RESTAMAX

RESTAURANT COMPANY

RESTAMAX PLC
ANNUAL REPORT
2017

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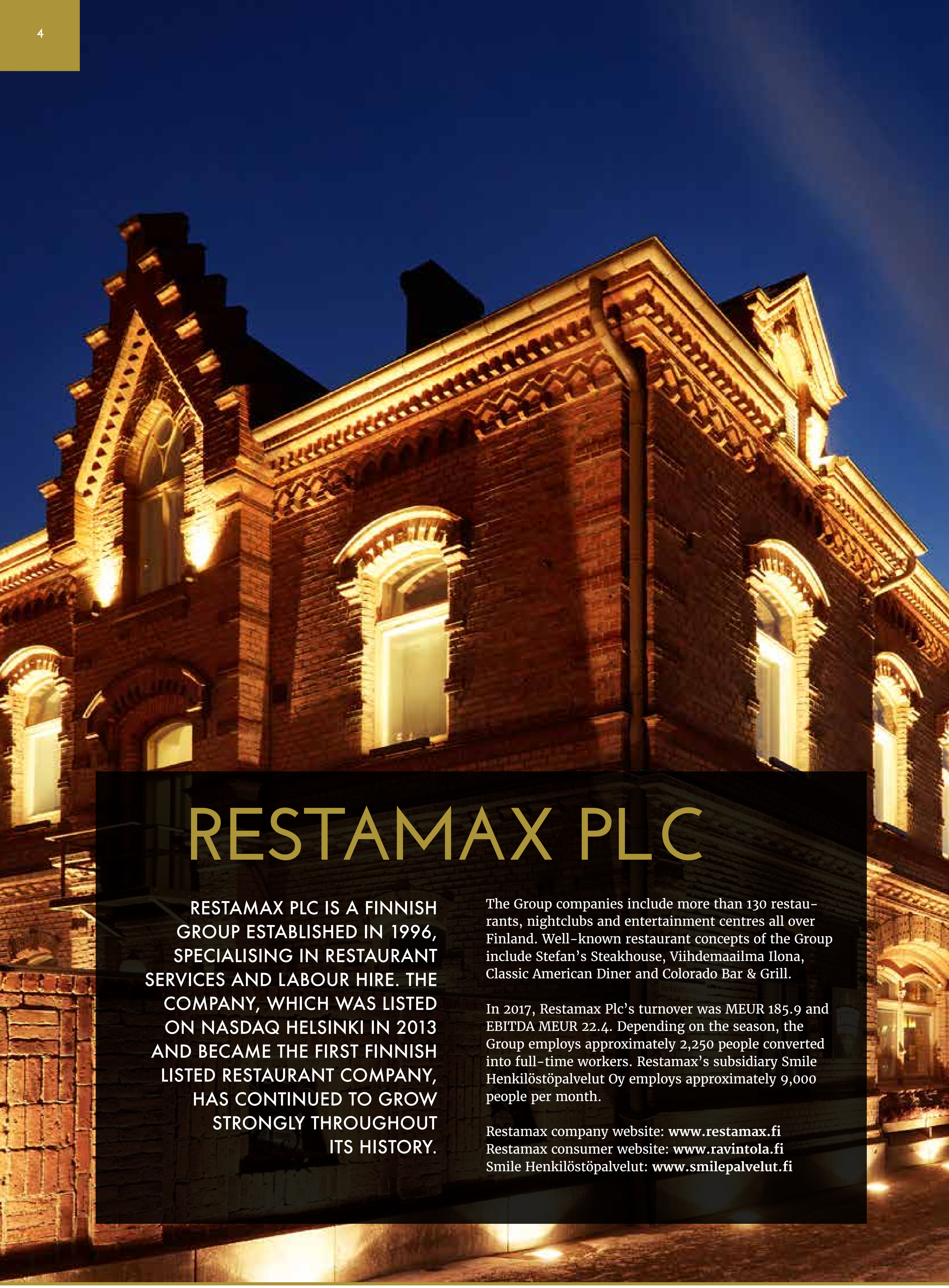
Restamax Plc's 2017 annual report has been published in printed format at the Annual General Meeting on 25 April 2018. The 2017 annual report is available on the Group's website at **www.restamax.fi**.

Restamax Plc's official financial statements, annual report and auditor's report for 2017 have been published on the Group's website in Finnish and English.



