issue			0.0			0.0	0.0
Incentive scheme					0.0	0.0	0.0
Costs directly attributable to the issue of new shares net of tax			-0.1			-0.1	-0.1
Equity 31 Dec 2017		**0.1**	**109.9**	**0.0**	**52.9**	**162.8**	**162.8**

MEUR	Note	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Equity attributable to owners of the parent	Total equity
Equity 1 Jan 2016		**0.0**	**18.8**	**0.0**	**29.3**	**48.1**	**48.1**
Comprehensive income							
Net result for the financial period					27.2	27.2	27.2
Translation differences				0.0		0.0	0.0
Total comprehensive income for the financial period				**0.0**	**27.2**	**27.2**	**27.2**
Share issue			95.9			95.9	95.9
Bonus issue		0.1	-0.1			0.0	0.0
Costs directly attributable to the issue of new shares net of tax			-4.6			-4.6	-4.6
Equity 31 Dec 2016		**0.1**	**110.0**	**0.0**	**56.5**	**166.6**	**166.6**

Notes to the consolidated financial statements

NOTE 1.
Accounting policies used in the consolidated financial statements

Basic information on the Group

Tokmanni Group Corporation (Finnish limited liability company, business ID 2483212-7) is the parent company of the Tokmanni Group. The shares of the parent company are listed on the Nasdaq Helsinki exchange. Share trading started on the pre-list on 29 April 2016 and on the main list 3 May 2016.

The principal line of business of Tokmanni Group Corporation is to sell administrative services to the other companies in the Group. These companies include Retail Leasing Oy, whose line of business is to own and lease property, plant and equipment to the other Group companies. Retail Leasing Oy is also the parent of Nordic Disco AB (Sweden) which, in turn, is the parent of Tokmanni Oy. Tokmanni Oy engages in wholesale, retail and speciality goods trade in collaboration with its subsidiary, Tarjousmaxi Oy. Tarjousmaxi Oy was merged with its parent company on August 31, 2017. Taitomanni Oy is a company owned by Tokmanni Oy, whose business is to provide Group companies with personnel rental and support services in the retail sector. The Group also includes Retail Property Investment Ltd, which carries out a real estate business by investing in own real estate companies that build store premises for Group company use. During the financial year Retail Property Investment Oy sold its real estate company, Kiinteistö Oy Tokmanni Närpiö, owned by the company during the financial year.

Tokmanni Group Corporation is domiciled in Helsinki and its registered address is Isolammintie 1, 04600 Mäntsälä. Copies of the parent company financial statements and the consolidated financial statements are available at the Group's head office at Isolammintie 1, 04600 Mäntsälä and on the company website www.tokmanni.fi. At its meeting of 16 February 2018, the Board of Directors of Tokmanni Group Corporation approved the financial statements for publication. Under the Finnish Limited Liability Companies Act, the shareholders may either adopt or reject the financial statements at the Annual General Meeting held after their publication. In addition, the AGM may also decide to amend the financial statements.

Accounting policies used in the financial statements

These financial statements are compiled in accordance with the International Financial Reporting Standards (IFRS) and in particular with the IAS and IFRS standards and SIC and IFRIC interpretations in force on 31 December 2017. The term "International Financial Reporting Standards" refers to the standards adopted in the Finnish Accounting Act and provisions issued under it in accordance with the procedure under Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the EU. The notes to the consolidated financial statements also comply with Finnish accounting and company legislation that complements the IFRS provisions.

Unless otherwise specified in the present accounting policies, the information in the financial statements is based on historical cost. The consolidated financial statements are presented in euro which is the operating and reporting currency of the Group's parent company. The information is given in millions of euro unless otherwise mentioned.

The preparation of the financial statements in accordance with the IFRS requires Group management makes judgements regarding the selection and application of accounting policies and, estimates and assumptions that may affect the measurement of the reported assets and liabilities, contingent assets and liabilities and the recognition of income and expenses. Information on major issues requiring judgement are presented in "Accounting policies requiring management judgment and key uncertainties related to estimates".

Accounting policies used in the consolidated financial statements

Consolidation policies - subsidiaries

The consolidated financial statements include not only the parent company, Tokmanni Group Corporation, but also the subsidiaries controlled by the Group. Control is deemed to arise when the Group, while being involved with the entity, becomes exposed to the entity's variable returns or is entitled to such variable returns and the Group is able to affect those returns by exercising its power over the entity. In practice, control normally arises when the Group owns over half of the voting rights in the subsidiary. The acquired subsidiaries have been consolidated in the consolidated financial statements from the date at which the Group acquires control, until the moment at which this control expires.

All internal transactions, receivables and liabilities, unrealised profits and internal distribution of profit are eliminated at the preparation of the consolidated financial statements. Unrealised losses are not eliminated if the loss is caused by impairment of an asset.

Mutual share ownership within the Group is eliminated using the acquisition method. Considerations transferred and the identifiable assets as well as liabilities assumed of the acquiree are valued at their fair value of the date of acquisition. Acquisition-related costs are recognised as expenses, excluding the expenses incurred for the issuance of debt or equity securities. The consideration transferred does not include transactions treated separately from the acquisition, and the impact of such transactions is recognised in profit or loss at acquisition. On 31 December 2017 or on 31 December 2016, there were no non-controlling interests within the Group. The way to recognise the goodwill generated through subsidiary acquisitions and business acquisitions is described later in the policies under "Goodwill".

Consolidation policies - joint ventures

The Group also includes a joint arrangement operating in Hong Kong, classified as a joint venture (Tokmanni – Europris Sourcing Ltd.). A joint arrangement is one where two or several parties exercise joint control. Joint control means contractually agreed sharing of control over the arrangement, and it prevails only if decisions about relevant activities require unanimous consent of the parties sharing the control. A joint arrangement is either a joint operation or a joint venture. In a joint operation, the Group has rights based on the assets and obligations based on the liabilities in the arrangement, while a joint venture is an arrangement where the Group has rights to the net assets of the arrangement.

A joint venture is consolidated using the equity method. If the Group's share of the losses from the joint venture exceeds the carrying amount of the investment, it will be recognised in the statement of financial position at zero, while the losses in excess of the carrying amount are not consolidated unless the Group is committed to meeting the obligations of the joint venture. The Group's share of the net profit for the financial period of the joint venture, proportional to its ownership interest, is disclosed prior to the operating profit.

Translation of items in foreign currencies

Transactions in foreign currencies are converted into the functional currency using the exchange rate of the transaction date. Gains and losses resulting from the translation of foreign currency transactions and items are recognised in profit or loss, disclosed after the operating profit in financial income and expenses. The following items included in the purchase costs of the financial period constitute an exception:

- Exchange rate gains or losses arising from the translation of trade payables in foreign currencies.
- Exchange rate gains or losses arising from the changes in the fair values of currency options that hedge purchases quoted in foreign currencies.

The income and expenses in the statement of comprehensive income and the separate income statement of a foreign subsidiary are translated into euro at the exchange rates of the transaction dates, while the statement of financial position is translated using the closing rates of the reporting period. The translation of the net profit for the financial period and of the comprehensive income by using different rates in the income statement / statement of comprehensive income on the one hand and in the statement of financial position on the other hand, gives rise to a translation difference recognised in equity, with the respective changes recognised under other comprehensive income. The translation differences arising from the elimination of the acquisition cost of a foreign subsidiary and the post-acquisition equity items are recognised under other comprehensive income. When a subsidiary is disposed of, either in full or in part, the cumulative translation differences are recognised in profit or loss as a part of capital gains or losses.

Translation differences arising prior to 1 January 2013, the Group's date of transition to IFRSs, are recognised in line with the respective relief under IFRS 1 in retained earnings at the adoption of IFRS. Later, these items will not be recognised in profit or loss if a subsidiary is disposed of. Starting from the transition date, the translation differences arising at the preparation of the consolidated financial statements are disclosed as a separate item in equity.

Property, plant and equipment

Property, plant and equipment include land areas, buildings and refurbishment expenses related to them, as well as machinery and equipment. In the statement of financial position, property, plant and equipment are measured at cost less accumulated depreciation and eventual impairment losses.

Assets, with the exception of land, are depreciated over their useful lives using the straight-line depreciation method, while land is not subject to depreciation. Depreciation commences when the asset is ready for use and functioning in the way expected by Management. When an item in property, plant and equipment is classified as one held for sale in line with IFRS 5 *Non-current assets held for sale and discontinued operations*, depreciation is no longer recorded.

The estimated useful lives are as follows:

Buildings and constructions	15	years
Machinery and equipment	5	years

The capital gains and losses from retirements and disposals of property, plant and equipment are recognised in profit or loss and disclosed in other operating income or expenses. Capital gain or loss is defined as the difference between the sales price and the residual acquisition cost. The normal repair, service and maintenance expenses of property, plant and equipment are recognised as expenses in the income statement during the period in which they are incurred.

The residual value, useful life and depreciation method of an asset item are re-examined at least at the end of each financial period and adjusted, if necessary, to reflect the changes in the expected economic benefits.

Intangible assets

Goodwill

The goodwill generated from business combinations is recognised as the excess of the aggregate of the consideration transferred, the non-controlling interests in the acquiree and any previous interest held, over the fair value of the acquired net assets. The goodwill generated from business combinations prior to 1 January 2013 corresponds to the carrying amount under the earlier FAS, used as the deemed cost under the IFRS standard 1.

Goodwill is not subject to amortisation, but is tested for impairment on an annual basis and also whenever there is an indication of impairment. Goodwill is recognised at deemed cost defined at the IFRS transition less impairment.

Other intangible assets

Intangible assets are recognised in the statement of financial position at their cost, on condition that the cost can be determined reliably and it is probable that the Group will receive the expected economic benefits from the asset. The other intangible assets of the Group are mainly IT software and licenses. They are recognised at acquisition cost less amortisation and impairment losses. The cost is the purchase price and all other expenses directly incurred for making the asset available for its intended use.

Intangible assets with definite useful lives will be amortised using the straight-line method over their known or estimated useful lives. Intangible assets with a fixed timeframe are amortised and recognised as expenses over the respective contract period. Once the intangible asset is classified as held-for-sale, amortisation is no longer recorded. The amortisation period for other intangible assets is five years on average.

The estimated useful lives and residual values are reviewed at least at the end of each financial period, and, if they differ significantly from earlier estimates, the amortisation periods are adjusted correspondingly.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is defined using the weighted average method. The cost of finished goods includes all costs of purchase, including direct transportation and handling costs and other costs. The net realisable value is the estimated sales price obtainable through normal business, less the estimated product expenses and the estimated indispensable expenses related to materialised sales.

Leases

The Group engages in considerable intra-Group lease operations related to property, plant, equipment and intangible assets, the respective economic impacts of which are eliminated in the consolidated financial statements. In addition, the Group has leased properties and cars from third parties.

Group as lessee

The lease agreements on property, plant and equipment in which the Group carries a material share of the risks and benefits typical of ownership, are classified as finance leases.

