



# Apetit

## Half-year financial report January-June 2017





## Apetit Plc Half-year financial report, January–June 2017

### Food Solutions' growth enabled Group's profitability improvement – sale of seafood business sharpens strategic focus

#### April–June, continuing operations

- The net sales of continuing operations were EUR 77,3 (85,9) million.
- Operational EBITDA was EUR 1.0 (0.4) million.
- Operational EBIT was EUR -0.4 (-0.8) million.
- The profit for the period was EUR -0.4 (-0.3) million, and earnings per share were EUR -0.07 (-0.05).

#### January–June, continuing operations

- The net sales of continuing operations were EUR 151.9 (153.8) million.
- Operational EBITDA was EUR 1.6 (1.4) million.
- Operational EBIT was EUR -1.1 (-0.9) million.
- The profit for the period was EUR -1.7 (-1.6) million, and earnings per share were EUR -0.27 (-0.26).

#### April–June, Group, including discontinued operations\*

- Group's consolidated net sales were EUR 94.3 (106.9) million.
- Operational EBIT was EUR -0.2 (-1.1) million.
- The profit for the period was EUR -1.7 (-0.8) million, and earnings per share were EUR -0.27 (-0.13).

#### January–June, Group, including discontinued operations\*

- Group's consolidated net sales were EUR 186.2 (194.5) million.
- Operational EBIT was EUR -1.5 (-2.1) million.
- The profit for the period was EUR -3.5 (-3.0) million, and earnings per share were EUR -0.56 (-0.48).

*\* Discontinued operations: Apetit Plc has signed an agreement on selling its seafood business to the Norwegian Insula AS. In this report, the business operations to be transferred are already reported as discontinued operations. The transaction is expected to be completed during the third quarter of 2017.*

The information has not been audited. The figures in parentheses are the equivalent figures for the same period in 2016, and the comparison period means the corresponding period of the previous year, unless otherwise stated.

The profit guidance remains unchanged. The Group's full-year operational EBIT is expected to improve year-on-year (EUR 0.9 million in 2016). Due to the seasonal nature of the Group's operations, most of the annual profit is accrued in the second half of the year.

Juha Vanhainen, CEO:

“Our investment in new product development and renewal is generating new sales, and the favourable development is also having a positive effect on products that have been on the market for a longer time. Grocery sales continued to pick up in the first half of the year. According to our estimate, our Food Solutions business outpaced the overall development of the grocery trade.

In April–June, the increase in Food Solutions' net sales supported profitability, and the segment's operational EBIT improved year-on-year. However, we cannot be pleased with Food Solutions' current level of performance, and we will continue our work to increase sales and improve efficiency. In April–June, especially the sales and profitability of fresh products developed well.

Despite the increase in Food Solutions' net sales, the Group's net sales decreased in the first half of 2017, as the sales volumes in Grain Trade and Oilseed Products were lower than in the comparison period. We can be particularly pleased that the Seafood segment's operational EBIT improved significantly and was slightly positive in April–June.

In late June, we announced that we would sell our seafood business operations in Finland, Sweden and Norway to Insula AS, a Norwegian company specialising in the processing of fish and shellfish. The transaction will enable us to allocate more resources to the implementation of our strategy, which focuses on food solutions with a high vegetable content. The transaction also means that the seafood business will be run by a new owner committed to developing and strengthening the business.

The interest in vegetable-based and vegan foods among consumers and customers in the professional food service sector supports our strategic direction and guides our investments in product development. We will continue to implement measures to improve growth and profitability by increasing sales and improving efficiency across our operations.”

## KEY FIGURES

EUR million	Q2 2017	Q2 2016	Change	Q1-Q2 2017	Q1-Q2 2016	Change	2016	Rolling 12 m
<b>Continuing operations</b>								
Net sales	77.3	85.9	-10%	151.9	153.8	-1%	312.0	310.0
Operational EBITDA	1.0	0.4		1.6	1.4		6.4	6.5
Operational EBIT	-0.4	-0.8		-1.1	-0.9		1.5	1.3
Operating profit	-0.5	-0.8		-1.3	-0.9		1.5	1.1
Share of profit of associated company Sucros	0.2	0.4		-0.5	-0.7		0.7	0.9
Profit for the period	-0.4	-0.3		-1.7	-1.6		2.5	2.5
Earnings per share, EUR	-0.07	-0.05		-0.27	-0.26		0.41	0.40
Working capital				25.3	38.5		43.9	39.9
<b>Group (incl. discontinued operations)</b>								
Net sales	94.3	106.9		186.2	194.5		386.5	378.3
Operational EBIT	-0.2	-1.1		-1.5	-2.1		0.9	1.2
Operating profit	-1.8	-1.1		-3.1	-2.1		0.6	-0.4
Profit for the period	-1.7	-0.8		-3.5	-3.0		1.2	0.7
Earnings per share, EUR	-0.27	-0.13		-0.56	-0.48		0.19	0.11
Equity per share, EUR				17.58	18.35		19.00	
Return on capital employed (ROCE), %							1.2%	1.9%
Net cash flow from operating activities				23.1	22.7		21.9	
Equity ratio				71.1%	67.8%		64.1%	
Gearing				-1.5%	9.3%		12.4%	
Investment				2.9	6.5		9.7	