RESTAMAX PLC

RESTAMAX PLC IS A FINNISH GROUP ESTABLISHED IN 1996, SPECIALISING IN RESTAURANT SERVICES AND LABOUR HIRE. THE COMPANY, WHICH WAS LISTED ON NASDAQ HELSINKI IN 2013 AND BECAME THE FIRST FINNISH LISTED RESTAURANT COMPANY, HAS CONTINUED TO GROW STRONGLY THROUGHOUT ITS HISTORY.

The Group companies include more than 130 restaurants, nightclubs and entertainment centres all over Finland. Well-known restaurant concepts of the Group include Stefan's Steakhouse, Viihdemaailma Ilona, Classic American Diner and Colorado Bar & Grill.

In 2017, Restamax Plc's turnover was MEUR 185.9 and EBITDA MEUR 22.4. Depending on the season, the Group employs approximately 2,250 people converted into full-time workers. Restamax's subsidiary Smile Henkilöstöpalvelut Oy employs approximately 9,000 people per month.

Restamax company website: **www.restamax.fi**
Restamax consumer website: **www.ravintola.fi**
Smile Henkilöstöpalvelut: **www.smilepalvelut.fi**

RESTAMAX'S 2017 IN NUMBERS

EMPLOYS APPROXIMATELY
2250 PEOPLE
PER MONTH

MORE THAN
130 RESTAURANTS

GROWTH OF
OPERATING PROFIT
19.7%

TURNOVER OF THE
RESTAURANT SEGMENT
MEUR 122.2

GROWTH OF
TURNOVER
42.9%

APPROXIMATELY
134000
RAVINTOLA.FI LOYAL CUSTOMERS

TURNOVER
MEUR
185.9

APPROXIMATELY
65 FOOD
RESTAURANTS

APPROXIMATELY
30
NIGHTCLUBS

GROWTH OF
EBITDA
15.5%

APPROXIMATELY
35
ENTERTAINMENT
RESTAURANTS
AND PUBS

25
RESTAURANT
CITIES

SMILE'S 2017 IN NUMBERS

GROWTH OF
TURNOVER
121.5%

EMPLOYS APPROXIMATELY
9000 PEOPLE
PER MONTH

TURNOVER
MEUR 75.6

GROWTH OF
OPERATING PROFIT
140%

GROWTH OF
EBITDA
91.9%

1

A STRONGLY GROWING FOOD AND ENTERTAINMENT RESTAURANT AND LABOUR HIRE GROUP.