An asset acquired through a finance lease is recognised in the statement of financial position at the commencement of the lease at the fair value of the leased asset at the inception of the lease, or at the present value of the minimum lease payments, whichever is lower.
Assets acquired through finance leases are depreciated over the shorter of their useful lives or the lease period. The leases payable are divided into finance expenses and debt repayments over the lease period, so that the residual debt at each period is subject to the same rate of interest. Contingent rents are recognised as expenses during the periods they are incurred. Lease obligations are included in financial liabilities.

Lease agreements in which the risks and benefits typical of ownership are substantially all carried by the lessor are accounted for as operating leases. The operating lease payments are recognised as expenses in profit or loss over the lease term. Contingent rents are recognised as expenses during those periods in which they are incurred.

When a lease agreement includes parts relating to both land and buildings, the classification of each item is made separately.

Group as lessor

The Group is a lessor mainly in the intra-Group lease agreements, and the economic impacts of them are eliminated in the consolidated financial statement. Lease agreements outside the Group play an insignificant role.

Arrangements that may involve a lease agreement

When an arrangement starts, the Group looks at the substance of the arrangement to define whether it is a lease agreement or whether a lease agreement is included in the arrangement. A lease agreement exists if execution of the arrangement depends on the use of a particular asset and the arrangement gives the right to use the said asset. If the arrangement includes a lease agreement, it will be subject to the requirements under IAS 17. The other elements of the arrangements are subject to the respective IFRS provisions.

Sale and leaseback

If the sale and leaseback agreement results in a finance lease agreement, the proceeds in excess of the carrying amount are not recognized immediately, but are recognized as a liability in the balance sheet and recognized over the lease term. If the sale and leaseback agreement results in a lease and the sale is made at fair value, any gain or loss is recognized immediately.

Impairment of intangible and tangible assets

At the end of each reporting period, the Group estimates whether there are indications of the value of any asset being impaired. Should there be such indication, the respective recoverable amount will be assessed. The impairment testing of goodwill takes place at least once a year and also whenever there is an indication of impairment.

The recoverable amount is the higher of the fair value less the costs of disposal of the asset, or its value in use. The value in use refers to the future net cash flows, discounted to their present value, estimated to be obtained from the asset or cash-generating unit. The discount rate is the pre-tax rate which reflects the current assessment view on the time value of money and on the risks associated with the asset.

The impairment loss will be recognised immediately in profit or loss if the carrying amount of the asset item exceeds the recoverable amount. If the impairment loss relates to a cash-generating unit, it is first recognised as an element decreasing the goodwill allocable to the cash-generating unit, followed by a decrease in other assets in the unit on a pro rata basis. Coinciding with this, the useful life of the asset subject to impairment is re-assessed. The impairment loss recognised for an asset other than goodwill can be reversed if there has been a change in the estimates used for determining the recoverable amount for the asset in question. However, the reversal of the impairment loss cannot exceed the carrying amount of the assets without the earlier impairment loss recognition. The impairment loss of goodwill is not reversible.

Employee benefits

The Group companies have defined contribution plans, with the related payments expenses in profit or loss during the period in which the contributions are paid. The Group does not have a legal or constructive obligation to make additional contributions in the event that the recipient of the premium payments is not able to pay out the pension benefits.

Provisions and contingencies

A provision is recorded when the Group has a legal or constructive obligation as a result of an earlier event, and when the materialisation of the obligation is probable and its amount can be reliably estimated. Provisions are valued at the present value of the expenses required to cover the obligation. The discount rate used for the calculation of the present value is chosen to reflect the current market view of the time value of money and the risks associated with the obligation. If it is possible to have compensation for part of the obligation from a third party, the compensation is recognised as a separate asset when the reimbursement in virtually certain. The amounts of the provisions are estimated at each closing of the accounts, and they will be adjusted to correspond with the best current estimate. Changes in provisions are recognised in the income statement under the same item where the original provision was recorded. The increase in the provision resulting from the passing of time is recognised as interest expenses. At the end of the reporting or comparison period, the Group did not have any provisions.

A contingent liability is a possible obligation arising from past events, the existence of which is confirmed only if an uncertain event beyond the Group's control occurs. A contingent liability is also deemed to be a present obligation where payment is not probable or the amount cannot be measured reliably. Contingent liabilities are specified in the Notes.

Current tax and deferred tax

The tax expense is constituted by the current tax and the deferred tax. Taxes are recognised in profit or loss except when they are directly related to items under equity or other comprehensive income, in which case the tax is also recognised under such items. Current tax is calculated on the basis of taxable income using the valid tax rates.

Deferred taxes are provided for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial reporting. Typical temporary differences arise related to property, plant and equipment and tax deductible goodwill.

Deferred tax assets on unused tax losses and other temporary differences are recognized to the extent it is probable that taxable profit is available. The positions taken in tax returns are evaluated at the end of each financial period.

Deferred taxes are calculated using the tax rates in force on the date of the financial statements, and, when the tax rates change, on the known new rates if they are substantively enacted by the end of the reporting period.

Revenue recognition principles

The Group is engaged in the wholesale, retail and specialty goods trade. Its revenue comes from the sale of goods and, when the revenue is calculated, the sales proceeds are adjusted for indirect taxes and sales adjustment items. Revenue from the sale of goods is recognised when the major risks, benefits and control from the ownership of the goods have been taken over by the buyer, and it is probable that the Group will obtain the economic benefits related to sales. Most of the sales are cash or credit card sales, and therefore the proceeds are recognised as revenue at the moment the products are delivered to the buyers. Other operating income includes mainly rental income and service sales proceeds. Service sales proceeds are recognized when the service has been provided.

Financial assets and liabilities

Financial assets

The Group's financial assets are classified on initial recognition into the following categories: Financial assets at fair value through profit or loss and Loans and receivables. With respect to financial assets other than those recognised at fair value through profit or loss, the transaction costs are added to the historical cost. All purchases and sales of financial assets are recognised on the transaction date, which is the date on which the Group commits to the purchase or sale of the financial instrument. Derecognition of financial assets takes place when the Group has lost the contractual right to the cash flows or when it has transferred a significant part of the risks and income outside the Group.

Financial assets at fair value through profit or loss

This group includes financial assets that are classified on initial recognition at fair value recognised through profit or loss. The items classified in this group by the Group include derivatives that are not subject to hedge accounting. Financial assets that will mature within 12 months of the end of the reporting period are included in current assets. The items in this group are measured at fair value, based principally on the market price quoted at the end of the reporting period. Should an item not have a quoted market price, it is measured by using general valuation methods mainly based on observable market information. Any realised or unrealised gains and losses resulting from changes in the fair value are recognised in profit or loss during the financial period in which they arise.

Loans and receivables

This group includes non-derivative assets that have fixed or determinable payments and are not quoted on the active market. The Group does not hold them for sale or classify them on initial recognition as held-for-sale. They are measured on the basis of amortised cost using the effective interest method, and they are included, in line with their inherent nature, in either current or non-current assets.

Cash and cash equivalents

Cash and cash equivalents include money in cash, demand deposits at banks and other current liquid investments readily convertible to an amount of cash known in advance, with a minor risk of change in value. The maximum maturity of the items classified in cash and cash equivalents is three months from the moment of acquisition.

Impairment of financial assets

At the end of each reporting period, the Group reviews items measured at amortised cost to assess whether there is objective evidence of the impairment of the financial asset or group in question. For each significant item, the impairment analysis is made separately based on empirical evidence.

The Group will recognise an impairment loss on trade receivables once it has objective evidence that the receivable cannot be collected in full. Significant economic difficulties, probable bankruptcy, payment defaults or delay in payments by the debtor constitute evidence of impairment of trade receivables. The amount of the impairment loss, recognised in profit or loss, is determined as the difference between the carrying amount of the receivables and the expected future cash flows. Should the amount of the impairment loss diminish in a later period and the decrease can be objectively associated with an event after the recognition of the impairment, the recognised loss is reversed in profit or loss.

Financial liabilities

The Group’s financial liabilities are classified on initial recognition as either financial liabilities at fair value through profit or loss, or financial liabilities measured at amortised cost. For financial liabilities other than those recognised at fair value through profit or loss, the transaction costs are deducted from the historical cost. All financial liability transactions are recognised on the contract date, or the date on which the Group commits to the contractual terms of the financial liability. The derecognition of financial liabilities takes place when the Group's contractual obligation has been met or cancelled or the obligation has expired.

The arrangement fees related to loan commitments are recognised as transaction costs to the extent that it is probable that the entire loan commitment or part of it will be drawn out, and in this case the fee will be recognised in the statement of financial position until the loan is drawn out. The arrangement fee related to loan commitments at the withdrawal is recognised under transaction costs. To the extent that it is probable that the loan commitment will not be drawn out, the arrangement fee is recognised as an advance payment for liquidity-related services and is amortised over the loan commitment period.

The policies determining the fair values of all financial assets and liabilities are outlined in Note 18.

Derivative contracts

The Group concludes derivative contracts only for the purpose of hedging, but does not apply hedge accounting. The derivatives include electricity derivative contracts and currency derivatives. Electricity derivative contracts are used as a hedge against variation in electricity prices, to the maximum of the Group's own electricity consumption. The Group can use interest rate swap agreements to hedge against interest flow risks caused by long-term loans from credit institutions. Currency derivatives and options provide hedging against the changes in the cash flows of forecast purchases in foreign currencies. Derivative contracts are measured at fair value when the Group becomes a contractual party, and later they are further measured at fair value. The gains and losses thus arising are accounted for in line with the purpose of use of the derivative contract.

Equity

The Group classifies the issued instruments on the basis of their nature either as equity or as a financial liability. An equity instrument is any agreement that includes the right to participate in company funds after deducting all of its liabilities. Expenditure relating to the issue or acquisition of own equity instruments is presented as a deduction of equity. If equity instruments are repurchased, these acquisition costs are deducted from equity.

The dividend proposed by the Board of Directors or the repayment of principal will not be deducted from distributable equity before the approval of the General Meeting.

Operating profit

IAS 1 *Presentation of Financial Statements* provides no definition for the concept of operating profit. The Group defines operating profit as revenue plus other operating income less purchase expenses and changes in inventory. Moreover, the expenses incurred for employment benefits, depreciation, any impairment losses and other operating expenses are deducted. Other income statement items are disclosed below operating profit. Exchange differences are included in financial items, with the exception of the following items included in the purchase costs of the financial period:

- Exchange gains or losses arising from the conversion of trade payables in foreign currencies.
- Exchange gains or losses arising from changes in the fair values of currency options that hedge purchases quoted in foreign currencies.
- Realised currency derivatives exchange gains or losses

Accounting policies requiring management judgement and major sources of estimation uncertainty

When preparing the financial statements, it is necessary to make certain assessments and assumptions about the future, although the actual outcomes may prove different. Moreover, Management must use its judgement in choosing and applying the accounting policies.

Management discretion related to the items in the financial statements

The Group Management makes judgements on the choice of accounting policies and their application. This applies, in particular, to the cases where the currently effective IFRS norms allow for alternative ways to recognise measure or disclose the items. The most significant areas where Management has used judgement are related to the classification of the Group's lease agreements and measurement of its inventories.

