

**TOKMANNI**

# IN MOTION

*For profitable growth*

**Tokmanni 2017**

**STRATEGY AND  
FINANCIAL  
TARGETS**

*Material responsibility  
themes*

**Tokmanni as an  
investment**

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**Tokmanni is in motion.** We work hard for smart shopping and more sustainable discount retailing. Our vision and strategy define the direction we are heading towards.

## RESULTS

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### Global trends and phenomena

impacting retail in general and Tokmanni are described in detail in Tokmanni's Responsibility Report 2017.

# This is Tokmanni

Tokmanni is Finland's leading discount retailer. We offer our customers an interesting and wide assortment at affordable prices in 175 stores around Finland and an online store.

Our target is to grow by improving our Like-for-Like growth and by opening new stores. In addition, we seek improved profitability through an increased Private Label and direct sourcing share of sales.

Corporate responsibility is a strategic focus area for Tokmanni and we respect people and the environment.

The company is listed on the Nasdaq Helsinki main list. In 2017 Tokmanni's revenue totaled EUR 796,5 million and it had 3,255 employees.

### Our strengths are:

- Low price image
- Attractive and wide product assortment
- A strong national brand
- A pleasant customer experience
- A nationwide store network

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

# Year 2017 in brief

## Tokmanni opened a record high amount of new stores

A total of 13 net new and 2 relocated stores were opened during 2017. Thereby, Tokmanni increased its selling space by approximately 24,000 square meters. 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 store openings are very popular not least because the company is distributing red buckets containing a surprise at the openings. Hundreds of people are queuing for the surprise buckets at the openings.

Tokmanni distributed  
**16,500**  
surprise buckets during  
its store openings in 2017



## Tokmanni established a Sustainability Advisory Board

In 2017 Tokmanni set up a Sustainability Advisory Board to support its responsibility work. The Advisory Board consists of external experts and aims to support Tokmanni by providing the company with an outside view of the company's responsibility work and sparring the company in, among others, sustainability trends, risks and best practices.

## Mika Rautiainen was appointed as new CEO of Tokmanni Group

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

## Tokmanni's marketing concept was recognized in several competitions

Tokmanni's The world's best buyer marketing concept, launched in the fall of 2016, attracted attention and won several awards during 2017.

## Tokmanni continued to develop its private labels

Tokmanni continued to develop its assortment and seasonal offering and launched, among others, a new Kotikulta home-lighting series in the fall. Kotikulta is Tokmanni's private label and the product range includes nearly 130 decorative and Christmas lights and LED candles. Customers have welcomed the new light series very well and demand has been high. Tokmanni will launch in the spring of 2018 among others a new Brücke tool series and Namipäivä candies. Both brands are Tokmanni's private labels.

## Tokmanni as an employer for young people

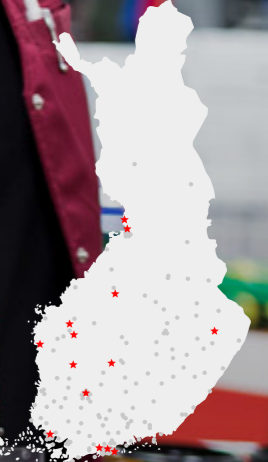
In the summer 2017, Tokmanni employed a total of about one thousand full-time summer workers or minors around Finland. The youngsters were very interested in Tokmanni and the company received over 15,000 summer job and training applications. In the autumn, Tokmanni decided to launch a trainee program aimed at newly graduated or nearly graduating college students who want to be involved in building a new kind of Tokmanni.



**796.5**  
Revenue, MEUR

**2.7%**  
Revenue growth

Tokmanni's store network



**46.4**  
Million baskets

**175**  
Stores

**3,255**  
employees

**-1.3%**  
Like-for-Like revenue development

**6.9%**  
EBITDA margin

Tokmanni's customers are served through 175 stores around Finland and an online store. In 2017 Tokmanni opened a record high amount of new stores: 13 net new stores and 2 relocated stores.



Interim CEO Harri Sivula:

## 2017 started with challenges but through our determined actions the trend turned towards the end of the year

### The beginning of 2017

was challenging sales wise for Tokmanni due to Tokmanni's internal system problems as well as external circumstances. At the same time, the market development was slower than we had expected. Despite the strong recovery in the Finnish economy, signs of a turn in the non-grocery market were seen only at the end of the year. However, due to our resolute measures, we managed to stabilize the situation towards the end of the year and the performance of the fourth quarter was good measured by many metrics.