## SEGMENT COMPARISON

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

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

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

### Development of net sales

#### Continuing operations

NET SALES, EUR million	Q2 2017	Q2 2016	Change	Q1-Q2 2017	Q1-Q2 2016	Change	2016	Rolling 12 m
Food Solutions	25.6	24.3	+6%	51.4	49.3	+4%	97.8	99.9
Oilseed Products	16.3	18.2	-10%	33.1	34.7	-5%	68.2	66.6
Grain Trade	39.4	50.2	-22%	72.4	81.1	-11%	159.7	151.1
Intra-segment net sales	-4.0	-6.8		-5.0	-11.2		-13.7	-7.5
Total	77.3	85.9	-10%	151.9	153.8	-1%	312.0	310.0

#### Discontinued operations

NET SALES, EUR million	Q2 2017	Q2 2016	Change	Q1-Q2 2017	Q1-Q2 2016	Change	2016	Rolling 12 m
Seafood	20.1	22.7	-11%	40.4	43.2	-7%	87.8	85.0
Intra-segment net sales	-2.8	-1.9		-5.8	-4.3		-12.6	-14.1
Total	17.3	20.8		34.6	39.0		75.2	70.9

### Development of operational EBIT

#### Continuing operations

OPERATIONAL EBIT, EUR million	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016	2016	Rolling 12 m
Food Solutions	-1.2	-1.6	-2.4	-2.8	-2.6	-2.2
Oilseed Products	0.7	0.7	0.9	1.4	2.7	2.3
Grain Trade	0.2	0.1	0.4	0.5	1.4	1.2
Total	-0.4	-0.8	-1.1	-0.9	1.5	1.3

#### Discontinued operations

OPERATIONAL EBIT, EUR million	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016	2016	Rolling 12 m
Seafood	0.1	-0.3	-0.4	-1.2	-0.6	0.2

## NET SALES AND PROFIT OF CONTINUING OPERATIONS

### *April–June*

Net sales decreased to EUR 77.3 (85.9) million in the second quarter. Net sales increased in Food Solutions but decreased in Grain Trade and Oilseed Products. Operational EBIT was EUR -0.4 (-0.8) million. Reported operating profit was EUR -0.5 (-0.8) million.

The share of the profit of the associated company Sucros was EUR 0.2 (0.4) million.

The profit before taxes was EUR -0.5 (-0.6) million, and taxes on the profit for the period came to EUR 0.1 (0.3) million. The profit for the period was EUR -0.4 (-0.3) million, and earnings per share were EUR -0.07 (-0.05).

### *January–June*

Net sales amounted to EUR 151.9 (153.8) million in the first half of 2017. Operational EBIT was EUR -1.1 (-0.9) million, and the reported operating profit was EUR -1.3 (-0.9) million.

The share of the profit of the associated company Sucros was EUR -0.5 (-0.7) million in January–June.

The net figure for financial income and expenses was EUR -0.2 (-0.3) million. Financial expenses included EUR -0.3 (-0.3) million as the share of the Avena Nordic Grain Group's profit attributable to the employee owners of Avena Nordic Grain Oy.

The profit before taxes was EUR -1.9 (-1.9) million, and taxes on the profit for the period came to EUR 0.3 (0.3) million. The profit for the period was EUR -1.7 (-1.6) million, and earnings per share were EUR -0.27 (-0.26).

## CASH FLOWS, FINANCING AND BALANCE SHEET

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

Consolidated cash flow from operating activities after interest and taxes amounted to EUR 23.1 (22.7) million in January–June. The impact of the change in working capital was EUR 22.5 (24.1) million. The effect of seasonality on the change in working capital is presented below under 'Seasonality of operations'.

The net cash flow from investing activities was EUR -2.6 (-6.0) million. The cash flow from financing activities came to EUR -14.2 (-23.2) million, including EUR -4.3 (-4.3) million in dividend payments and EUR -9.9 (-23.9) million in loan repayments. In the comparison period, the cash flow from financing activities included a loan withdrawal of EUR 5 million.

At the end of the period, the continuing operations had EUR 7.2 (17.5) million in interest-bearing liabilities and EUR 10.9 (6.9) million in liquid assets. Net interest-bearing liabilities stood at EUR -3.6 (10.6) million.

The consolidated balance sheet total stood at EUR 153.4 (167.6) million. At the end of the period, equity totalled EUR 109.0 (113.7) million. The equity ratio was 71.1 (67.8) per cent, and gearing was -1.5 (9.3) per cent. The Group's liquidity is secured with committed credit facilities, with EUR 40 (40) million being available in credit at the end of the period. The total of commercial papers issued stood at EUR 2.0 (9.0) million.

## INVESTMENT

The Group's gross investment in non-current assets came to EUR 2.9 (6.5) million and was divided as follows: investment in Food Solutions totalled EUR 2.0 (3.8) million, in Oilseed Products EUR 0.4 (1.2) million, in Grain Trade EUR 0.1 (0.1) million and in discontinued operations EUR 0.4 (1.4) million.