Leases

When classifying the leases, the Group has assessed the cases in which the risks and benefits associated with ownership and related to the leases can be deemed to have been transferred to the Group. These leases are accounted for as finance leases. Lease agreements in which the risks and benefits typical of ownership are substantially all carried by the lessor are recorded as operating lease. The most important classification criteria are the following:

- The present value of the minimum lease payments payable in proportion to the leased asset's fair value at the inception of the lease: in order for the lease to be classified as a finance lease, the present value must constitute a material part of the fair value of the leased asset. There are no observable prices available for certain assets, such as properties in certain localities, and in this case Management must use its judgement when assessing the fair value of these assets.
- The proportion of the lease period of the total useful life of the leased assets: in order for the lease to be classified as a finance lease, the lease period must account for the major part of the total useful life of the asset in question. When examining this criteria, the Group Management must likewise base its decision on judgements.

When classifying leases, each lease is seen as a whole, considering also other impacting factors.

Inventories

The Group's inventories are classified into different groups based on their turnaround times and, the slowest moving are, if appropriate, impairment recognized. Impairment recognition calls for judgements and estimates based on issues such as the future demand for the products. Changes in these assessments may impact the measurement of inventories in future financial periods.

Major assumptions about the future and uncertainties related to the estimates

The major assumptions about the future and the key sources of uncertainty related to estimations concerning the end of the reporting period, associated with a risk of changes in the carrying amount of assets and liabilities during the following period, are hereunder:

Goodwill impairment testing

In impairment testing, the Group must assess indications of impairment based on both internal and external sources of information. The Group Management must make assessments while analysing the information obtained from these sources and making its conclusions. When determining the value in use, the Group estimates future market trends, such as the growth rate and profitability. The most impacting factors underpinning the estimates are the average EBIT margin (EBIT/revenue) and the discount rate. Changes in these assumptions may have a material impact on the estimated future cash flows. Note 10 *Goodwill* includes additional information on the sensitivity of the recoverable amount to the changes in the assumptions made.

Application of new and revised IFRS standards

The Group has complied with the new and amended standards since the beginning of the financial year 2017:

- The amendments to IAS 7 Disclosure Initiative (applicable for financial periods beginning on or after 1 January 2017). The amendments come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The change in the standard affects the cash flow related disclosures of Tokmanni. This information is presented in note 18.
- Amendment to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (applicable for financial periods beginning on or after 1 January 2017). The amendments clarify that deductible temporary differences are solely due to comparing the asset and its taxable value at its financial statement moment and that it will not be affected by any future changes in the carrying amount of the asset or in the manner in which the carrying amount accrues in the future. The standard change has no impact on Tokmanni Group Corporation's consolidated financial statements.
- Annual Improvements to IFRS, Change Collection 2014-2016 (applicable to IFRS 12 for financial

periods beginning on or after 1 January 2017, for IFRS 1 and IAS 28 as from 1 January 2018 or after financial periods). Through the Annual Improvements procedure, small and less urgent changes to the standards are collected in one set and implemented once a year. The effects of these changes vary by standard, but they are not significant.

Future standard changes that have been approved by the EU but were not applicable in until 2017:

- The new IFRS 15 *Revenue from Customer Contracts* and *Clarifications to IFRS 15 Revenue from Contracts with Customers* applicable for financial periods beginning on or after 1 January 2018): IFRS 15 establishes a comprehensive framework to determine whether and to what extent sales revenue can be recognized. IFRS 15 replaces the current recognition guidelines, for example. IAS 18 Income, IAS 11 Long-term Projects and IFRIC 13 Loyalty Programs. According to IFRS 15, the entity must recognize the proceeds of the sale as a sum reflecting the consideration that the entity expects to be entitled in exchange for the goods or services in question. The standard will also increase the amount of disclosures.

- The Group has made an updated estimate of the effects of IFRS 15. According to this, the standard will not have a significant impact on Tokmanni Group Corporation’s consolidated financial statements. The Group's sales proceeds consist of retail sales of products, whereby the customer acquires control over the products at the time of purchase. Variable remedies or significant rights that should be treated as separate execution obligations with significant relevance for deployment have not been identified. The Group has no loyalty programs. Relating to the online sales, the number of product returns has been found to be low. Revenue from services is recognized over a period of time when the service has been completed. The adoption of the standard will therefore not have a significant impact on the amount or timing of the revenue recognition. Tokmanni Group Corporation will adopt the standard in the financial year beginning on January 1, 2018, using the full retrospective method.

- - New IFRS 9 Financial Instruments (applicable for financial periods beginning on or after January 1, 2018): The standard replaces the current IAS 39 Financial Instruments: Recognition and Measurement Standard.
- IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. The provisions of IAS 39 on recording and off-balance sheet recognition of financial instruments have been retained. The Group has assessed the effects of the introduction of IFRS 9 Financial Instruments applicable on January 1, 2018 on the figures presented in the financial statements. According to this, the standard will not have a significant impact on Tokmanni Group Corporation's consolidated financial statements. Impacts on trade receivables and other receivables for which the credit loss provision should be based on expected loan losses instead of the existing standard loss-based model will not be significant. The Group will apply the simplified procedure in IFRS 9, according to which write-downs are recognized in an amount equal to the expected impairment for the entire term of validity. According to the Group's estimates, the credit loss provision for sales and other receivables will not have a significant impact on the financial statements due to the low volume of business invoicing. Changes in the accounting principles resulting from the transition to other IFRS 9 standards will not, in our estimation, have any material effect on the figures presented in the classification of financial assets or financial statements as at 31 December 2017. The Group does not apply hedge accounting
- IFRS 16 Leases (applicable for financial periods beginning on or after 1 January 2019). The new standard supersedes IAS 17 and related interpretations. IFRS 16 requires the lessors to recognize lease agreements in the balance sheet as a rental obligation and as an associated asset. Balance sheet recognition is much like the accounting treatment of finance leases under IAS 17. There are two optional exemptions in the balance sheet that relate to short-term leases and leases of low-value items. The accounting treatment of the lessees will largely remain in line with current IAS 17.

  The Group has continued to evaluate the effects of the standard. It is estimated that the Group's assets and interest-bearing liabilities will grow significantly when the lessee break-down of the finance lease and operating leases expires. IFRS 16 also affects the profit and loss account, as instead of the rental expense recognized in the current operating leases, depreciation and amortization of finance lease liabilities are recognized in the income statement. The Standard will also affect key figures, such as the equity ratio and the notes to the financial statements. The Group has leases related to stores and equipment, whose handling changes with the new standard. Tokmanni Group Corporation will adopt the Standard as of January 1, 2019. The Group will provide an estimate of the euro-denominated impact of the standard and of the post-transition treatment during 2018. Further information on Group leases is given in Note 23.

Future standard changes that were not valid and not yet approved by the EU in 2017:

- Interpretation IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable for financial periods beginning on or after January 1, 2018). When an advance payment is received or received in respect of foreign currency assets, expense or income, the effect of changes in exchange rates is not based on the determination of the date of completion of the conversion of that item. The interpretation clarifies that the date of implementation is the date on which the entity originally records a pre-payment or income statement. When the transaction consists of several advances, the settlement date is determined separately for each individual transaction. The interpretation is not expected to have an impact on Tokmanni Group Plc's consolidated financial statements.

- Amendments to IFRS 2: Classification and valuation of share-based payments. These narrow changes will clarify the handling of certain share-based payments. The amendments will enter into force on 1 January 2018. The amendment will not have a significant impact on the Group's financial statements.
- Interpretation IFRIC 23 Uncertainty over income tax treatments (applicable for financiall periods beginning on or after 1 January 2019). The interpretation concerns the assessment and handling of uncertain tax positions. The interpretation is not expected to have an impact on Tokmanni Group Corporation’s consolidated financial statements.
- Amendments to IAS 28: Investments in Associates and Joint Ventures. The changes concern some long-term investments in associates and joint ventures. The amendments will enter into force on 1 January 2019. The amendment is not expected to have a significant impact on the Group's financial statements.
- Amendments to IAS 40: Transfers of Investment Property. The changes will clarify the transfer of real estate from investment property or investment property. The amendments will enter into force on 1 January 2018. The amendment will not have a significant impact on the Group's financial statements.
- Amendments to IFRS 9 Financial Instruments standard. These amendments will enter into force on 1 January 2019 and concern the IFRS 9 standard which the Group is applying as of January 1, 2018. The amendments relate to some prepayments classified as financial assets. The Group is still investigating the effects of a standard change.

- The introduction of other published standards or standard changes is not expected to have a material impact on Tokmanni Group Corporation’s result, financial position or disclosures in connection with their application.

NOTE 2.
Segment information

As a result of the nature of Tokmanni's operations, the Group only has one operating segment to report. This is based on the fact that the Group's purchasing and logistics are managed in a centralised manner, the opening of new and closing of existing stores is a Group-level decision, and the stores are deemed to be the Group's distribution channels and all operate under the Tokmanni brand. The Group only operates in Finland.

The chief operating decision-maker is the CEO, whose decision-making criterion in assessing performance and resource allocation is the Group EBITDA.

The Group's revenue is fully generated through the sale of goods, i.e. the group has no sale of services. All revenue is generated in Finland and all assets are also located in Finland. There are no single customers for which the revenues received amount to more than 10% of the Group's revenues.

Notes to the consolidated income statement

NOTE 3.
Other operating income

MEUR	2017	2016
Rental income	0.3	0.3
Income from services	2.1	2.0
Other operating income	1.5	1.1
Total	3.9	3.4

Service commission includes slot machine income, income from Veikkaus Oy's pools and income arising from property use expenses charged from subtenants. Other income includes among others, income from the sale and leaseback arrangement of the Mäntsälä logistics centre as well as from sales of pallets.

NOTE 4.
Other operating expenses

MEUR	2017	2016
Rental expenses	-46.9	-44.6
Marketing expenses	-14.3	-14.1
Real estate and store site expenses	-32.1	-31.2
Purchased services	-7.9	-6.6
Other expenses	-18.7	-14.6
Total	-119.9	-111.1

Auditors' fees
KPMG Oy Ab, Authorised Public Accountants

MEUR	2017	2016
Audit	-0.1	-0.1
Other services	0.0	-0.3
Tax services	0.0	0.0
Total	-0.1	-0.4

Non-audit services performed by KPMG Oy Ab for the Tokmanni Group companies during the financial year 2017 totaled EUR 39 thousand. Services consisted of tax services (EUR 11 thousand) and other services (EUR 29 thousand).

NOTE 5.
Depreciation

MEUR	2017	2016
Intangible assets		
IT software and licences	-1.5	-1.7
Other intangible assets	0.0	0.0
Total	-1.6	-1.7
Property, plant and equipment		
Buildings and constructions	-6.6	-6.4
Machinery and equipment	-6.2	-7.0
Total	-12.8	-13.4
Total	-14.3	-15.1

The Group has not recognised impairments for tangible or intangible assets in the 2017 and 2016 financial periods.