### Fourth quarter Group revenue

developed well and our revenue grew 4.4% based on revenue from new stores opened in 2016 and 2017. During the last quarter of the year we opened six new stores. The Like-for-Like revenue development was

## In 2018, we focus heavily on sharpening our private label strategy and marketing to increase their share of sales.

slightly negative at -1.0%. Our Christmas sales were record high but October and November Like-for-Like sales were a slightly behind last year's sales mainly due to strong market competition as a result of the challenging first part of the year. Our gross margin was slightly below the corresponding quarter last year but our comparable EBITDA margin remained at the previous year's good level.

### Full-year revenue increased

2.7% but Like-for-Like revenue decreased 1.3% from the previous year. 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. When analyzing the numbers, it is also good to keep in mind that 2017 had one selling day less than the previous year. As we had anticipated, our profitability weakened from the previous year. This was mainly due to the sales mix and the high amount of new stores opened during the period. In 2017, the financial structure of the Group was clearly lighter than in the previous year, as a result of which our financial expenses declined significantly and net income was almost at the previous year's level.

### Expanding the store network

is one of Tokmanni's revenue and earnings drivers. Over the last few years, we have invested exceptionally heavily in the opening of new stores and our store network has grown by nearly 20 stores over the last couple of years. In 2017, we opened a record number of new stores, 13 net new and 2 relocated stores. 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. In 2018 we will open approximately five new stores.

### In 2017, we have paid even more

attention to our pricing strategy, the development of our customer-focused assortment as well as the continuous development of our store concept to improve our Like-for-Like sales. At the same time, we continue to develop our private labels and direct imports to improve our profitability. In 2018, we focus heavily on sharpening our private label strategy and marketing to increase their share of sales.

### We predict good sales growth

in 2018. Based on the actions mentioned above we expect Like-for-Like revenue to turn to low single digit growth and at the same time for new stores opened in 2017 and 2018 to bring good revenue growth.

We predict good sales growth in 2018.

# Tokmanni's markets

Tokmanni's target market is large and the competitive field is fragmented. The competitive environment includes direct competitors such as hypermarkets, general discount stores and department stores, as well as indirect and product-group specific competitors such as online and specialised stores.

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 elec-

**Tokmanni continuously develops its digital services to meet the changing needs of its customers and to develop the total customer experience.**

tronics. 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.

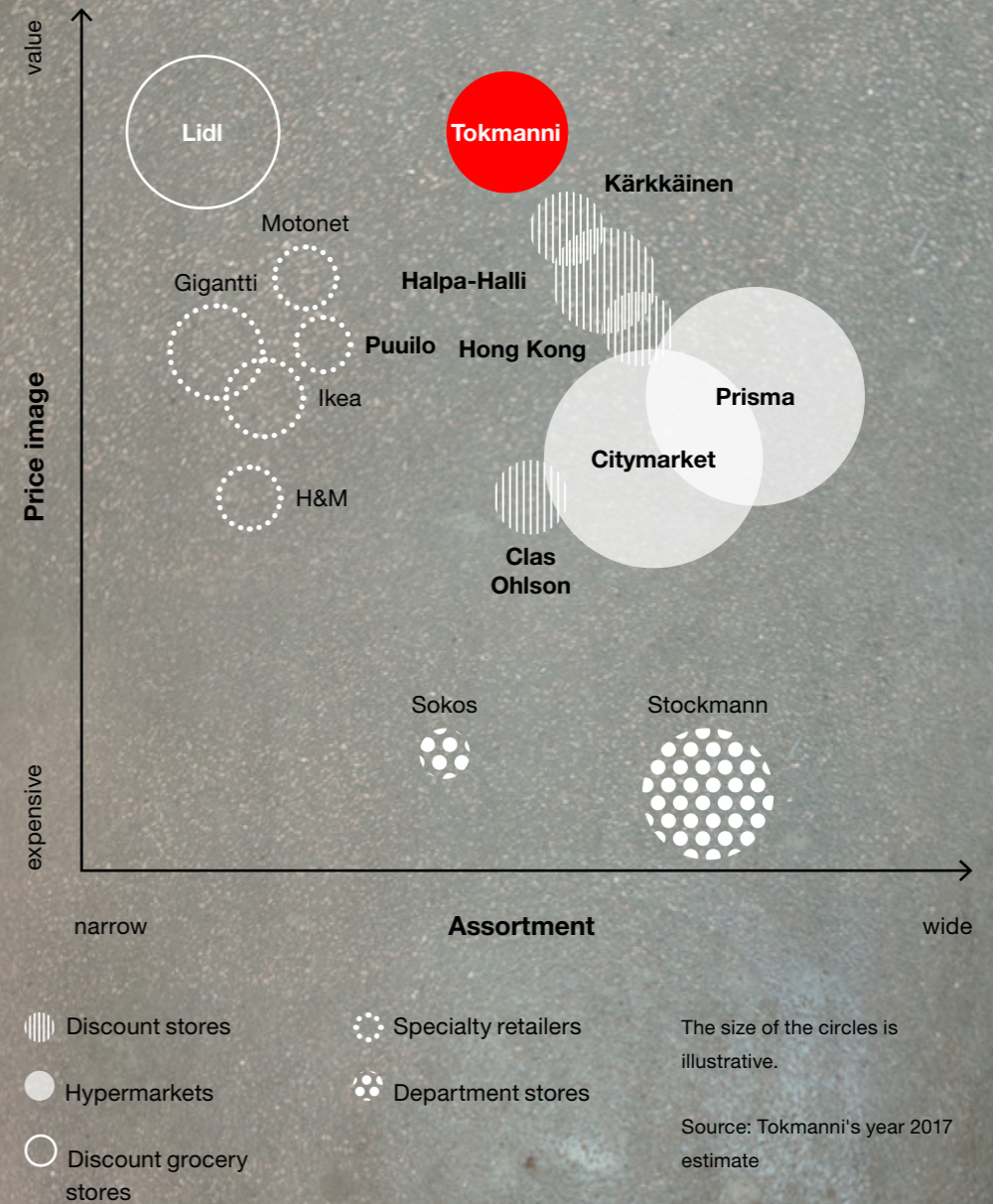
In recent years, the importance of international online stores has also increased in Finland. Competition has increased especially in the product categories of clothing and home electronics, and online stores are expected to further grow over coming years. Tokmanni continuously develops its digital services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