## PERSONNEL

In January–June, the Apetit Group's continuing operations employed an average of 531 (530) people, and its discontinued operations employed an average of 175 (187) people. The Group's average total number of personnel was 706 (716) in January–June.

## SEASONALITY OF OPERATIONS

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

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

In Finland, sales of fish products peak at weekends and in connection with public holidays. In the Seafood segment in Finland, a significant proportion of the full-year result depends on a successful Christmas season. Net sales in Grain Trade vary from one year and quarter to the next, even quite considerably, being dependent on the demand and supply situation and on the price level in Finland and other markets.

## OVERVIEW OF OPERATING SEGMENTS

### Food Solutions

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

EUR million	Q2 2017	Q2 2016	Change	Q1-Q2 2017	Q1-Q2 2016	Change	2016	Rolling 12 m
Net sales	<b>25.6</b>	24.3	+6%	<b>51.4</b>	49.3	+4%	97.8	99.9
Operational EBITDA	<b>-0.1</b>	-0.7		<b>-0.2</b>	-1.0		1.3	2.0
Operational EBITDA, %	<b>-0.5%</b>	-2.8%		<b>-0.4%</b>	-1.9%		1.3%	2.0%
Operational EBIT	<b>-1.2</b>	-1.6		<b>-2.4</b>	-2.8		-2.6	-2.2
Operating profit	<b>-1.4</b>	-1.6		<b>-2.5</b>	-2.8		-2.6	-2.4

#### *Financial and operational performance in April–June*

The Food Solutions segment's net sales improved to EUR 25.6 (24.3) million in April–June. Sales continued to develop favourably in the frozen foods group, in both the retail and professional food service sector channels. Sales also increased in the fresh products group year-on-year. New products, particularly the Apetit Kasvisjauhis vegetable patties and balls, were well received, and their sales are off to a good start. New products in the Tuorekset family were introduced for the summer barbecue season, and they gained a good foothold in retail selections.

Operational EBITDA was EUR -0.1 (-0.7) million, and operational EBIT was EUR -1.2 (-1.6) million. The profitability of the frozen foods group was at a good level. Increased sales supported the profitability of the fresh products group, but profitability continued to be at an unsatisfactory level. The reported operating profit was EUR -1.4 (-1.6) million, including EUR -0.2 million in expenses related to a trademark dispute concerning frozen pizzas.

#### *Summary of January–June*

The Food Solution segment's net sales increased to EUR 51.4 (49.3) million in the first half of 2017. Sales increased in all product groups, with the growth being particularly strong in the frozen foods group.

Food Solutions' operational EBITDA was EUR -0.2 (-1.0) million in the first half of 2017. Operational EBIT was EUR -2.4 (-2.8) million, and the reported operating profit was EUR -2.5 (-2.8) million.

Food Solutions' investment totalled EUR 2.0 (3.8) million and were mainly related to production development at the Säkylä frozen vegetables and frozen ready meals plant.

#### *Implementation of strategic projects*

During the first half of 2017, good progress was made on the strategic target of increasing sales of the frozen food group by focusing on completely new products and concepts. The new Kasvisjauhis vegetable patties and balls gained a good foothold in selections, and their sales have developed according to plan. The Kasvisjauhis product range was introduced in the retail stores' ready meal

sections in April. In June, as part of its digital service development, Apetit introduced its Kasvimaani.fi service, which enables consumers to order Finnish vegetables from Apetit contract growers and have them delivered directly to their door. In the process, the consumers will also learn about the vegetables and their growers. Apetit's visibility in the media and on social media has developed favourably and has increased the company's visibility among consumers interested in diets with a high vegetable content.

#### *Strategic focus areas of business*

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

In the Food Solutions segment, the goal is to reach an organic growth rate of 20 per cent in net sales by the end of 2018 in comparison with 2015. In terms of profitability, the target is to achieve an operational EBITDA margin of 7.5 per cent in 2018.

## Oilseed Products

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

EUR million	Q2 2017	Q2 2016	Change	Q1-Q2 2017	Q1-Q2 2016	Change	2016	Rolling 12 m
Net sales	<b>16.3</b>	18.2	-10%	<b>33.1</b>	34.7	-5%	68.2	66.6
Operational EBITDA	<b>0.9</b>	0.9		<b>1.3</b>	1.7		3.5	3.1
Operational EBITDA, %	<b>5.3%</b>	4.9%		<b>3.9%</b>	5.0%		5.1%	4.6%
Packaged and special products of net sales	<b>33.0%</b>	26.1%		<b>33.9%</b>	27.3%		29.5%	32.9%
Operational EBIT	<b>0.7</b>	0.7		<b>0.9</b>	1.4		2.7	2.3
Operating profit	<b>0.7</b>	0.7		<b>0.9</b>	1.4		2.7	2.3

#### *Financial and operational performance in April–June*

The Oilseed Products segment's net sales and delivery volumes in tonnes decreased year-on-year in April–June. The segment's net sales amounted to EUR 16.3 (18.2) million. The sales of packaged and special products represented 33.0 (26.1) per cent of the segment's net sales, marking an increase from the comparison period. The main export markets were Norway and Sweden, with exports representing 26 per cent of net sales.