NOTE 6.
Employee benefit expenses

MEUR	2017	2016
Wages, salaries and fees	-79.4	-77.0
Pension expenses - defined contribution plans	-15.0	-14.3
Other social security expenses	-3.6	-5.1
Total	-97.9	-96.4
Number of personnel on average in the financial period	3 232	3 209

The information on Management's employment-related benefits is in Note 25, Related party transactions.

NOTE 7.
Financial income and expenses

MEUR	2017	2016
Interest income and other financial income		
Interest income on financial assets at amortised cost	0.0	0.0
Dividend income	0.0	0.0
Foreign exchange gains on cash and cash equivalents	0.0	0.1
Muut rahoitustuotot	0.0	0.0
Total	0.0	0.1
Interest expenses and other financial costs		
Interest expenses on financial liabilities at amortised cost	-1.7	-11.2
Interest expenses on finance leases	-3.8	-3.8
Foreign exchange losses on cash and cash equivalents	-0.2	-0.1
Other financial costs	-0.1	-0.2
Total	-5.9	-15.3
Total	-5.8	-15.2

*2016 includes a one-off cost 4.4 MEUR relating to activated, capitalized emission fees from previous loans.

Exchange rate differences are also recorded under purchases in the financial period. Changes in the fair value of currency derivatives are recognised as adjustments of purchases in the period by EUR -1.0 million (EUR 0.5 million). Changes in the fair value of commodity derivatives are recognised as adjustments of other operating expenses by EUR 0.4 million (EUR 1.1 million).

NOTE 8.
Income taxes

MEUR	2017	2016
Income taxes for the financial period	-6.9	-7.3
Income taxes for previous financial periods	0.0	0.0
Change in deferred taxes	0.3	0.5
Total	-6.6	-6.8

Tax effects related to other comprehensive income

MEUR	2017	2016
Exchange differences on translating foreign operations	0.0	0.0

Reconciliation between the income tax expense in the income statement and the Group's tax expense at the Finnish tax rate of 20.0% (20.0%):

MEUR	2017	2016
Profit/loss before tax	32.9	34.0
Income taxes at Finnish tax rate 20,0 % (20,0 %)	-6.6	-6.8
Differing tax rates of foreign subsidiaries	0.0	0.0
Tax-exempt income	0.0	0.0
Non-deductible expenses	0.0	0.0
Use of tax losses not recognised earlier	0.0	0.0
Unrecognised deferred tax assets from losses in taxation	0.0	0.0
Income taxes for previous financial periods	0.0	0.0
Total	-6.6	-6.8

A tax inspection is on-going at Tokmanni Group Corporation. There is no information regarding the outcome of the inspection as the tax statement has not yet been received.

Notes to the consolidated statement of financial position

NOTE 9.
Property, plant and equipment

Property, plant and equipment 2017:

MEUR	Land and waters	Buildings	Machinery and equipment	Prepayments	Total
Acquisition cost as at 1 Jan	0.2	88.6	52.0	2.4	143.2
Additions	0.0	8.1	7.3	2.0	17.4
Disposals	-0.3	-3.2	-1.0	-4.3	-8.8
Acquisition cost as at 31 Dec	0.0	93.5	58.3	0.1	151.9
Accumulated depreciation as at 1 Jan	0.0	-23.6	-28.9	0.0	-52.5
Depreciation charge for the financial period	0.0	-6.6	-6.2	0.0	-12.8
Accumulated depreciation of disposals	0.0	1.2	0.8	0.0	2.0
Accumulated depreciation as at 31 Dec	0.0	-29.0	-34.3	0.0	-63.3
Carrying amount as at 1 Jan	0.2	65.0	23.1	2.4	90.7
Carrying amount as at 31 Dec	0.0	64.5	24.0	0.1	88.6

Property, plant and equipment 2016:

MEUR	Land and waters	Buildings	Machinery and equipment	Prepayments	Total
Acquisition cost as at 1 Jan	0.1	84.2	48.7	0.0	133.0
Additions	0.1	4.5	4.8	3.3	12.8
Disposals	0.0	-0.1	-1.5	-1.0	-2.5
Acquisition cost as at 31 Dec	0.2	88.6	52.0	2.4	143.2
Accumulated depreciation as at 1 Jan	0.0	-17.3	-23.0	0.0	-40.3
Depreciation charge for the financial period	0.0	-6.4	-7.0	0.0	-13.4
Accumulated depreciation of disposals	0.0	0.1	1.1	0.0	1.1
Accumulated depreciation as at 31 Dec	0.0	-23.6	-28.9	0.0	-52.5
Carrying amount as at 1 Jan	0.1	66.9	25.7	0.0	92.7
Carrying amount as at 31 Dec	0.2	65.0	23.1	2.4	90.7

Buildings and constructions also include related refurbishing costs of store properties.

Property, plant and equipment include assets acquired through finance leases as follows:

MEUR	Buildings	Machinery and equipment	Total
31 Dec 2017			
Acquisition cost	82.6	0.2	82.8
Accumulated depreciation	-22.6	-0.1	-22.7
Carrying amount	60.0	0.1	60.1

MEUR	Buildings	Machinery and equipment	Total
31 Dec 2016			
Acquisition cost	76.0	0.6	76.6
Accumulated depreciation	-17.9	-0.3	-18.2
Carrying amount	58.1	0.3	58.4

The Group has leased the Mäntsälä logistics centre, certain store properties and cars from external parties.

NOTE 10.
Intangible assets

Intangible assets 2017:

MEUR	Goodwill	IT software and licences	Other intangible assets	Prepayments	Total
Acquisition cost as at 1 Jan	128.6	10.9	0.1	0.0	139.6
Additions	0.0	1.7	0.0	1.3	3.0
Disposals	0.0	-0.1	0.0	-0.1	-0.2
Acquisition cost as at 31 Dec	128.6	12.5	0.1	1.2	142.3
Accumulated depreciation as at 1 Jan	0.0	-7.4	-0.1	0.0	-7.4
Depreciation charge for the financial period	0.0	-1.5	0.0	0.0	-1.6
Accumulated depreciation of disposals	0.0	0.1	0.0	0.0	0.1
Accumulated depreciation as at 31 Dec	0.0	-8.8	-0.1	0.0	-8.9
Carrying amount as at 1 Jan	128.6	3.5	0.1	0.0	132.1
Carrying amount as at 31 Dec	128.6	3.6	0.1	1.2	133.4

Intangible assets 2016:

MEUR	Goodwill	IT software and licences	Other intangible assets	Prepayments	Total
Acquisition cost as at 1 Jan	128.6	9.4	0.0	0.0	138.0
Additions	0.0	1.5	0.1	0.0	1.6
Disposals	0.0	0.0	0.0	0.0	0.0
Acquisition cost as at 31 Dec	128.6	10.9	0.1	0.0	139.6
Accumulated depreciation as at 1 Jan	0.0	-5.7	0.0	0.0	-5.7
Depreciation charge for the financial period	0.0	-1.7	0.0	0.0	-1.7
Accumulated depreciation as at 31 Dec	0.0	-7.4	-0.1	0.0	-7.4
Carrying amount as at 1 Jan	128.6	3.7	0.0	0.0	132.3
Carrying amount as at 31 Dec	128.6	3.5	0.1	0.0	132.1

The Group does not have any intangible asset items acquired through finance leases.

Allocation of goodwill and testing practice

For impairment testing purposes goodwill is allocated to the Group, which constitutes one group of cash-generating units and the Group’s reporting segment.

The group of cash-generating units is tested for impairment by comparing the carrying amounts of the group of cash-generating units with the respective recoverable amounts. The tested carrying amounts include property, plant and equipment, goodwill and other intangible assets and net working capital. The Group performs annual impairment testing on the goodwill during the last quarter of each reporting period. Impairment testing is also performed whenever there is an indication of the recoverable amount from an asset or the group of cash-generating units being less than the carrying amount. Besides goodwill, the Group has no other intangible assets deemed to have an indefinite useful life.

Impairment is the amount by which the asset’s carrying amount exceeds the recoverable amount. An impairment loss is recognised immediately in profit or loss. Recognition of impairment loss has an adverse effect on the Group's result and thereby also on its equity, but does not influence the Group’s cash flows. When an impairment loss is recognised, the useful life of the asset subject to impairment is re-evaluated.

No impairment loss has been recognized during the financial periods 2017 and 2016.

Determining cash flows

The recoverable amount is the higher of the fair value less costs of disposal of the asset, or its value in use. In testing the goodwill of Tokmanni, the recoverable amount is based on value in use (present value), determined by discounting the estimated net cash flows for the moment of review.

Estimated net cash flows are constituted of two elements: three-year cash flows based on the business plan adopted by Management, and the so-called terminal value after the forecast period. New stores are taken into account, so that new stores where investment decisions have been approved by the testing day, are included. The terminal value is determined by extrapolating the forecasted cash flows. In the calculations, the growth factor for the years after the forecast period is 0.5% which is not estimated to be in excess of long-term growth in the sector.

The assumptions of cash flow growth and improved profitability reflect Management's view of the development of sales and expenses during the forecast period. The cash flows calculated on the basis of the budget and forecasts have, however, been adjusted in impairment testing by eliminating the estimated cash flows that are estimated to be generated through rearrangements not yet committed to, and cash flows that are estimated to be generated through improving or enhancing the performance of an asset.

The assumptions used in impairment testing are mainly the same as those underpinning the business plan and forecasts. The assumptions used are based on historical trends and on market data from external information sources. In determining the future cash flow projections, the assumptions calling for major Management judgement are those related to market and profitability outlooks.

If the assumptions used for the calculation of the amounts change, the recoverable amount used in impairment testing may also change.

Discount rate

The discount rate applied in determining the recoverable amount is the pre-tax weighted average cost of capital (WACC), calculated for Tokmanni. The elements of WACC are risk-free interest rate, equity beta, market risk premium, small company risk premium, credit margin, and the capital structure employed. The pre-tax WACC used was 9.3 % (10,3 %).

Sensitivity analysis in impairment testing

The key assumptions used in determining value in use are defined by the Management of Tokmanni. The most important assumptions are:

- discount rate; and
- average operating profit margin (operating profit/revenue)

The assumptions are based on expectations of future events believed to be realistic under the current circumstances. The assumptions have been adopted by the Executive Group and Board of Directors.

Sensitivity analyses have been made on the assumption that the average EBIT margin will decrease both during the forecast period and thereafter, and that the discount rate will increase. The table below presents a change in the key assumption which (with other assumptions remaining unchanged) would cause the recoverable amount to equal the carrying amount.

2017	Value used	Change
1. Discount rate (before tax)	9.3%	9.1 percentage point increase
2. Average operating profit margin (operating profit/revenue)	6.3%	2.5 percentage point decrease each year

2016	Value used	Change
1. Discount rate (before tax)	10.3%	9.6 percentage point increase
2. Average operating profit margin (operating profit/revenue)	6.9%	2.4 percentage point decrease each year

The consequential effects of the change in the value of the above key assumptions on other variables have not been taken into consideration in the sensitivity analysis. In estimating the recoverable amount, Management did not find that a reasonably possible change in any of the core variables used would result in a situation where the recoverable amounts of units would be less than their carrying amounts.