## Market development 2017

According to the [Finnish Grocery Trade Association](#) 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,

## Operating environment and target market





Prisma, Sokos, Stockmann, Tokmanni and Minimani. In addition, Anttila is included in the comparable numbers. Department store Anttila went bankrupt in 2016. It is important to note that the FGTA statistics only partially cover 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.

### 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

## Although the weak economic situation has accelerated the growth of discount retailers in the Finnish retail market, growth is expected to continue as the economy recovers.

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.

# Strategy and financial targets

Tokmanni's goal is to continue strengthening its position as the leading general discount retailer by exploiting our key competitive advantages: a low price image, an attractive and wide product assortment and a good customer experience. Tokmanni aims at steady and profitable long-term growth.

Like-for-Like revenue growth

**Like-for-Like growth is supported by** the striking and targeted marketing utilising Tokmanni's unified brand image. Tokmanni continuously develops its customer-focused assortment and at the same time strives to increase the share of its own private labels by offering interesting products at good prices. To ensure a pleasant customer experience Tokmanni continuously develops its store concept according to customer needs. In addition, Tokmanni is increasingly focused on digital solutions and a multichannel approach to support Like-for-Like revenue growth.

Growth through store network expansion

**We continue expanding our store network** by some 12,000 square metres each year, which means opening around five net new or re-located stores each year.

Improving profitability

**Our goal is to further increase direct sourcing and the share of private labels** in all product categories and to reduce the use of agents and wholesalers. In addition, we improve the management of working capital through better sourcing processes and tools, supply chain management and product group management, and by developing our store efficiency. The goal is to maintain operating expenses at least at the current level in relation to revenue.

## Financial targets and dividend policy

Long-term financial targets	Target
Like-for-Like revenue growth	Tokmanni Group's long-term target is to achieve low single digit Like-for-Like revenue growth assuming current market conditions remain. <b>Low single digit</b>
New stores	Tokmanni Group's target is to, on average, expand by approx. 12,000 square metres of new store space annually, consisting of approximately 5 net new stores, expansions and relocations. <b>approximately 5 p.a. / 12,000 sqm</b>
Comparable EBITDA margin	Tokmanni Group's long-term target is to progressively expand to an comparable EBITDA margin of approximately 10 per cent driven by improving gross margin levels and stable operating expenses in relative terms. <b>Progressively reaching ~10%</b>
Net Debt/Comparable EBITDA	Tokmanni Group intends to maintain an efficient long-term capital structure, defined as net debt in relation to comparable EBITDA of below 2.0x. <b>&lt; 2x</b>
Dividend policy	Tokmanni targets a dividend payout ratio of approximately 70 per cent of the net result of subject to capital structure, financial condition, general economic and business conditions and future prospects. <b>approximately 70%</b>

## Strategic measures during the review period

During 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, 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 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. In 2017 the company opened 13 net new and 2 relocated stores net and consequently exceptionally increased its selling space by as much as 24,000 square meters. At the end of the year Tokmanni had 175 stores around Finland. The company continues to expand its store network and negotiations for new store premises continue.