Operational EBITDA was EUR 0.9 (0.9) million. Operational EBIT was EUR 0.7 (0.7) million including the rebate on energy taxes recognised in the period.

#### *Summary of January–June*

The Oilseed Products segment's net sales in the first half of 2017 were EUR 33.1 (34.7) million. Operational EBITDA was EUR 1.3 (1.7) million, and operational EBIT was EUR 0.9 (1.4) million.

Investment in the period totalled EUR 0.4 (1.2) million and were mainly related to maintenance at the Kirkkonummi oil milling plant.

### *Operating environment*

The oilseed harvest season has progressed as expected, and the crop outlooks in Finland are good. According to Natural Resources Institute Finland's evaluation, the total yield of rapeseed is estimated to be up by almost 25 per cent year-on-year. COCERAL, the European association representing the trade in cereals, is also predicting slight growth for oilseed production in the EU. The availability of Finnish seeds is estimated to be at a good level in the forthcoming crop season.

### *Implementation of strategic projects*

Oilseed Products continued to implement projects aiming at higher added value. The Apetit rapeseed oil was launched in stores in March. Its sales are off to a good start, and it has gained a strong foothold in retail vegetable oil selections over a short period of time. The sales of premium rapeseed oils sold under the Neito brand have also developed favourably. The products were introduced a longer time ago.

The research and development project related to the processing potential of the rapeseed continued in the review period. The project aims to develop a new functional vegetable protein ingredient from the rapeseed. Tekes has agreed to support the project during the 2017–2018 period.

### *Strategic business objectives*

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

Our goal is to increase the share of packaged and special products to 34.0 per cent of net sales in 2018. In terms of profitability, the target is to achieve an operational EBITDA margin of 7.5 per cent in 2018.

## Grain Trade

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

EUR million	Q2 2017	Q2 2016	Change	Q1-Q2 2017	Q1-Q2 2016	Change	2016	Rolling 12 m
Net sales	<b>39.4</b>	50.2	-22%	<b>72.4</b>	81.1	-11%	159.7	151.1
Sales volume, 1000 tn	<b>194</b>	271		<b>380</b>	423		853	810
Return on capital employed (ROCE), %							4.1%	4.1%
Operational EBIT	<b>0.2</b>	0.1		<b>0.4</b>	0.5		1.4	1.2
Operating profit	<b>0.2</b>	0.1		<b>0.4</b>	0.5		1.4	1.2

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

### *Financial and operational performance in April–June*

The Grain Trade segment's net sales in April–June decreased to EUR 39.4 (50.2) million from the high levels of the comparison period. The decrease was due to smaller delivery volumes. Grain exports from Finland accounted for 28 per cent of net sales.

The segment's relative profitability improved year-on-year, and its operational EBIT improved slightly despite smaller delivery volumes. Operational EBIT was EUR 0.2 (0.1) million. Stock levels and, consequently, the amount of tied-up working capital decreased in April–June from the comparison period.

### *Summary of January–June*

The Grain Trade segment's net sales in the first half of 2017 amounted to EUR 72.4 (81.1) million, representing a decrease from the comparison period. The decrease is explained by smaller delivery volumes in tonnes. Good sales profitability supported the profit. Operational EBIT and the reported operating profit were EUR 0.4 (0.5) million in January–June.

The Grain Trade segment's investment totalled EUR 0.1 (0.1) million.

### *Operating environment*

World grain stocks are at high levels as we enter the new harvest season, and there is ample supply on the markets. However, in its forecast published in late June, the International Grains Council adjusted its global grain production estimate downwards and is expecting the international grain crop to decrease in comparison with the previous crop season. The European Commission has adjusted its grain production estimate downwards due to the drought in Southern Europe and is expecting the grain crop to be average. With the global demand for grains continuing to increase, world grain stocks are expected to decrease for the first time in five years.

### *Strategic business objectives*

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

In the Grain Trade segment, the target is to increase sales volumes to more than 1 million tonnes per year in 2018. The targeted ROCE percentage\* for 2018 is 14.0 per cent.

\* Operational EBIT divided by the opening and closing balance sheet average values of the approved financial statements.

## Discontinued operations (Seafood segment)

The discontinued operations include the fish products group's operations in Finland, Sweden and Norway.

EUR million	Q2 2017	Q2 2016	Change	Q1-Q2 2017	Q1-Q2 2016	Change	2016	Rolling 12 m
Net sales	<b>20.1</b>	22.7	-11%	<b>40.4</b>	43.2	-7%	87.8	85.0
Operational EBIT	<b>0.1</b>	-0.3		<b>-0.4</b>	-1.2		-0.6	0.2
Operating profit	<b>-1.2</b>	-0.3		<b>-1.8</b>	-1.2		-0.9	-1.5

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

On 29 June 2017, Apetit Plc announced that it had signed an agreement on selling its seafood business in Finland, Sweden and Norway to Insula AS, a Norwegian company specialising in seafood business operations. The transaction will be executed as a business transfer in Finland and as a share transaction of Maritim Food Group in Norway and Sweden. In Finland, Apetit will remain a minority shareholder of the seafood business, with a holding of less than 20 per cent.