NOTE 11.
Investments in joint ventures

MEUR	2017	2016
Acquisition cost as at 1 Jan	0.0	0.0
Share of result for the financial period	0.0	0.0
Translation differences	0.0	0.0
Acquisition cost as at 31 Dec	0.0	0.0

Tokmanni Oy owns 50% of the shares of the Hong Kong based joint venture Tokmanni-Europris Sourcing Ltd. The joint venture owns the Tokmanni-Europris (Shanghai) Trading Co., Ltd., a Shanghai-based procurement company. The joint venture is consolidated by using the equity method. The Group's share of the net profit for the financial period of the joint venture, proportional to its ownership interest, is disclosed prior to the operating profit. The company is the cornerstone of goods procurements made in China and the Far East. The company's operations include identifying and selecting local suppliers, ensuring the correct quality, monitoring delivery times, and ensuring responsible operations on the part of suppliers.

NOTE 12.
Non-current receivables

MEUR	2017	2016
Derivatives, non-hedge accounting		
Commodity derivatives	0.2	0.1

NOTE 13.
Deferred tax assets and liabilities

Change in deferred tax balances (2017):

MEUR	1 Jan 2017	Recognised in income statement	31 Dec 2017
Deferred tax asset			
Fair value on derivatives	0.1	0.0	0.1
Sale and lease back of Mäntsälä logistic centre	1.7	-0.1	1.6
Other finance leases	3.2	0.2	3.5
Total	5.0	0.1	5.1
Deferred tax liabilities			
Fair value on derivatives	0.2	-0.1	0.1
Freight expenses related to inventories	0.3	0.1	0.4
Cumulative depreciation differences	1.0	-0.2	0.8
Deductible goodwill amortization, reversal	3.5	0.1	3.6
Arrangement fees of financial liabilities paid	0.2	-0.1	0.2
Total	5.3	-0.2	5.1
Net deferred tax liabilities	0.2		0.0

Change in deferred tax balances (2016):

MEUR	1 Jan 2016	Recognised in income statement	31 Dec 2016
Deferred tax asset			
Deferred tax assets due to loss in the financial year 2015	0.1	-0.1	0.0
Fair value on derivatives	0.4	-0.3	0.1
Sale and lease back of Mäntsälä logistic centre	1.8	-0.1	1.7
Other finance leases	3.0	0.2	3.2
Total	5.2	-0.2	5.0
Deferred tax liabilities			
Fair value on derivatives	0.2	0.0	0.2
Freight expenses related to inventories	0.4	0.0	0.3
Cumulative depreciation differences	1.1	-0.2	1.0
Deductible goodwill amortization, reversal	3.4	0.1	3.5
Arrangement fees of financial liabilities paid	1.0	-0.8	0.2
Total	6.0	-0.7	5.3
Net deferred tax liabilities	0.8		0.2

On 31 December 2017, the Group did not have any unused tax-loss carry-forward.

NOTE 14.
Inventories

MEUR	2017	2016
Finished goods	168.3	150.9
Write-down in inventories	-3.9	-2.5
Goods, in transport	5.9	6.8
Total	170.2	155.2

The financial statements include a write-down in inventories for obsolescent and slowly moving products, with the impairment per 31 December amounting to EUR 3.9 million (EUR 2.5 million).

NOTE 15.
Trade and other receivables

MEUR	2017	2016
Loans and other receivables		
Trade receivables	1.6	1.5
Financial assets at fair value through profit or loss		
Derivatives, non-hedge accounting	0.1	0.9
Other receivables		
Prepayments and accrued income	3.7	3.5
Income tax receivables	3.8	0.7
Other receivables	13.1	11.0
Other receivables, total	20.5	15.3
Total	22.2	17.7

The receivables are not associated with any significant credit risk concentrations, and the maximum credit risk corresponds to the carrying amount of the receivables at year's end. The impairment losses recognised in the Group's trade receivables are not significant. The other receivables item includes EUR 0.0 million (EUR 0.0 million) worth of advance payments for inventories and EUR 6.3 million (EUR 6.3 million) of invoiced annual bonus receivables.

Ageing analysis of trade receivables (external parties)

MEUR	2017	2016
Not overdue	1.4	1.3
Overdue	0.2	0.2
Less than 30 days	0.2	0.2
Between 31-60 days	0.0	0.0
Between 61-75 days	0.0	0.0
Over 75 days	0.0	0.0
Total	1.6	1.5

Prepayments and accrued income

MEUR	2017	2016
Annual discounts	0.5	0.5
Receivable from occupational health care payments	0.7	0.8
Receivables from Veikkaus	0.2	0.2
Prepayments	0.8	0.4
Consumables expenses	0.7	0.9
Other prepayments and accrued income	0.7	0.8
Total	3.7	3.5

NOTE 16.
Cash and cash equivalents

MEUR	2017	2016
Cash and cash equivalents	42.5	57.6
Total	42.5	57.6

NOTE 17.
Equity

	Number of shares	Share capital (MEUR)	Reserve for invested non-restricted equity (MEUR)	Total (MEUR)
31 Dec 2015	22 274 436	0.0	18.8	18.8
Bonus issue	22 274 436	0.1	-0.1	0.0
Share issue	14 319 880	0.0	91.3	91.3
31 Dec 2016	58 868 752	0.1	110.0	110.1
Costs directly attributable to the issue of new shares net of tax	0	0.0	-0.1	-0.1
31 Dec 2017	58 868 752	0.1	109.9	110.0

The general meeting at 24 March 2017 authorized the Board of Directors to decide on repurchase or accepting as pledge, using the company's non-restricted equity, a maximum of 2,943,000 own shares. The authorization is effective until the annual general meeting held in 2018. The authorization was not exercised during the financial period.

The general meeting authorized the Board of Directors to decide on the issuance of at most 2.943.000 new shares or shares held by the company in one or more tranches through a share issue and/or by issuing options or other special rights entitling to shares as referred to in Chapter 10 Section 1 of the Limited Liability Companies Act.The authorization is effective until 23 March 3.2022. The authorization was not exercised during the financial period.

Tokmanni Group Corporation has one series of shares. The maximum number of the shares or the nominal value of the share has not been determined. Each share provides one voting right. All issued shares have been paid in full.

The descriptions of the equity reserves are hereunder.

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other equity type investments and the subscription price of the shares less transaction costs to the extent that it has not by explicit decision been registered in the share capital.

Translation differences

The translation differences reserve contains the translation differences arising from the conversion of the financial statements of foreign companies. The changes in the reserve are disclosed in comprehensive income.

Dividends

After the balance sheet date, the Board has proposed for the financial year ended on 31 December 2017 to distribute a dividend of EUR 0.41 per share. This dividend amounts to a total of EUR 24.1 million. The remaining part of the retained earnings be retained in unrestricted shareholders' equity.

Share-based payments

At the end of the review period on December 31, 2017, the Group had a long-term share-based incentive program with an earnings period of year 2017 and as earnings criteria the Group's earnings per share (EPS) and the company's market value during the period January 1 - December 31, 2017. The target group of the system is the President and CEO, the members of the Group Executive Team and other key personnel of the Group. The maximum remuneration from the system is 120,000 Tokmanni Group Plc shares on December 31, 2016 based on market value. Any premium will be paid in 2020 as a company's shares and possibly partly in cash. A person in the target group could manage the tax consequences of the remuneration.

According to IFRS 2, the share-based incentive program should be valued at fair value at the grant date and recognized as an expense during the vesting period. If the share premium is paid in combination of shares and cash, the fair value of the reward is divided into two parts according to IFRS 2; in shares settled and cash settled. The portion to be settled in the shares is recognized in equity and the part paid in cash to liabilities. The fair value of the share-based payment at the time the reward was granted was the share price of the company's share. Correspondingly, the fair value of the portion to be settled in cash is revised every reporting date until the end of the earnings period and the fair value of the debt thus changes according to the price of the company's share.

Based on realized earnings per share for the financial year 2017 and the market value of the company the program does not accrue any rewards to be paid to employees. For the year 2017, based on the IFRS 2 standard, EUR 31 thousand has been recognized as cost.

Changes in share-based payments:
- Number outstanding at the beginning of the period, 0
- 120,000 awarded in the period
- 120,000 expired in the period
- Outstanding and executable at the end of the period, 0

NOTE 18.
Financial assets and liabilities

Financial assets and liabilities 31 Dec 2017:

MEUR	Financial assets and liabilities at fair value through income statement	Loans and other receivables	Other financial liabilities	Carrying amounts of assets as per balance sheet	Fair value	
Non-current financial assets						
Derivatives, non-hedge accounting	0.2			0.2	0.2	
Current financial assets						
Derivatives, non-hedge accounting	0.1			0.1	0.1	
Trade receivables		1.6		1.6	1.6	
Cash and cash equivalents		42.5		42.5	42.5	
Total	0.3	44.1		44.4	44.4	
Non-current financial liabilities						
Loans from financial institutions			99.4	99.4	99.4	*
Long-term finance lease liabilities			73.6	73.6	73.6	
Derivatives, non-hedge accounting	0.1			0.1	0.1	
Current financial liabilities						
Loans from financial institutions			-0.3	-0.3	-0.3	**
Finance lease liabilities			3.9	3.9	3.9	
Derivatives, non-hedge accounting	0.4			0.4	0.4	
Trade payables			64.0	64.0	64.0	
Total	0.5		240.7	241.2	241.2	
Financial assets and liabilities, total	-0.2	44.1	-240.7	-196.7	-196.7	

* Loans from financial institutions, adjusted with arrangement fees paid.
** Long-term debt from financial institutions, adjusted by short-term emission fees carried forward

Financial assets and liabilities 31 Dec 2016:

MEUR	Financial assets and liabilities at fair value through income statement	Loans and other receivables	Other financial liabilities	Carrying amounts of assets as per balance sheet	Fair value	
Non-current financial assets						
Derivatives, non-hedge accounting	0.1			0.1	0.1	
Current financial assets						
Derivatives, non-hedge accounting	0.9			0.9	0.9	
Trade receivables		1.5		1.5	1.5	
Cash and cash equivalents		57.6		57.6	57.6	
Total	1.0	59.1		60.1	60.1	
Non-current financial liabilities						
Loans from financial institutions			99.1	99.1	99.1	*
Long-term finance lease liabilities			71.2	71.2	71.2	
Derivatives, non-hedge accounting	0.3			0.3	0.3	
Current financial liabilities						
Loans from financial institutions			-0.3	-0.3	-0.3	**
Finance lease liabilities			3.5	3.5	3.5	
Derivatives, non-hedge accounting	0.3			0.3	0.3	
Trade payables			64.3	64.3	64.3	
Total	0.6		237.8	238.4	238.4	
Financial assets and liabilities, total	0.4	59.1	-237.8	-178.2	-178.2	

* Loans from financial institutions, adjusted with arrangement fees paid.