**At the end of 2017 Tokmanni had 175 stores around Finland**

# Tokmanni's strengths

A strong player in a changing market

### Tokmanni is Finland's leading discount retailer

Measured by both revenue and number of stores, we are Finland's leading discount retailer. With a network of 175 stores we serve our customers from Hanko to Rovaniemi. Our size also allows us to carry out more competitive sourcing operations, which means we are able to offer our customers interesting products at low prices.

### Low perceived price image

Tokmanni has a strong perceived price image and market-based pricing. We support our perceived price image with efficient marketing and campaign pricing.

### Attractive and wide assortment

Our stores offer a large selection of different products in six product categories:

- Groceries
- Home cleaning and personal care
- Clothing
- Home, decoration and garden
- Tools and electrical equipment
- Leisure and home electronics

Our target is to meet all the daily needs of our customers as well as possible. We offer our customers brand products of leading manufacturers and private label products at a low price. We continue to focus increasingly on our assortment of private label products.

### Low-cost sourcing model

We source products from several different suppliers in, for example, Finland, other European countries and Asia. We are focusing on increasing our sourcing directly

from suppliers and countries with low manufacturing costs. We do this, for example, in cooperation with Norwegian company Europris through our joint venture located in Shanghai. By omitting intermediaries and sourcing products directly from suppliers, we are able to offer products at a lower price. This also gives us more control of the supply chain and its responsibility.

### Constantly developing our customer-oriented store concept

Tokmanni's stores represent a customer-oriented and modern discount retail concept. We want to guarantee our customers the most pleasant shopping experience and meet their changing needs in the fastest and most agile way possible. Therefore, we are developing our store concept based on a model of continuous improvement. We are doing this, among other things, by piloting various elements and new development trends in our pilot stores. This allows us to test and analyse the solutions that best suit our customers before their potential implementation at all of our stores. At the same time, we are digitising our store network and introducing digital services to the stores.

### We operate responsibly

Responsibility is a strategic focus area for Tokmanni, and the company's aim is to act responsibly, respecting humans and the environment, in everything it does. Tokmanni's material corporate responsibility themes are business integrity, responsible sourcing and products, fair treatment of people, and efficient use of resources.

# Responsibility as part of business strategy

Corporate responsibility is an integral part of Tokmanni's day-to-day business. The company aims to minimise business risks, make use of the opportunities associated with this, and produce added value for stakeholders. Tokmanni's Corporate Responsibility Report 2017 can be found on our website.

## Tokmanni's material responsibility themes



### Business integrity

Economic performance  
Employment  
Anti-corruption  
Privacy protection  
Ethical marketing



### Responsible sourcing and products

Responsible sourcing  
Responsible products and packaging  
Product safety  
Appropriate markings on products



### Fair treatment

Occupational health and safety  
Employee training and development  
Equality in work and remuneration  
Non-discrimination



### Efficient use of resources

Efficient use of materials  
Energy efficiency  
Efficient logistics  
Efficient waste recycling

### Four initiatives were launched around the material themes in 2017, and further divided into projects. The initiatives are:

- Carbon neutral Tokmanni
- Tokmanni supporting circular economy
- A diverse Tokmanni
- Tokmanni respecting human rights

The initiatives will be implemented over the years 2017–2020 and there will be more information on them in the next Corporate Responsibility Report.

# Tokmanni as an investment

Tokmanni's shares are quoted on the Nasdaq Helsinki Mid Cap list.