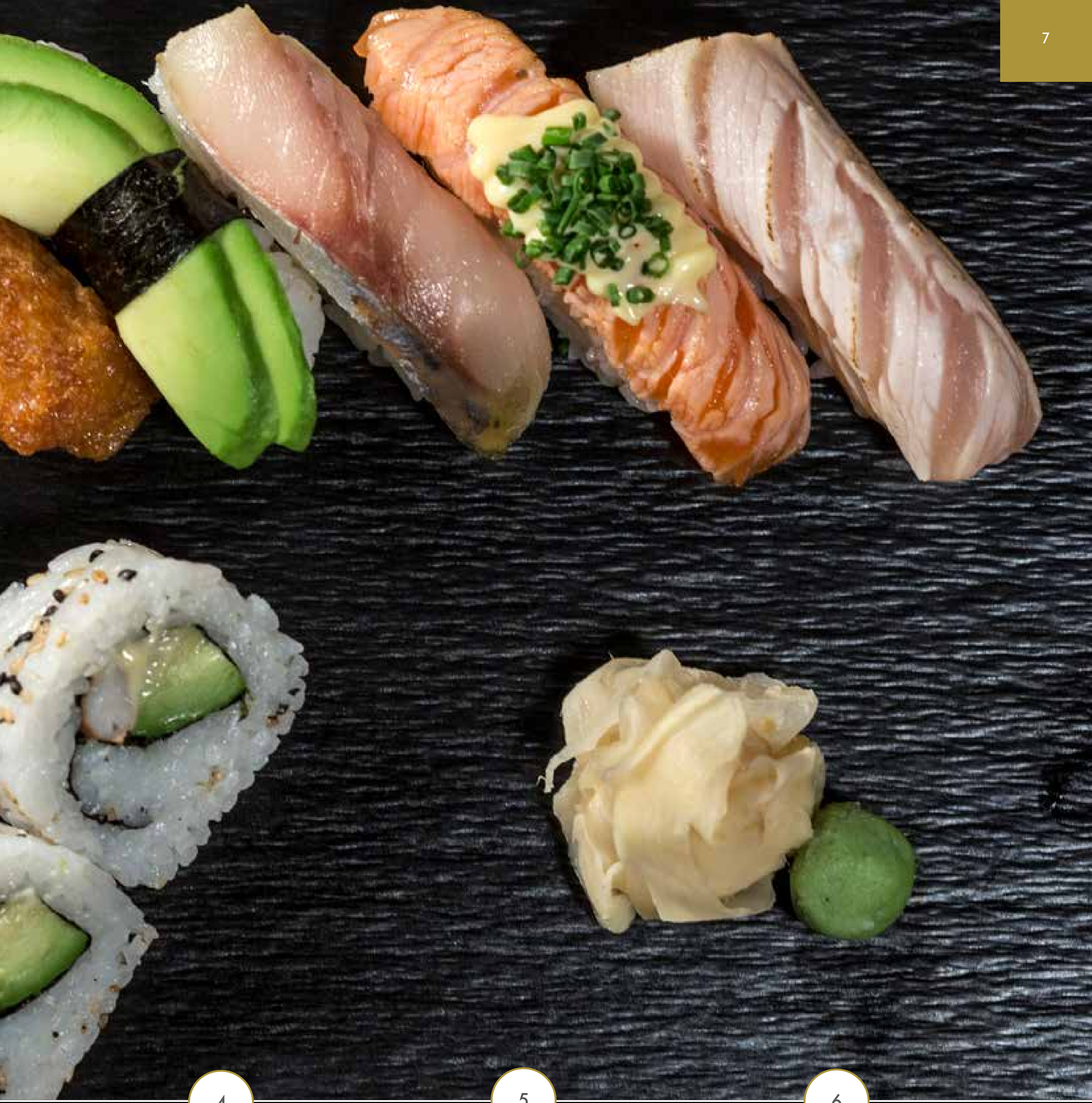
2

A STEADILY GROWING MARKET, THE DEVELOPMENT OF WHICH IS SUPPORTED BY SEVERAL LONG-TERM DRIVERS OF GROWTH FAVOURABLE TO RESTAMAX.

3

A LARGE-SCALE, FRAGMENTED MARKET ALSO OFFERS THE CHANCE TO GROW OUR MARKET SHARE AND SUSTAIN GROWTH AT A SIGNIFICANTLY STRONGER RATE THAN THE AVERAGES OF BOTH SECTORS IN FUTURE.

RESTAMAX IN BRIEF



4

THE COMPANY'S OPERATING MODEL, WHICH COMBINES ENTREPRENEURSHIP WITH LARGE-SCALE ECONOMICS, OFFERS A LOCAL COMPETITIVE EDGE.

5

EFFICIENCY AND PRACTICALLY IMPLEMENTED PROFIT RESPONSIBILITY GUARANTEE PROFITABILITY THAT IS CLEARLY HIGHER THAN THE SECTOR AVERAGES.

6

EXPERIENCED, PROFESSIONAL KEY MANAGEMENT WITH A SHARED EXPERIENCE OF MORE THAN 100 YEARS FROM THE RESTAURANT BUSINESS.


MOSAIC
LAG

REVIEW BY THE CEO

A record year for growth

The 2017 financial period will go down in our history as a year of strong growth. In January–December 2017, the turnover of our Group increased by almost 43 per cent, EBITDA by 15.5 per cent and operating profit by almost 20 per cent in comparison with the previous financial period.

The key figures for 2017 are rather positive. Once again we reached our long-term strategic goals, and during 2017 we already exceeded the turnover target of MEUR 180 that we set for 2018. Although the second and third quarters of 2017 with chilly and rainy summer weather were challenging, which affected our EBITDA and EBIT margins, we were able to keep our key efficiency figures, such as our staff expenses and material margin, at a good level. Increased focus on and additional investment in sales, marketing and streamlining operating practices improved customer flow and increased average purchases.

In 2017, we served up to 7 million customers and our restaurant portfolio grew from 110 to more than 130 restaurants. The final quarter of the year was quite successful and culminated in the busiest-ever Christmas party season. In October–December, we opened more than 10 new restaurants and, despite their opening costs, we succeeded in catching up with the results of the second and third quarters that were influenced by poor summer weather.