** Long-term debt from financial institutions, adjusted by short-term emission fees carried forward

The carrying amounts of current items are substantially all estimated to correspond to their fair values.

Reconciliation of liabilities arising from financing activities

			Non-cash changes		
MEUR	Financial liabilities 1 Jan 2017	Cash flows	Finance leases	Other changes	Financial liabilities 31 Dec 2017
Loans from financial institutions	98.8			0.3	99.1
Finance lease liabilities	74.7	-3.6	6.4	0.0	77.5
Total	173.5	-3.6	6.4	0.3	176.6

Policies applied by the Group in determining the fair value of all financial instruments

The following price quotes, assumptions and measurement models have been used in determining the fair values of the financial assets and liabilities given in the table:

Derivatives

The fair values of forward exchanges and options are determined using counterparty price quotations. Moreover, the Group has made its own verification calculation using generally accepted methods of valuation. The fair values of commodity derivatives are determined using publicly quoted market prices.

Finance lease liabilities

The fair value of financial lease liabilities is estimated by discounting future cash flows with an internal rate corresponding to that of the lease agreements.

Loans from financial institutions

The fair values of loans have been calculated on the basis of the present value of future cash flows, using the rates at the end of the financial period. Substantially all carrying amounts of the loans correspond to fair values, since the loans are floating-rate loans and the Group's risk premium has not changed to any essential degree. The loans are broken down by maturity in Note 22.

Trade receivables and other receivables, as well as trade payables and other liabilities

The initial carrying amounts of non-derivative receivables and liabilities correspond to their fair value since the impact of discounting is not material, considering the maturity of these receivables and liabilities.

Fair value hierarchy of the financial assets and liabilities measured at fair value

Level 1 instruments are subject to active trading in the market, and therefore their fair values are directly based on the market price. The fair value of the level 2 instruments is based on available market data. The fair value of level 3 instruments is not based on observable market information (unobservable inputs).

The Group's financial assets and liabilities measured at fair value (i.e., all of the Group's derivatives and lease liabilities) are level 2 of the fair value hierarchy as per IFRS 13. The fair value of these instruments at the end of the reporting period, 31 Dec 2017 was EUR -0.2 million (31 Dec 2016: EUR 0.4 million).

NOTE 19.
Finance lease liabilities

Maturity of finance lease liabilities:

MEUR	2017	2016
Gross finance lease liabilities - minimum lease payments by maturity		
No later than 1 year	7.6	7.2
Later than 1 year and no later than 5 years	32.3	31.8
Later than 5 years	71.8	72.2
Total	111.7	111.3
Future finance charges	-34.2	-36.6
Present value of finance lease liabilities	77.5	74.7
Present value of finance lease liabilities due as follows		
No later than 1 year	3.9	3.5
Later than 1 year and no later than 5 years	16.5	18.5
Later than 5 years	57.2	52.7
Total	77.5	74.7

The fair value of finance lease liabilities is estimated by discounting future cash flows with an internal rate corresponding to that of the lease agreements. Additional information on the assets leased with finance lease is in Note 9. Contingent rents paid on the basis of finance leases in 2017 amounted to EUR 0.2 million (2016: EUR 0.1 million). Contingent rents are recognised under other operating expenses.

NOTE 20.
Derivative contracts

31 Dec 2017	Fair value (MEUR)	Underlying value (MEUR)	Secured energy (MWh)
Foreign exchange forward contracts and options	-0.2	15.0	
Electricity derivatives			
System price	0.0	2.7	101.0
Area price	0.0	0.4	57.2

31 Dec 2016	Fair value (MEUR)	Underlying value (MEUR)	Secured energy (MWh)
Foreign exchange forward contracts and options	0.8	15.2	
Electricity derivatives			
System price	-0.3	3.0	115.1
Area price	-0.1	0.6	87.7

NOTE 21.
Trade payables and other non-current and current non-interest-bearing liabilities

MEUR	2017	2016
Trade payables and other current non-interest-bearing liabilities		
Current financial liabilities at amortised cost		
Trade payables	64.0	64.3
Current financial assets at fair value through profit or loss		
Derivatives, non-hedge accounting (liabilities), interest-free	0.4	0.3
Other liabilities		
Other non-interest-bearing liabilities	17.9	15.8
Accrued liabilities	24.9	23.2
Income tax liabilities	3.3	1.7
Other liabilities, total	46.1	40.6
Trade payables and other current non-interest-bearing liabilities, total	110.6	105.2

Current accrued liabilities

MEUR	2017	2016
Wages and salaries including social expenses	6.4	6.3
Holiday pay	13.3	12.4
Compulsory insurances	3.5	3.6
Current interest liabilities	0.2	0.2
Other accrued liabilities	1.4	0.7
Total	24.9	23.2

MEUR	2017	2016
Non-current non-interest-bearing liabilities		
Non-current financial assets at fair value through profit or loss		
Derivatives, non-hedge accounting	0.1	0.3
Other liabilities		
Mäntsälä logistic centre, sale and leaseback arrangement	7.3	7.8
Non-current non-interest-bearing liabilities, total	7.4	8.1

NOTE 22.
Management of financial risks

In its normal business operations, the Group is exposed to many financial risks, the principal types of which are currency and interest-rate risks. The objective of the Group's risk management is to minimise the adverse effects of changes in the financial market on the Group's financial performance. The general principles of the Group's risk management are adopted by the Board of Directors. The responsibility for practical implementation of financial risk management is shouldered by the Group's CFO, with such management comprising the identification and assessment of the risks, and furnishing the Group with the necessary instruments of risk hedging. In risk management, the Group employs forward exchanges, currency options and electricity derivative contracts. The Group does not engage in hedge accounting under IAS 39.

Exchange rate risk

The Group is exposed to currency risks from its purchases. The most significant foreign currency for the Group is the US dollar (USD). According to Tokmanni's hedging principles, about half of the purchases in USD are hedged for an average length of five months. Currency hedging takes place through forward exchanges and currency options. The Group's import and finance departments collaborate to draft a monthly updated estimate of the purchases in USD. Since the Group's non-current loans are fully in euro, financial liabilities do not involve any currency risk.

Currency derivatives are recognised at their acquisition value and are measured at the end of the financial period at their fair value in profit or loss.

The Group's foreign exchange positions (in euro) at the end of the reporting period:

MEUR	2017	2016
Trade payables	1.5	3.3
Forecasted purchases in the next 6 months	31.3	28.3
Cash and cash equivalents	-0.2	-0.1
Total	32.7	31.4
Currency options	-15.0	-15.2
Position, total	**17.7**	**16.3**

The table below shows the impacts on the Group's profit before taxes, as well as the impact on equity. Should the euro strengthen or weaken against the USD (+/- 10%), with the other factors remaining unchanged, the Group's profit before taxes would be affected by EUR 1.8 million (2016: EUR 1.6 million) positively or negatively. The sensitivity analysis is based on the currency position at the end of the reporting period.

MEUR	2017	2016
Change	+/-10%	+/-10%
Effect on profit before tax	1.8	1.6
Effect on equity	0.0	0.0

Interest rate risk

The Group's revenues and operational cash flows are largely independent of fluctuations in the market rates of interest, and, therefore, the Group's exposure to interest rate risks is mainly related to its external loan portfolio. According to its risk management principles, the Group aims to have at least two-thirds of the loans with fixed interest rates or hedged against interest rate changes, subject to discretion of the Board of Directors. The Board of Directors evaluates the Group's exposure to interest rate risks and the level of hedging on a regular basis and makes interest rate hedging decisions if needed. The average annual rate of the Group's interest-bearing liabilities was about 1.2% in 2017 (2016: 2.8%).

The following table shows the Group's interest position at the end of the reporting period:

MEUR	2017	2016
Fixed interest rate		
Financial liabilities	77.5	74.7
Floating interest rate		
Financial liabilities	100.0	100.0
Floating interest rate position, total	**100.0**	**100.0**

The table below shows the impacts on the Group’s profit before taxes, as well as the impact on equity. Should the interests increase or decrease (+/- 0.5 percentage points), with the other factors remaining unchanged, the Group’s profit before taxes would be affected by EUR 0.5 million (2016: EUR 0.5 million) negatively or positively. The sensitivity analysis is based on the risk position at the end of the reporting period.

MEUR	2017	2016
Change	+/-0.5%	+/-0.5%
Effect on profit before tax	0.5	0.5
Effect on equity	0.0	0.0

Credit risks

The Group’s credit exposure is constituted of the credit risk related to the receivables from business operations, and the counterparty risk associated with other financial instruments.

The Group has no significant credit risk concentrations related to receivables because its clientele is widely spread, the sales are mainly retail sales against cash, and no single customer or group of customers is dominant from the Group's perspective. Note 15 presents the breakdown of trade receivables by maturity.The credit losses with impact on profit or loss incurred during the financial period were not significant. The maximum amount of the Group’s credit loss corresponds to the carrying amount of financial assets at the end of the reporting period (note 18).

Part of the purchases from the Far East need to be paid in advance, and the respective risk is minimised by long-term cooperation with suppliers. In the autumn of 2013, the Group opened a procurement company in Shanghai, China together with the Norwegian discount store chain, Europris AS. The Shanghai company has 23 employees. The company is the cornerstone of goods procurements made in China and the Far East. The company’s operations include identifying and selecting local suppliers, ensuring the correct quality, monitoring delivery times, and ensuring responsible operations on the part of suppliers.

Liquidity risk

The Group seeks to follow the financing required in business operations by analysing the sales cash flow forecasts in order to have sufficient liquid assets to fund the operations and to repay loans at maturity.

The availability and flexibility of the Group's financing is guaranteed through sufficient credit facilities, balanced maturity distribution of the loans and sufficiently long loan periods, and by using several financial institutions and forms for the procurement of funding. On December 31, 2017 the Group had EUR 59 million (EUR 59 million) in credit limit reserves and their maturity profile is linked to the maturity of underlying finance agreements. In addition, the Group had EUR 25 million of undrawn long-term loans.

The Group has not identified any significant liquidity risk concentration in relation to its financial assets or sources.

Liability-related defaults and violations of contractual terms

Loans from financial institutions contain a covenant according to which the Group has to achieve a certain ratio of net debt in relation to adjusted EBITDA. Operations in accordance with the loan covenants are reported lenders on a quarterly basis. The Group's management monitors compliance with loan covenants on a regular basis. In 2017, Tokmanni has met the required covenants.

The following table illustrates the Group's financial liability maturity break down. The amounts are undiscounted and they include both the future interest payments and the principal repayments.

Maturity of contractual cash flows of non-derivative financial liabilities:

MEUR	Carrying amount 31 Dec 2017	Cash flows based on agreements	Less than 1 year	1-2 years	2-3 years	3-4 years	Over 4 years	
Loans from financial institutions	99.1	104.0	1.2	1.2	1.2	100.4	0.0	*
Finance lease liabilities	77.5	104.7	7.6	6.8	6.9	6.8	76.6	
Trade payables	64.0	64.0	64.0					
Total	240.7	272.7	72.9	8.0	8.1	107.2	76.6	

MEUR	Carrying amount 31 Dec 2016	Cash flows based on agreements	Less than 1 year	1-2 years	2-3 years	3-4 years	Over 4 years	
Loans from financial institutions	98.8	105.2	1.2	1.2	1.2	1.2	100.4	*
Finance lease liabilities	74.7	111.3	7.2	7.2	7.0	7.1	82.8	
Trade payables	64.3	64.3	64.3					
Total	237.8	280.7	72.7	8.4	8.2	8.3	183.2	

* Loans from financial institutions, adjusted with arrangement fees paid.