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

The profit for the period in April-June includes EUR -1.3 million in the estimated effect of the loss from the sale of business operations and expert costs, including tax effects, related to the arrangement. The effect on the profit will be further specified after the transaction has been completed, approval from the Norwegian competition authorities has been obtained and the other conditions of the transaction have been met. The transaction is expected to be completed in the third quarter of 2017. The corporate transaction is not expected to have a significant effect on the Group's full-year operational EBIT.

### *Financial and operational performance in April-June*

The Seafood segment's net sales decreased to EUR 20.1 (22.7) million in April-June. The change in the fair value of currency hedges had an impact of EUR 0.0 (0.2) million on the operational EBITDA. Operational EBIT was EUR 0.1 (-0.3) million, and the reported operating profit was EUR -1.2 (-0.3) million, including EUR -1.3 million in sales loss and expert costs related to the corporate transaction involving the Seafood business.

### *Summary of January-June*

The Seafood segment's net sales decreased to EUR 40.4 (43.2) million in the first half of 2017. Net sales increased in Norway, but decreased in Sweden and Finland due to smaller sales volumes. Operational EBIT was EUR -0.4 (-1.2) million, and the reported operating profit was EUR -1.8 (-1.2) million.

## TREASURY SHARES

At the end of the review period, the company had in its possession a total of 115,561 of its own shares acquired during previous years. These treasury shares represent 1.8 per cent of the company's total number of shares and votes. The treasury shares carry no voting or dividend rights.

## SHARE TURNOVER

The number of Apetit Plc shares traded on the stock exchange during the review period was 506,815 (211,979), representing 8.0 (3.4) per cent of the total number of shares. The highest share price quoted was EUR 14.36 (13.60), and the lowest was EUR 12.91 (11.64). The average price of shares traded was EUR 13.46 (12.61). The share turnover for the period was EUR 11.5 (2.7) million. At the end of the period, the market capitalisation was EUR 88.4 (78.3) million.

## DECISIONS OF THE ANNUAL GENERAL MEETING

Apetit Plc's Annual General Meeting was held in Säskylä on 24 March 2017. The AGM approved the parent company's financial statements and the consolidated financial statements, and discharged the members of the Board of Directors and of the Supervisory Board and the Chief Executive Officer from liability for the financial year 2016. The Board of Directors' proposals to the AGM were approved without changes.

### *Dividend distribution*

The AGM decided to distribute a dividend of EUR 0.70 per share, in accordance with the Board's proposal. The dividend was paid on 4 April 2017.

## ORGANISATIONAL MEETING OF THE SUPERVISORY BOARD AND ELECTION OF THE BOARD OF DIRECTORS

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

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

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

## AUDIT COMMITTEE

On 4 May 2017, Apetit Plc's Board of Directors elected members to its Audit Committee from among its members until the end of the Board's term of office. Seppo Laine was elected as Chairman of the Audit Committee, and Lasse Aho and Esa Härmälä were elected as its members.

## SHORT-TERM RISKS AND UNCERTAINTIES

The most significant short-term risks for the Apetit Group are related to the management of raw-materials price changes and currency risks, the availability of raw materials, the solvency of customers, the delivery performance of suppliers and service providers, and changes in the Group's business sectors and customer relationships.

## PROFIT GUIDANCE FOR 2017

Sales in the Finnish retail sector and professional food service sector are expected to pick up in comparison to the previous year, but the price competition is expected to remain intensive. Ample supply is expected to continue to prevail in the global grains market, keeping prices and margins at a low level. This situation is not expected to change significantly before a more specific outlook is available for the new harvest season.

The Group's full-year operational EBIT is expected to improve year-on-year (EUR 0.9 million in 2016). Due to the seasonal nature of the Group's operations, most of the annual profit is accrued in the second half of the year.

With regard to profitability, favourable development will be supported by higher added value and positive sales development in Food Solutions, improved operational efficiency in Seafood and increased sales volumes in Grain Trade in comparison to the previous year.

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

## PUBLICATION DATES FOR FINANCIAL REPORTS

The interim report for January–September will be published on 2 November 2017 at 8.30 a.m.