### Value drivers

- ✓ Leading position in the discount retail market
- ✓ Strong brand in Finland and an attractive value proposition
- ✓ Faster-than-market growth
- ✓ Capacity to continue growth by improving Like-for-Like sales and by opening new stores
- ✓ Good EBITDA and clear measures to improve EBITDA margin further
- ✓ Strong cash flow-generating business model and generous dividend policy

### Investor events in 2017

- Tokmanni's representatives met almost 100 institutional investors in London, Boston, New York, Stockholm, Paris and Helsinki.
- In March, surprise buckets were handed out to shareholders at the general meeting held at the logistics centre in Mäntsälä
- Tokmanni participated in numerous events for private investors, such as the Finnish Foundation for Share Promotion's stock exchange evenings in Helsinki and Tampere. In early autumn, over 30 small investors from Central Uusimaa visited Mäntsälä
- In November, Tokmanni organised a store visit for analysts

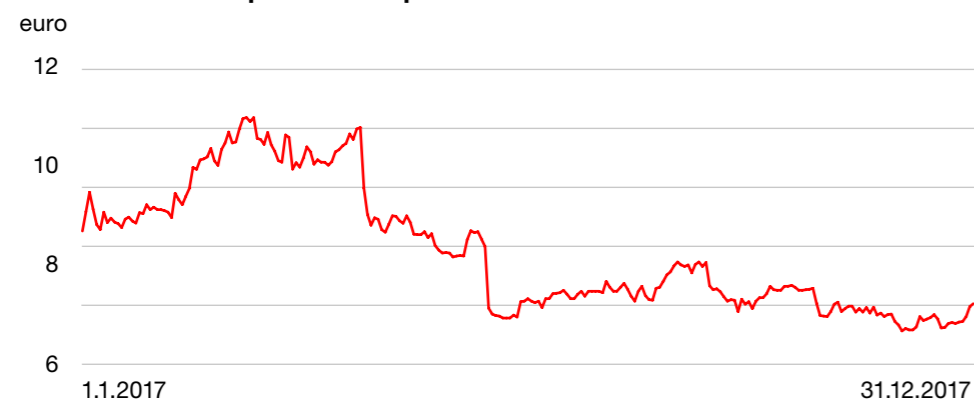
### Share information

	2017
Earnings per share	0.45
Dividend/share	0.41*
Nr of shares (1,000)	58,869
Average share price, EUR	8.17
Year-end market value, MEUR	426.8
Name	TOKMAN
List	Mid Cap

\* Board proposal for annual general meeting



### Tokmanni's share price development

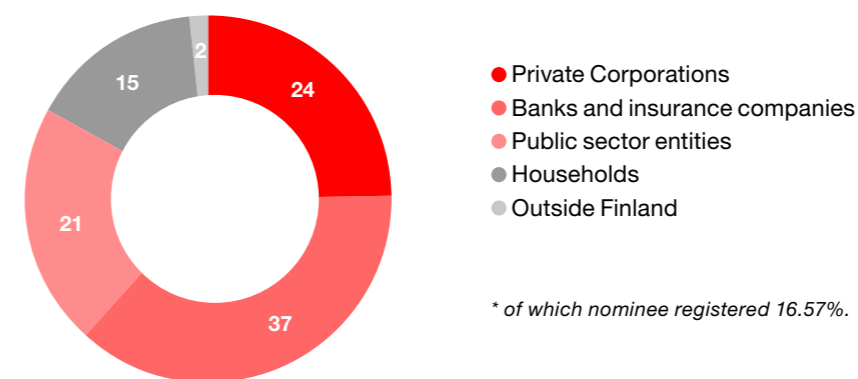


### Important events in 2017

- 2/17** Tokmanni's principal owner Cidron Disco S.à r.l. reduced its holding in the company from 30.5% to 15.21%.
- 3/17** Markku Pirskanen was appointed CFO of Tokmanni after his predecessor, Sixten Hjort, announced that he would retire from Tokmanni in June.  
Tokmanni announced that it had signed four agreements on opening new stores in store space released by Anttila. In total, the company opened nine stores in 2016–2017 in store space that was previously occupied by Anttila.
- 6/17** The company lowered its revenue and profitability guidance due to weak performance at the beginning of the year.  
Tokmanni appointed Chairman of the Board Harri Sivula as interim CEO after CEO Heikki Väänänen announced that he would be leaving the company.
- 7/17** The Board of Directors of Tokmanni appointed M.SC. (Econ) Mika Rautiainen (54) as CEO of Tokmanni. He will start in his position in June 2018.
- 9/17** Cidron Disco S.à r.l. sold its remaining holding in Tokmanni. At the same time, Rockers Tukku Oy increased its holding to 17.00%, making it the biggest shareholder.
- 11/17** Tokmanni was made aware that Kesko Group had applied for an injunction from the court requesting to prevent Mika Rautiainen from starting as Tokmanni Group Corporation's CEO before January 2018.
- 12/17** Rautiainen and Kesko reached an agreement in non-competition matter.