The table above includes all the instruments in force at the closing of the accounts, as well as their contractual loan principals and interests. The Group does not have financial liabilities liable to be called in for repayment before their maturity.

Maturity of contractual cash flows of derivative financial liabilities:

MEUR	Carrying amount 31 Dec 2017	Cash flows based on agreements	Less than 1 year	1-2 years	2-3 years	3-4 years	Over 4 years
Commodity derivatives	0.2	0.2	0.0	0.2	0.1	0.0	0.0
Foreign exchange forward contracts and options	0.3	0.3	0.3				
Total	0.5	0.5	0.3	0.2	0.1	0.0	0.0

MEUR	Carrying amount 31 Dec 2016	Cash flows based on agreements	Less than 1 year	1-2 years	2-3 years	3-4 years	Over 4 years
Commodity derivatives	0.6	0.6	0.3	0.2	0.1	0.0	0.0
Foreign exchange forward contracts and options	0.0	0.0	0.0				
Total	0.6	0.6	0.3	0.2	0.1	0.0	0.0

The cash flows related to interest derivatives are disclosed in net. The cash flows related to currency and electricity derivative contracts are based on their fair values at the end of the reporting period with the maturity corresponding to the due date.

Commodity risks

In its operations, the Group is exposed to a commodity risk caused by the possible impacts of the electricity price risk on the Group's energy costs. The Group hedges itself against electricity price changes through electricity derivative contracts in line with the policy determined by the Tokmanni Board. However, the maximum amount corresponds to the Group's estimated electricity consumption. The hedge level covers about 70% of the consumption for one year ahead, gradually decreasing over a period of about 3-4 years.

The changes in the value of the derivatives hedging the price of electricity supplied during the financial period are included in the adjustments of other operating expenses.

The carrying amount (EUR) of electricity derivative contracts at the end of financial period:

MEUR	2017	2016
Electricity derivative contracts	0.0	-0.3

The table below shows the impacts on the Group's profit before taxes, as well as the impact on equity. Should the prices of electricity increase or decrease (+/- 10%), with the other factors remaining unchanged, the Group's profit before taxes would be affected by EUR 0.3 million (EUR 0.4 million) positively or negatively. The sensitivity analysis is based on the risk position at the end of the reporting period.

MEUR	2017	2016
Change	+/-10%	+/-10%
Effect on profit before tax	0.3	0.4
Effect on equity	0.0	0.0

Capital management

The objective of the Group's capital management function is to retain an optimal capital structure in line with the Group's strategy. By managing its capital, the Group ensures that its business operations will continue without interruption, thus guaranteeing cash flow financing under all circumstances, allowing for investments according to the Group's strategy and increasing shareholder value long-term.

MEUR		2017	2016
Interest-bearing liabilities		176.6	173.5
Cash and cash equivalents		42.5	57.6
Interest-bearing net debt		134.1	115.9
Total equity according to IFRS		162.8	166.6
	Target level	2017	2016
Net debt / adjusted EBITDA	< 2.0	2.4	1.8
Equity ratio, incl. shareholder loans		35.2%	36.3%

NOTE 23.
Operating leases

Group as lessee

The Group has leased most of its store premises. The leases are in force from eight to twelve years on average. The agreements have varying renewal terms and other index terms.

Minimum lease payments payable based on other non-terminable leases:

MEUR	2017	2016
No later than 1 year	51.9	47.6
Later than 1 year and no later than 5 years	150.1	133.3
Later than 5 years	62.3	57.9
Total	264.3	238.7

Rental expenses paid based on operating leases amounted to EUR 46.3 million (EUR 44.4 million) recognised in profit or loss, with contingent rents accounting for EUR 44.3 million (EUR 42.6 million) of the whole. Contingent rents are recognised under other operating expenses.

Group as lessor

The Group has sublet certain business premises. The rental expenses incurred for these premises, as well as the minimum lease payments obtainable in the future on the basis of the subleases, are not significant for the Group.

NOTE 24.
Contingent liabilities, assets and commitments

The Group does not have any liabilities for which assets have been given as collateral.

Leasing obligations related to Group operating lease agreements are presented in note 23.

NOTE 25.
Related party transactions

The Group's related parties are the Board of Directors and Executive Group members, including the CEO and Deputy CEO, as well as subsidiaries and joint ventures. The owners related parties are defined by societies and persons who have control, joint control or significant influence in the Tokmanni Group .

The line of business of Retail Leasing Oy (a Tokmanni Group Corporation subsidiary) is to own and lease property, plant and equipment to the other Group companies. Retail Leasing Oy is the parent of Nordic Disco AB (Sweden), which in turn is the parent of Tokmanni Oy.

The disclosed transactions with related parties include those not eliminated in the consolidated financial statements of Tokmanni Group Corporation. All transactions with related parties are on market-based terms.

The Tokmanni - Europris Sourcing Ltd joint venture, which has been consolidated using the equity method, sells purchasing services to the Group.

The Group's parent and subsidiary relationships are as follows:

Company	Domicile	Shareholding	Voting rights
Parent company Tokmanni Group Corporation	Finland		
Retail Property Investment Oy	Finland	100%	100%
Retail Leasing Oy	Finland	100%	100%
Nordic Disco AB	Sweden	100%	100%
Tokmanni Oy	Finland	100%	100%
Taitomanni Oy	Finland	100%	100%

Specification of transactions carried out with related parties

Transactions during the financial period 2017 including receivables, payables and liabilities per 31 Dec 2017 carried out with related parties:

MEUR	Majority owner and related parties to majority owner	Board of Directors and management	Joint ventures
Income statement			
Revenue and other operating income		0.0	
Other operating expenses		1.3	1.1
Balance sheet			
Assets			0.1

Transactions during the financial period 2016 including receivables, payables and liabilities per 31 Dec 2016 carried out with related parties:

MEUR	Majority owner and related parties to majority owner	Board of Directors and management	Joint ventures
Income statement			
Revenue and other operating income		0.0	
Other operating expenses		1.6	0.8
Financial expenses	2.1	0.5	
Balance sheet			
Assets			0.1

Management employee benefits

The key management personnel includes the members of the Board of Directors and Executive Group, and the CEO.

Heikki Väänänen has been appointed CEO of Tokmanni Group Corporation as of 1st of April, 2016 and before this he has acted as CEO of Tokmanni Oy and Tarjousmaxi Oy. Heikki Väänänen acted as CEO until 15 June 2017 from where on Chairman of the board Harri Sivula took up the position as interim CEO. Group CFO Markku Pirskanen was appointed DEputy to the CEO 15 June 2017.

The table below shows the salaries and other short-term employee benefits of key executives. No other benefits have been paid to persons.

EUR		2017	2016	
Heikki Väänänen	CEO	351 162	370 445	until 15 June 2017
Harri Sivula	Chairman of the Board and Interim CEO	304 806	98 000	from 15 June 2017
Robert Furuhjelm	Member of the Board	14 500	31 500	until 24 March 2017
Christian Gylling	Member of the Board	51 000	32 500	
Sven-Olof Kulldorff	Member of the Board	54 000	34 500	
Seppo Saastamoinen	Member of the Board	45 000	28 500	
Kati Hagros	Member of the Board	49 000	29 000	
Thérèse Cedercreutz	Member of the Board	43 000	27 000	
CEO of the Group companies and members of the Board of Directors		912 468	651 445	
Executive Group		1 252 113	1 135 851	
Monetary salaries, fees and fringe benefits, total		2 164 581	1 787 297	

Pension benefits

In Tokmanni Group Corporation, the pensions of the key management personnel are determined in line with the general provisions applied in Finland to employee pensions (Employee Pensions Act). The CEO's statutory pension cost was 95 042 EUR in 2017 (2016: 63 828 EUR).

Termination benefits

If the Group gives notice to the CEO, he will have the right to receive compensation corresponding to the maximum of 18 months' overall pay, including the six-month period of notice. Under corresponding circumstances, the other Executive Group members will have the right to compensation corresponding to the maximum of 9 months' overall pay.

Other notes

NOTE 26.
Events after the end of the reporting period

No significant changes in the Groups business activities have occurred after the end of the reporting period.

Parent company's financial statements (FAS)

Parent company's income statement €	1 Jan - 31 31. 2017	1 Jan - 31 Dec 2016
REVENUE	**1 270 200,00**	**457 200,00**
Other operating income	1 112,62	1 065,45
Wages, salaries and employee benefits		
Wages, salaries and fees	-853 734,37	-605 456,20
Social security expenses		
Pension expenses	-115 694,19	-50 589,85
Other social security expenses	-13 785,58	-10 356,66
	-983 214,14	-666 402,71
Other operating expenses	-938 288,89	-515 996,81
OPERATING PROFIT	**-650 190,41**	**-724 134,07**
Financial income and expenses		
Internal income from investments	0,00	23 000 000,00
Other interests and financial income		
From group companies	3 752 296,27	5 314 102,61
From others	11 837,43	92,24
	3 764 133,70	5 314 194,85
Interests and other finacial expenses		
To others	-1 582 326,47	-10 831 772,91
Financial income and expenses	2 181 807,23	17 482 421,94
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	**1 531 616,82**	**16 758 287,87**
Appropriations		
Group contribution	28 800 000,00	20 000 000,00
Income taxes	-6 066 315,94	-2 751 431,07
NET RESULT FOR THE FINANCIAL PERIOD	**24 265 300,88**	**34 006 856,80**

Parent company's balance sheet

€	31 Dec 2017	31 Dec 2016
ASSETS		
NON-CURRENT ASSETS		
Investments		
Holdings in group companies	235 233 761,80	26 172 739,99
NON-CURRENT ASSETS, TOTAL	**235 233 761,80**	**26 172 739,99**
CURRENT ASSETS		
Non-current receivables		
Amounts owed by group companies	0,00	212 840 746,43
Current receivables		
Amounts owed by group companies	32 289 232,78	43 000 300,00
Other receivables	2 876,35	65 143,25
Prepayments and accrued income	38 293,17	39 419,90
	32 330 402,30	43 104 863,15
Receivables, total	32 330 402,30	255 945 609,58
Cash in hand and at banks	36 362 096,98	52 403 704,38
CURRENT ASSETS, TOTAL	**68 692 499,28**	**308 349 313,96**
ASSETS TOTAL	**303 926 261,08**	**334 522 053,95**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80 000,00	80 000,00
Reserve for invested unrestricted equity	114 629 589,41	114 629 589,41
Retained earnings	4 006 633,40	22 840,12
Net result for the financial period	24 265 300,88	34 006 856,80
EQUITY, TOTAL	**142 981 523,69**	**148 739 286,33**
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	100 000 000,00	100 000 000,00
Current liabilities		
Trade payables	30 283,34	39 257,73
Amounts owed to group companies	56 840 322,65	83 635 462,93
Other payables	128 348,58	25 758,33
Accruals and deferred income	3 945 782,82	2 082 288,63
	60 944 737,39	85 782 767,62
LIABILITIES, TOTAL	**160 944 737,39**	**185 782 767,62**
EQUITY AND LIABILITIES, TOTAL	**303 926 261,08**	**334 522 053,95**