## CONSOLIDATED INCOME STATEMENT

EUR million

	<b>Q2</b>	Q2	<b>Q1-Q2</b>	Q1-Q2	Q1-Q4
	<b>2017</b>	2016	<b>2017</b>	2016	2016
<b>Net sales</b>	<b>77.3</b>	85.9	<b>151.9</b>	153.8	312.0
Other operating income	<b>0.1</b>	0.2	<b>0.3</b>	0.5	1.5
Operating expenses	<b>-76.6</b>	-85.7	<b>-150.8</b>	-152.9	-307.1
Depreciation	<b>-1.4</b>	-1.2	<b>-2.7</b>	-2.3	-4.8
Impairments	<b>0.0</b>	0.0	<b>0.0</b>	0.0	0.0
<b>Operating profit</b>	<b>-0.5</b>	-0.8	<b>-1.3</b>	-0.9	1.5
Share of profits of associated companies	<b>0.2</b>	0.4	<b>-0.5</b>	-0.7	0.7
Financial income and expenses	<b>-0.2</b>	-0.2	<b>-0.2</b>	-0.3	-0.6
Profit before taxes	<b>-0.5</b>	-0.6	<b>-1.9</b>	-1.9	1.6
Income taxes	<b>0.1</b>	0.3	<b>0.3</b>	0.3	0.9
<b>Profit for the period, continuing operations</b>	<b>-0.4</b>	-0.3	<b>-1.7</b>	-1.6	2.5
<b>Profit for the period, discontinued operations</b>	<b>-1.3</b>	-0.5	<b>-1.8</b>	-1.4	-1.4
<b>Profit for the period, equity holders of the parent</b>	<b>-1.7</b>	-0.8	<b>-3.5</b>	-3.0	1.2
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR,					
<b>Continuing operations</b>	<b>-0.07</b>	-0.05	<b>-0.27</b>	-0.26	0.41
<b>Discontinued operations</b>	<b>-0.20</b>	-0.08	<b>-0.29</b>	-0.23	-0.22
<b>To the shareholders of the parent company</b>	<b>-0.27</b>	-0.13	<b>-0.56</b>	-0.48	0.19

## STATEMENT OF COMPREHENSIVE INCOME

EUR million

	<b>Q2</b>	Q2	<b>Q1-Q2</b>	Q1-Q2	Q1-Q4
	<b>2017</b>	2016	<b>2017</b>	2016	2016
<b>Profit for the period</b>	<b>-1.7</b>	-0.8	<b>-3.5</b>	-3.0	1.2
<b>Other comprehensive income</b>					
<b>Items which may be reclassified subsequently to profit or loss:</b>					
Cash flow hedges	<b>-1.5</b>	-0.6	<b>-0.8</b>	-0.2	-0.2
Taxes related to cash flow hedges	<b>0.2</b>	0.1	<b>0.1</b>	0.0	0.0
Translation differences	<b>-0.2</b>	0.0	<b>-0.3</b>	0.0	0.1
<b>Total comprehensive income</b>	<b>-3.1</b>	-1.3	<b>-4.5</b>	-3.2	1.1
<b>Total comprehensive income, continuing operations</b>	<b>-1.8</b>	-0.8	<b>-2.7</b>	-1.8	2.4
<b>Total comprehensive income, discontinued operations</b>	<b>-1.3</b>	-0.5	<b>-1.8</b>	-1.4	-1.4

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million

	<b>30 June 2017</b>	30 June 2016	31 Dec 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	6.2	8.1	7.7
Goodwill	0.4	0.4	0.4
Tangible assets	38.1	47.3	47.7
Investment in associated companies	22.4	21.8	23.1
Available-for-sale financial assets	0.1	0.3	0.1
Receivables	1.3	1.0	0.3
Deferred tax assets	4.1	3.5	4.3
<b>Non-current assets total</b>	<b>72.5</b>	82.4	83.6
<b>Current assets</b>			
Inventories	28.7	44.6	65.3
Trade receivables and other receivables	19.2	32.9	30.1
Income tax receivable	0.1	0.7	0.1
Cash and cash equivalents	10.9	6.9	4.6
<b>Current assets total</b>	<b>58.9</b>	85.2	100.1
<b>Assets of disposal group classified as held-for-sale</b>	<b>22.0</b>		
<b>Total assets</b>	<b>153.4</b>	167.6	183.7

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million

	<b>30 June 2017</b>	30 June 2016	31 Dec 2016
<b>EQUITY AND LIABILITIES</b>			
Non-controlling interests	109.0	113.7	117.7
<b>Total equity</b>	<b>109.0</b>	113.7	117.7
<b>Non-current liabilities</b>			
Deferred tax liabilities	2.7	3.9	3.7
Long-term financial liabilities	4.0	5.6	4.9
Non-current provisions	0.2	0.2	0.3
Other non-current liabilities	0.2	0.3	0.2
<b>Non-current liabilities total</b>	<b>7.1</b>	10.0	9.0
<b>Current liabilities</b>			
Short-term financial liabilities	3.3	12.0	14.2
Income tax payable	0.2	0.2	0.0
Trade payables and other liabilities	22.6	31.4	42.5
Short-term provisions		0.4	0.2
<b>Current liabilities total</b>	<b>26.0</b>	43.9	57.0
<b>Liabilities directly associated with disposal group classified as held-for-sale</b>	<b>11.2</b>		
<b>Total liabilities</b>	<b>44.3</b>	53.9	66.0
<b>Total equity and liabilities</b>	<b>153.4</b>	167.6	183.7