Read all of Tokmanni's stock exchange releases at <https://ir.tokmanni.fi/en/news-and-media>.

### Ownership structure on 31 December 2017, %\*



### Major shareholders by number of shares 31 December 2017

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

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## Key figures

	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016	Change, %
Revenue, MEUR	796.5	775.8	2.7%
Like-for-like revenue development, %	-1.3	-0.1	
Number of baskets, M	46.4	44.7	3.6%
Gross profit, MEUR	267.1	268.4	-0.5%
Gross margin, %	33.5	34.6	
Comparable gross profit, MEUR	268.1	267.9	0.1%
Comparable gross margin, %	33.7	34.5	
Operating expenses, MEUR	-217.8	-207.4	5.0%
Comparable operating expenses, MEUR	-217.0	-208.5	4.1%
EBITDA, MEUR	53.1	64.3	-17.5%
EBITDA, %	6.7	8.3	
Comparable EBITDA, MEUR	55.0	62.8	-12.5%
Comparable EBITDA, %	6.9	8.1	
Operating profit (EBIT), MEUR	38.8	49.2	-21.3%
Operating profit margin EBIT, %	4.9	6.3	
Comparable EBIT, MEUR	40.6	47.7	-14.9%
Comparable EBIT, %	5.1	6.1	
Net financial items, MEUR	-5.8	-15.2	-61.7%
Net capital expenditure, MEUR	8.1	9.8	-16.7%
Net debt / adjusted EBITDA **	2.4	1.8	
Net cash from operating activities, MEUR	27.1	62.5	
Return on capital employed, %	11.4	14.5	
Return on equity, %	16.0	18.1	
Number of shares, weighted average during the financial period (thousands)*	58,869	54,095	
Earnings per share (EUR/share)*	0.45	0.50	
Personnel at the end of the period	3,255	3,224	
Personnel on average in the period	3,232	3,209	

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

\*\* Rolling 12 months adjusted EBITDA

## Consolidated income statement

MEUR	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
<b>REVENUE</b>	<b>796.5</b>	<b>775.8</b>
Other operating income	3.9	3.4
Materials and services	-529.4	-507.4
Employee benefits expenses	-97.9	-96.4
Depreciation and amortization	-14.3	-15.1
Other operating expenses	-119.9	-111.1
Share of profit (loss) in joint ventures	0.0	0.0
<b>OPERATING PROFIT</b>	<b>38.8</b>	<b>49.2</b>
Financial income	0.0	0.1
Financial expenses	-5.9	-15.3
<b>PROFIT/LOSS BEFORE TAX</b>	<b>32.9</b>	<b>34.0</b>
Income taxes	-6.6	-6.8
<b>NET RESULT FOR THE FINANCIAL PERIOD</b>	<b>26.3</b>	<b>27.2</b>
<b>Profit for the year attributable to</b>		
Equity holders of the parent company	26.3	27.2

## Consolidated statement of comprehensive income

MEUR	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
<b>Net result for the financial period</b>	<b>26.3</b>	<b>27.2</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translating foreign operations	0.0	0.0
<b>Comprehensive income for the financial period, net of tax</b>	<b>0.0</b>	<b>0.0</b>
<b>Comprehensive income for the financial period</b>	<b>26.3</b>	<b>27.2</b>
<b>Comprehensive income for the financial period attributable to</b>		
Equity holders of the parent company	26.3	27.2

## Earnings per share

	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Equity holders of the parent company	26.3	27.2
Number of shares, weighted average during the financial period (thousands)*	58,869	54,095
Earnings per share (EUR/share)*	0.45	0.50

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

# Consolidated statement of financial position

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

# Consolidated statement of cash flows

MEUR	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
<b>Cash flows from operating activities</b>		
Net result for the financial period	26.3	27.2
Adjustments:		
Depreciation	14.3	15.1
Capital gains and losses on non-current assets	1.3	0.0
Financial income and expenses	5.8	15.2
Income taxes	6.6	6.8
Other adjustments	-0.2	-1.9
<b>Change in working capital:</b>		
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
<b>Net cash from operating activities</b>	<b>27.1</b>	<b>62.5</b>
<b>Cash flows from investing activities</b>		
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
<b>Net cash from investing activities</b>	<b>-8.1</b>	<b>-9.8</b>
<b>Cash flows from financing activities</b>		
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
<b>Net cash from financing activities</b>	<b>-33.7</b>	<b>-44.1</b>
<b>Net change in cash and cash equivalents</b>	<b>-14.7</b>	<b>8.7</b>
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

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