In 2017, we strengthened our position in familiar cities and also expanded our market area to new cities. We duplicated our familiar and popular concepts and coloured up the restaurant field with completely new business ideas. We opened Run Out escape rooms in Tampere and Seinäjoki. At the beginning of 2018, we opened the Vihahuone and the completely dark escape room, Dark Room, in Tampere. To our knowledge, these are the first of their kind in Finland.

Smile Henkilöstöpalvelut grown into one of the major players in the sector

Smile Henkilöstöpalvelut Oy's rate of growth accelerated in 2017 both organically and as a result of corporate acquisitions, and the company became a leading player in the field. As a result of corporate acquisitions, Smile's market position strengthened significantly in Southwest Finland, Satakunta, Kainuu, Helsinki and Pirkanmaa, especially in the fields of industry, construction and restaurant business. In March 2018, we announced that we would be evaluating the listing of Smile on the Nasdaq Helsinki Ltd Stock Exchange.

Towards new targets

At the end of 2017, we published the Group's new long-term financial goals and strategy. Our goal is to reach a total turnover of approximately MEUR 400 by the end of 2020. Active work to reach this goal has begun. In January 2018, we announced that we would be revamping our organisation and management. We will invest more strongly in the management of business units, the boosting of acquisitions and the satisfaction of our customers and staff. We will, for example, expand the opportunities for training provided by Restamax Academy for our staff. Sales, marketing and market knowledge will be given increasing value in our operations, and for this we will strengthen our Executive Team during 2018 with a Chief Commercial Officer (CCO).

Becoming a leading restaurant company in Northern Europe

In March 2018, we took a significant step in Restamax's history. We expanded our restaurant business to Denmark. We bought over 90% of the popular Danish Cock's & Cows and The Bird concepts, which currently include a total of 11 restaurants in key locations in Copenhagen. The founders of the restaurants, Lasse Wiwe and Daniel Knuttel, will act as partners in our Danish subsidiary and continue in the operative management of business operations. Their knowhow and market knowledge create a solid foundation for strong growth in Denmark. In addition to food restaurants, we see great growth opportunities in the nightclub and entertainment restaurant business in Denmark. During summer 2018, both restaurant concepts will open new units in prime locations at the Copenhagen international airport.

Our internationalisation will be further supported by the joining of forces with Royal Ravintolat that we reported in April 2018. At the end of 2017, the Royal Ravintolat Group included 35 unique restaurants, 21 Hanko Sushi restaurants, 7 Pizzarium restaurants and 4 Sandro restaurants in different parts of Finland. Other well-known brands of the Group famous for its premium restaurants include Savoy, Löyly, Elite, Palace and Teatteri. Upon the realisation of the deal, I will take charge of our company's operations abroad as the CEO of Restamax International. The CEO of Royal Ravintolat, Aku Vikström, will assume the position of the CEO of the Group with responsibility for the company's domestic operations. We aim to be the leading restaurant operator in Northern Europe by 2020.

In accordance with our strategy, we expect the Group's turnover to increase and profitability to remain on a good level in both segments in the 2018 financial period. In the restaurant segment, without Royal Ravintolat, our goal is to reach a turnover of approximately MEUR 140, and in labour hire a turnover of approximately MEUR 110, the total turnover being some MEUR 240, by the end of 2018.

Juha Helminen
CEO, Restamax Plc

REVIEW BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Record-level rise in share price

There is strong confidence in Restamax among investors and the market. In 2017, the development of our Group's share price was stronger than ever before: at the end of 2016, the share price was about EUR 6, and by the end of 2017, it had risen to above EUR 8. At the end of 2017, the share target price was EUR 8.80, and in April 2018 it rose to as high as EUR 12. In 2017, Kauppalehti ranked Restamax as the 14th most profitable listed company, based on its gross yield of 49.1 per cent.

Looking at the restaurant field generally, 2017 was a growth-oriented year. According to the Finnish Hospitality Association (MaRa), the turnover of the tourism and restaurant industries increased by 6.5 per cent in the period January–December 2017. Consumer confidence strengthened towards the end of the year and, in January 2018, rose to the highest measured value in its history. Finland attracted more tourists than before, and the increase of tourism naturally had a positive effect on the demand for restaurant services. Overnight stays by foreign tourists in hotels in Finland increased faster than in other Nordic countries: the increase was nearly 17 per cent from the previous year. The majority of our tourists are Chinese. In 2017, the number of Chinese tourists travelling to Finland increased by more than 35 per cent from the previous year.