Parent company's cash flow statement

1 000 €	31 Dec 2017	31 Dec 2016
Cash flows from operating activities		
PROFIT (LOSS) FOR THE PERIOD	24 265	34 007
Adjustments:		
Financial income and expenses	-2 182	-17 482
Appropriations	-28 800	-20 000
Tax on income from operations	6 066	2 751
Change in working capital:		
Increase (-) / decrease (+) of current receivables	-543	895
Increase (+) / decrease (-) of current non-interest bearing liabilities	-98	-348
Cash flow from operating activities before financial items and taxes	**-1 291**	**-178**
Interest paid	-1 436	-3 499
Interest received	0	0
Other financing items	4	-1 374
Direct income taxes paid	-4 463	-992
Cash from operating activities	**-7 186**	**-6 044**
Cash flows from investing activities		
Granted loans (+)	0	-125 000
Cash from investing activities	**0**	**-125 000**
Cash flows from financing activities		
Change in internal bank account receivables	-2 883	2 891
Change in internal bank account liabilities	24 156	83 213
Paid share issue deducted with IPO expenses	-106	90 123
Proceeds from long-term loans	0	125 000
Repayments of long-term loans	0	-118 400
Dividends paid	-30 023	0
Group contributions	0	620
Cash from financing activities	**-8 855**	**183 447**
Change in cash in hand and at bank	**-16 042**	**52 404**
Cash in hand and at bank at the beginning of the period	52 404	0
Cash in hand and at bank at the end of the period	36 362	52 404

Notes to the parent company's financial statements

Basis of preparation

Tokmanni Group Corporation is a Finnish limited liability company and its shares are listed on the Nasdaq Helsinki exchange. Share trading started on the pre-list on 29 April 2016 and on the main list 3 May 2016.

Principles used for preparing the financial statements

Tokmanni Group Corporation's financial statements have been prepared in compliance with the Finnish Accounting Standards (FAS) and in accordance with the accounting regulation for listed companies.

Valuation of financial instruments

Financial instruments are valued at acquisition cost.

Cash in hand and at banks

The company has a Group account agreement in Nordea, which includes all Group companies' Nordea bank accounts. The Group companies' cash and cash equivalents shown in the group account is shown as asset or liability from the Group companies.

Recognition of pensions

The company's pension cover is arranged by external pension insurance companies. Pension expenditure is recognised as an expense in the year in which it is accrued.

Income tax

Income tax includes the income tax payments for the period based on the profit for the period, and taxes payable for prior periods, or tax refunds. Deferred taxes are not included in the parent company's income statement and balance sheet.

Notes to the income statement

1 000 €

	1 Jan - 31 31. 2017	1 Jan - 31 Dec 2016
Breakdown of revenue by market area		
Finland	1 270	457
Personnel and members of administrative bodies		
Average number of employees	1	1
Salaries of CEO and members of the Board of Directors	854	605

The CEO and members of the Board do not have pension plans that differ from the statutory provisions.

Monetary salaries, fees and fringe benefits by institution are defined in the Group Note 25 Related party transactions,
" Monetary salaries, fees and fringe benefits”

	1 Jan - 31 31. 2017	1 Jan - 31 Dec 2016
Other operating expenses		
Purchased services	417	164
Other expenses	521	352
Total	938	516
Group contribution		
Group contribution received	28 800	20 000
Income taxes		
Ordinary operations	6 066	2 751
Auditor's fees		
Audit	45	53
Other fees and services	17	256
Tax councelling	0	17
Total	62	326

Related party transactions

All transactions involving related parties are executed on arm length basis.

Notes to the balance sheet, assets

1 000 €

	31.12.2017	31.12.2016
NON-CURRENT ASSETS		
Investments		
Holdings in group companies		
Acquisition cost as at 1 Jan	26 173	26 173
Additions, 1 Jan - 31 Dec	209 061	0
Acquisition cost as at 31 Dec	235 234	26 173
Group companies	Omistusosuus %	
Retail Property Investment Oy, Mäntsälä	100	100
Retail Leasing Oy, Helsinki	100	100
Group Companies	Kirjanpitoarvo	
Retail Property Investment Oy, Mäntsälä	1 000	1 000
Retail Leasing Oy, Helsinki	234 234	25 173
CURRENT ASSETS		
Non-current receivables		
Amounts owed by group companies		
Loan receivables	0	207 527
Prepayments and accrued income, interest receivables	0	5 314
Total	0	212 841
Current receivables		
Amounts owed by group companies		
Trade receivables	607	0
Other receivables, group dividend receivables	0	23 000
Other receivables, group contribution receivables	28 800	20 000
Other receivables, group account receivables	2 883	0
Total	32 289	43 000
Other receivables		
Other receivables	3	65
Prepayments and accrued income	38	39
Total	41	105
Current receivables	32 330	43 105
Prepayments and accrued income		
Other prepayments and accrued income	38	39

Notes to the balance sheet, liabilities
1 000 €

	31 31. 2017	31 Dec 2016
EQUITY		
Restricted equity		
Share capital as at 1 Jan	80	6
Bonus issue	0	74
Share capital as at 31 Dec	80	80
Restricted equity	80	80
Unrestricted equity		
Reserve for invested unrestricted equity as at 1 Jan	114 630	18 777
Bonus issue	0	95 852
Reserve for invested unrestricted equity as at 31 Dec	114 630	114 630
Retained earnings as at 1 Jan	34 030	23
Dividends	-30 023	0
Net result for the financial period	24 265	34 007
Total	28 272	34 030
Unrestricted equity	142 902	148 659
Equity	142 982	148 739
CALCULATION OF DISTRIBUTABLE EQUITY		
Retained earnings	4 007	23
Net result for the financial period	24 265	34 007
Reserve for invested unrestricted equity	114 630	114 630
Dividend distribution	-30 023	0
Total	112 878	148 659
NON-CURRENT LIABILITIES		
Loans from financial institutions	100 000	100 000
CURRENT LIABILITIES		
Amounts owed to group companies		
Trade payables	3	150
Accruals and deferred income	0	272
Other liabilities, internal account payable	56 838	83 213
Total	56 840	83 635
Accruals and deferred income		
Amortised personnel costs	376	207
Interest payable	187	154
Income tax payable	3 312	1 708
Other accruals and deferred income	71	12
Total	3 946	2 082

Securities and contingent liabilities
1 000 €

	2017	2016
Leasing liabilities		
Payable during the next financial year	0	14
Payable subsequently	0	5
Total	0	20

Signing of Report by the Board of Directors and the financial statements

Mäntsälä, 16 February 2018

Harri Sivula
Chairman of the Board
Interim CEO

Thérèse Cedercreutz
Member of the Board

Christian Gylling
Member of the Board

Kati Hagros
Member of the Board

Sven-Olof Kulldorff
Member of the Board

Seppo Saastamoinen
Member of the Board

AUDITOR'S NOTE

Our auditor's report has been issued today.

Helsinki, 16 February 2018

KPMG Oy Ab

Ari Eskelinen
Authorized Public Accountant

KPMG Oy Ab
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This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of Tokmanni Group Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tokmanni Group Oyj (business identity code 2483212-7) for the year ended 31 December, 2017. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

— the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

— the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 4 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of Goodwill (notes 1 and 10 to the consolidated financial statements)	
— The goodwill in the consolidated balance sheet totaled to € 129 million as of 31 December 2017. — Goodwill is tested for impairment annually. Estimating future cash flows in impairment tests involves a significant amount of management judgment particularly on growth in net sales, profitability and discount rates. — The Company prepares impairment testing of goodwill for the financial statements on a discounted cash flow method basis with sensitivity analyses.	— We have assessed critically management's judgments and assumptions, which have been used to prepare the cash flow projections for the coming years. — We have used our valuation specialists for evaluating the appropriateness of the used discount rate and the technical correctness of the calculations as well as used assumptions in relation to market and industry-specific information. — In addition, we have evaluated the adequacy of sensitivity analyses and the appropriate presentation of notes related to impairment testing of goodwill in the notes to the financial statements.
Monitoring and valuation of inventory (notes 1 and 14 to the consolidated financial statements)	
— The inventory balance in the consolidated statement of financial position totaled to € 170 million as of 31 December 2017. — Group carries out the business through a wide network of stores, which increases the importance of functioning IT systems, internal controls and management monitoring to ensure the correctness of inventory balances. — Valuation of inventory includes management judgement. Such judgement	Our audit procedures included, among others: — We assessed the organization of the overall control environment and the adequacy of monitoring reports used by management. — We attended physical inventory counts in selected stores and in the central warehouse. — We performed data-analysis to test the accuracy of inventory pricing and the

includes management estimates of future sales and inventory aging structure, for example. Therefore the write-offs recognized on inventories may subsequently prove insufficient.

reliability of system reports and calculations used for inventory valuation.

- We critically assessed the inventory valuation principles and the adequacy of the provisions made, taking into account historical company data.

Revenue recognition (note 1 to the consolidated financial statements)

- The revenue for the financial year ended 31 December 2017 totaled to € 796 million.
- Group carries out the business through a wide network of stores, which increases the importance of functioning IT systems, internal controls and management monitoring to ensure a correct sales reporting.
- The number of sales transactions is considerable and the sales transactions are primarily registered to the cashier system, which is separated from the accounting. Recording of the sales in the accounting completely and in a timely manner is therefore highly dependent on the functionality of IT systems, including for example the transfer of data from the cashier system to the accounting system.
- Furthermore, effective internal controls over the IT systems and related monitoring procedures, including IT security and system access controls, are critical to ensure the completeness of sales reporting.

Our audit procedures included, among others:

- We assessed the organization of the control environment and the accuracy of sales monitoring reports used by management.
- In respect of the IT systems, system access controls and segregation of duties we assessed:
  - the organization of the control environment
  - the effectiveness of system based controls
- We assessed and tested the reconciliation controls for the transfer of the sales from the cashier system to the accounting system.
- We used data analysis based on store level data to identify and analyze trends and anomalies.
- We made audit visits to selected stores to assess controls related to sales.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors of Tokmanni Group Oyj in 2012 and Tokmanni Oy in 2010 by the Annual General Meeting, and our appointment represents a total period of uninterrupted engagement of 6 years in Tokmanni Group Oyj and 8 years in Tokmanni Oy. Tokmanni Group Oyj became a public interest entity on 29 April 2016. We have been the Company's auditors since it became a public interest entity.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 16 February 2018

KPMG OY AB

ARI ESKELINEN
Authorised Public Accountant, KHT