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million

	Q1-Q2 2017	Q1-Q2 2016	Q1-Q4 2016
Net profit for the period	-3.5	-3.0	1.2
Adjustments, total	5.0	3.7	5.7
Change in net working capital	22.5	24.1	17.5
Interests paid	-0.8	-1.3	-1.7
Interests received	0.0	0.0	0.1
Taxes paid	-0.2	-0.9	-0.9
<b>Net cash flow from operating activities</b>	<b>23.1</b>	<b>22.7</b>	<b>21.9</b>
Investments in tangible and intangible assets	-2.9	-6.5	-9.7
Proceeds from sales of tangible and intangible assets	0.0	0.0	0.0
Acquisition of associated companies	-0.1		
Proceeds from sales of associated companies	0.2		
Proceeds from sales of other investments		0.2	0.3
Dividends received from investing activities	0.2	0.3	0.3
<b>Net cash flow from investing activities</b>	<b>-2.6</b>	<b>-6.0</b>	<b>-9.0</b>
Proceeds from and repayments of short-term loans	-9.2	-23.3	-21.0
Proceeds of long-term loans	0.1	5.0	5.0
Repayments of long-term loans	-0.7	-0.6	-1.3
Dividends paid	-4.3	-4.3	-4.3
<b>Cash flows from financing activities</b>	<b>-14.2</b>	<b>-23.2</b>	<b>-21.6</b>
<b>Net change in cash and cash equivalents</b>	<b>6.3</b>	<b>-6.5</b>	<b>-8.8</b>
Cash and cash equivalents at the beginning of the period	4.6	13.4	13.4
Cash and cash equivalents at the end of the period	10.9	6.9	4.6

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

A = Shareholders' equity at 1 January

B = Dividend distribution

C = Other changes

D = Total comprehensive income

E = Shareholders' equity at 30 June

### January - June 2017

EUR million

	A	B	C	D	E
Share capital	12.6				12.6
Share premium account	23.4				23.4
Net unrealised gains	0.1			-0.6	-0.6
Other reserves	7.2				7.2
Own shares	-1.6		0.0		-1.6
Translation differences	-0.3			-0.3	-0.6
Retained earnings	76.3	-4.3		-3.5	68.4
Attributable to equity holders of the parent	117.7	-4.3	0.0	-4.4	109.0

### January - June 2016

EUR million

	A	B	C	D	E
Share capital	12.6				12.6
Share premium account	23.4				23.4
Net unrealised gains	0.2			-0.2	0.1
Other reserves	7.2				7.2
Own shares	-1.7		0.0		-1.6
Translation differences	-0.4			0.0	-0.4
Retained earnings	79.5	-4.3	0.2	-3.0	72.3
Attributable to equity holders of the parent	121.0	-4.3	0.2	-3.2	113.7

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2016. New standards and interpretations adopted in 2017 have not had material effect to the interim report.

## RECONCILIATION OF OPERATIONAL EBIT AND OPERATING PROFIT

EUR million	Q1-Q2 2017	Q1-Q2 2016	Q1-Q4 2016
<b>Continuing operations</b>			
Operational EBIT	-1.1	-0.9	1.5
Trademark dispute concerning frozen pizzas	-0.2		
Operating profit	-1.3	-0.9	1.5
<b>Discontinued operations, Seafood segment</b>			
Operational EBIT	-0.4	-1.2	-0.6
Estimated loss from sale of business operations and expert fees related to development of the business structure	-1.4		-0.3
Operating profit	-1.8	-1.2	-0.9

## DISCONTINUED OPERATIONS, SEAFOOD SEGMENT

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

Discontinued operations comprises Apetit Kala Oy fish processing business in Finland and Maritim Food Group in Norway and Sweden. Apetit Kala is one of the major manufacturers of salmon and rainbow trout fish products in Finland. Maritim Food Group produces high quality fish and shellfish products in Norway and in Sweden. In 2016, the net sales of Apetit's Seafood segment's operations were EUR 87.8 million and the operational EBIT was EUR -0.6 million. Apetit's Seafood operations employ 82 persons in Finland, 71 in Norway and 15 in Sweden.

EUR million	Q1-Q2 2017	Q1-Q2 2016	Q1-Q4 2016
Income	40.4	43.2	87.8
Expenses	-42.4	-44.6	-89.1
Profit before taxes	-2.0	-1.4	-1.3
Income taxes	0.2	0.0	-0.1
<b>Profit for the period, discontinued operations</b>	-1.8	-1.4	-1.4

The profit for the period in April-June includes EUR -1.3 million in the estimated effect of the after tax loss from the sale of business operations and expert costs of which EUR -1.0 million is allocated to non-current assets. The effect of the transaction will be further specified after the transaction has been completed. The transaction is expected to be completed in the third quarter of 2017.

#### Cash flows

EUR million	<b>Q1-Q2 2017</b>	Q1-Q2 2016	Q1-Q4 2016
Net cash flow from operating activities	<b>0.5</b>	2.6	3.2
Net cash flow from investing activities	<b>-0.4</b>	-1.4	-2.0
Cash flows from financing activities	<b>-0.1</b>	-1.2	-1.3
<b>Net change in cash and cash equivalents</b>	<b>0.0</b>	0.0	0.0

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

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

EUR million	<b>30 June 2017</b>
Tangible and intangible assets and non-current receivables	<b>9.3</b>
Deferred tax assets	<b>0.8</b>
Inventories	<b>8.6</b>
Trade receivables and other receivables	<b>4.2</b>
Cash and cash equivalents	<b>0.0</b>
<b>Total assets</b>	<b>23.0</b>
Non-current liabilities	<b>0.8</b>
Current liabilities	<b>10.4</b>
<b>Total liabilities</b>	<b>11.2</b>