The Alcohol Act, which fully entered into force at the beginning of March 2018, is a much-needed boost for the industry, allowing happy hour marketing and extended opening hours, among other things. We will take advantage of the reform in our operations, and we believe that it will both strengthen customer flows and increase the average size of customer purchases.

New step in labour hire

The 2017 financial period was also successful for our labour hire segment. Smile Henkilöstöpalvelut is now one of the largest companies in the sector in Finland. The geographic coverage and number of personnel at the branches of our labour hire segment are larger than ever. Smile's organic growth has been supported by strong investment in marketing and brand work, among other things.

As a result of an increase in the demand of the economy and for labour hire services, the market in the sector also looks very positive. The rate of growth of our labour hire business has been much faster than the general development of the sector and our restaurant segment. Since 2014, when labour hire became part of our Group, the growth of the segment has been strong. Now the time is ripe for the next move. In March 2018, our Board of Directors announced that it would review and evaluate the listing of the labour hire business comprising Smile Henkilöstöpalvelut Oy and its subgroup on the Nasdaq Helsinki Ltd Stock Exchange during the spring of 2018.

Taking Finnish restaurant competence abroad

Our strategic objective has been to expand our restaurant operations abroad during 2018. In spring 2018, we took the first step to implement the strategy by expanding our restaurant business to Denmark. Our goal is to reach a key position in the Danish restaurant market. In addition to this, we intend to expand to other parts of Northern Europe where the restaurant market is fragmented and we therefore see significant potential in it. We will continue our internationalisation through corporate acquisitions and the export of our own concepts. We are currently negotiating actively in several countries.

We have strong competence that we can also export beyond the borders of Finland. Therefore, we will be able to offer our personnel versatile career opportunities abroad too.

Becoming one of the largest in the Nordic countries

Announced in April 2018, our planned joining of forces with Royal Ravintolat will create a platform for the economy and competence that will also accelerate our growth abroad. With the deal, the size of the restaurant business of our company will reach a completely new level. Royal Ravintolat has a significant market position in Helsinki, and Restamax has a significant position elsewhere in Finland. Together we will be one of the largest restaurant groups in the Nordic countries listed on the Helsinki Stock Exchange. We want to build a restaurant company that combines an entrepreneurial approach, an attitude that emphasises the role of restaurateurs and the development resources of a big company. As companies, Restamax and Royal Ravintolat complement each other in terms of their product portfolios and competencies. The deal is expected to be realised in summer 2018, and the aim is to carry out the integration in late 2018 and early 2019.

In December 2017, we published a new long-term strategy and objectives. We have now begun to implement these with a positive mind. Our Group's goal is to reach a turnover of approximately MEUR 400 by the end of 2020, restaurant business accounting for approximately MEUR 200 and labour hire approximately MEUR 220 of the total turnover. Restamax is a strong and profitable company.

Timo Laine
Chairman of the Board of Directors, Restamax Plc

LABOUR HIRE OPERATIONS: REVIEW BY THE CEO

Strong growth organically and through corporate acquisitions

The spectacular growth of Smile Henkilöstöpalvelut continued in the 2017 financial period. The company's turnover reached MEUR 75.6, increasing by more than 121 per cent, EBITDA was MEUR 6.6, increasing by nearly 92 per cent, and operating profit was MEUR 3.8, increasing by 140 per cent from the previous year. In 2017, our profitability was among the best in the sector and our growth was clearly stronger than the general growth.

The comprehensive labour needs and growth of our current customers and our successful acquisition of new customers spurred on our growth. In addition to organic growth, corporate acquisitions played a significant role in this: for example, Banssi Henkilöstöpalvelut, Job Services One (now Smile Job Services Oy) and Active People became part of our company. Our position strengthened especially in the fields of construction, industry and logistics. In addition to these fields, we supply professionals for hotels, restaurants and catering, events and promotions and medical services – currently for more than 400 companies around Finland. In 2017, we employed approximately 9,000 professionals on a monthly basis, which is twice the amount of 2016. We also established Smile Education Oy (Smile Edu), which provides training services with the mission of improving the availability of manpower in collaboration with educational institutes. Our new direct-recruitment service Smile Rekry also started its operations at the beginning of 2018.