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

## SEGMENT INFORMATION

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

### Operating segments, January - June 2017

EUR million

	A	B	C	D	E	F
Total segment sales	51.4	33.1	72.4	156.9	40.4	197.3
Intra-group sales	-0.1	-0.1	-4.8	-5.0	-5.8	-11.1
Net sales	51.3	33.0	67.6	151.9	34.6	186.2
Operating profit	-2.5	0.9	0.4	-1.3	-1.8	-3.1
Gross investments in non-current assets	2.0	0.4	0.1	2.5	0.4	2.9
Corporate acquisitions and other share purchases			0.0	0.0		0.0
Depreciations	2.2	0.4	0.1	2.7	0.9	3.6
Impairments	0.0	0.0	0.0	0.0	1.0	1.0
Personnel	431	44	56	531	175	706

### Operating segments, January - June 2016

EUR million

	A	B	C	D	E	F
Total segment sales	49.3	34.7	81.1	165.0	43.2	208.3
Intra-group sales	-2.1	-0.1	-7.3	-11.2	-4.3	-13.8
Net sales	47.1	34.6	73.8	153.8	39.0	194.5
Operating profit	-2.8	1.4	0.5	-0.9	-1.2	-2.1
Gross investments in non-current assets	3.8	1.2	0.1	5.1	1.4	6.5
Corporate acquisitions and other share purchases			0.0			0.0
Depreciations	1.8	0.4	0.1	2.3	0.8	3.1
Impairments					0.0	0.0
Average number of personnel	435	41	54	530	187	716

Operating segments,  
January - December 2016  
EUR million

	A	B	C	D	E	F
Total segment sales	97.8	68.2	159.7	325.7	87.8	413.5
Intra-group sales	-0.9	-0.2	-13.3	-13.7	-12.6	-27.0
Net sales	96.9	68.0	146.4	312.0	75.2	386.5
Operating profit	-2.6	2.7	1.4	1.5	-0.9	0.6
Gross investments in non-current assets	5.7	1.9	0.1	7.7	2.0	9.7
Corporate acquisitions and other share purchases			0.0	0.0	0.0	0.0
Depreciations	3.8	0.8	0.2	4.8	1.7	6.6
Impairments	0.0	0.0	0.0	0.0	0.0	0.0
Average number of personnel	452	42	55	549	180	729

#### KEY INDICATORS

	30 June 2017	30 June 2016	31 Dec 2016
Shareholders' equity per share, EUR	<b>17.58</b>	18.35	19.00
Equity ratio, %	<b>71.1</b>	67.8	64.1
Gearing, %	<b>-1.5</b>	9.3	12.4
Gross investments in non-current assets, EUR million	<b>2.9</b>	6.5	9.7
Corporate acquisitions and other share purchases, EUR million	<b>0.0</b>	0.0	0.0
Average number of personnel	<b>706</b>	716	729
Average number of shares, 1,000 pcs	<b>6202</b>	6196	6198

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

**COLLATERALS, CONTINGENT LIABILITIES,  
CONTINGENT ASSETS AND OTHER COMMITMENTS**

EUR million

	<b>30 June 2017</b>	30 June 2016	31 Dec 2016
<b>Mortgages given for debts</b>			
Real estate and corporate mortgages	<b>2.4</b>	2.3	2.5
Guarantees	<b>10.7</b>	10.0	11.6
<b>Non-cancellable other leases, minimum lease payments</b>			
Real estate leases	<b>9.0</b>	9.0	9.6
Other leases	<b>1.0</b>	0.9	1.0
<b>DERIVATIVE INSTRUMENTS</b>			
Outstanding nominal values of derivate instruments			
Interest rate swaps	<b>4.8</b>	6.0	5.4
Forward currency contracts	<b>2.6</b>	6.8	8.1
Commodity derivative instruments	<b>25.8</b>	21.5	14.9
<b>CONTINGENT ASSETS</b>			
The present value of proceeds from the sale of shares in the joint entry account	<b>0.7</b>	0.7	0.7
<b>INVESTMENT COMMITMENTS</b>			
Food Solutions	<b>1.1</b>	1.1	1.0
Oilseed Products	<b>0.4</b>		

**CHANGES IN TANGIBLE ASSETS**

EUR million

	<b>30 June 2017</b>	30 June 2016	31 Dec 2016
Book value at the beginning of the period	<b>47.7</b>	43.8	43.8
Additions	<b>2.6</b>	5.8	8.9
Disposals	<b>-0.1</b>	0.0	0.0
Depreciations and impairments	<b>-3.9</b>	-2.5	-5.3
Other changes	<b>-0.2</b>	0.2	0.3
<b>Book value at the end of the period</b>	<b>46.0</b>	47.3	47.7

## TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million

	<b>Q1-Q2 2017</b>	Q1-Q2 2016	Q1-Q4 2016
Sales to associated companies	<b>0.2</b>	0.2	0.8
Purchases from associated companies	<b>1.3</b>	1.4	3.0
Trade receivables and other receivables from associated companies	<b>0.0</b>	0.0	0.1
Trade payables and other liabilities to associated companies	<b>0.2</b>	0.2	0.3

In Helsinki, 11 August 2017

APETIT PLC

Board of Directors