During the 2017 financial period, we became one of the largest players in our field. The cornerstones of our success have been expertise of various fields and a diverse growth strategy. Internally, we have focused on the integration of the acquired companies. We have invested in marketing and brand work. Our slogan "Ilon kautta töihin" (Joy at work) can be seen in the streetscape and our daily activities. At the core of our operations is a uniform operating system. With its implementation, our operations will be harmonised, automated and more efficient than ever. We invest in our personnel's well-being at work actively, and in 2017 the Motivire program was introduced to improve personal well-being.

Joining the change in the labour market

There is clearly a cultural change taking place in the labour market, and we want to be part of it. Employees expect employers to be more and more understanding and flexible with their changing life situations. For us in the staffing service business, this is a great opportunity – and a responsibility. Although the staffing service sector in Finland is still young and developing, its growth potential appears rather bright. In 2017, labour hire was one of Finland's strongest growing industries. In 2017, the 20 largest companies in the staffing service sector reached a total turnover of MEUR 1,281, with an increase of approximately 18 per cent from the previous year. Of this group, the companies concentrating in labour hire reached a turnover of MEUR 1,077, with an increase of 22 per cent from the previous year. As much as over 80 per cent of the turnover of the leading players in the staffing service sector comes from labour hire services, which is why it is fair to say that labour hire nearly defines the direction of the staffing service sector.

Growth boost from stock exchange listing

Our journey together with Restamax has been great. The labour hire business became part of Restamax in August 2014, when Restamax acquired a majority holding in Staff Invest Oy. In 2015, the turnover of the labour hire business was MEUR 24.2, and in 2017 the turnover reached MEUR 75.6. In addition to the restaurant sector, business operations have scaled diversely to different sectors.

In March 2018, Restamax announced that it had decided to review and evaluate the listing of the labour hire business comprising Smile Henkilöstöpalvelut Oy and its subgroup on the Nasdaq Helsinki Ltd Stock Exchange. The evaluation process will be carried out during spring 2018, and we will communicate on its progress later.

The potential listing enables us to strengthen our balance sheet and to grow even more quickly into one of Finland's largest labour hire companies. In accordance with our renewed strategy, we will be targeting a turnover of MEUR 220 by the end of 2020. This is the way forward.

Sami Asikainen
CEO, Smile Henkilöstöpalvelut Oy

BOLD STEPS TOWARDS GROWTH SINCE 1996

RESTAMAX PLC HAS MORE THAN 20 YEARS' EXPERIENCE IN THE RESTAURANT BUSINESS. THE COMPANY'S ROOTS DATE BACK TO 1996. THE LISTED COMPANY, WHICH HAS SPRUNG FROM THE PUB BUSINESS, IS TARGETING A TURNOVER OF MEUR 180 AND THE EXPANSION OF THE RESTAURANT BUSINESS ABROAD BY THE END OF 2018. AT THE SAME TIME, RESTAMAX IS ALSO CONTINUING ITS PROFITABLE GROWTH IN FINLAND IN THE RESTAURANT AND LABOUR HIRE BUSINESSES.

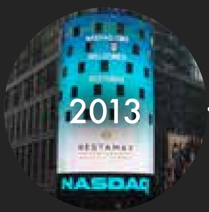
KEY EVENTS
IN THE COMPANY'S HISTORY

Start of operations;
strong focus on entertainment restaurants
and the pub business.

Expansion into the food restaurant business.

Through corporate transactions, even
stronger expansion into entertainment
restaurants and pubs.

Expansion of ownership through a special
issue; creation of the Restamax Group in its
current form through corporate transactions.

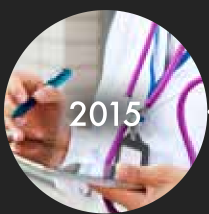


Transformation into a public limited company is
registered in the Trade Register on 20 September
2013. Listing of Restamax Plc on the Helsinki
Stock Exchange as the first restaurant company
in Finland at the end of the year.

Acquisition of Rengasravintolat Oy, adding
16 restaurants to the Group's restaurant port-
folio in Helsinki, Tampere, Jyväskylä and Pori.

Expansion of the restaurant business into the
northern ski resorts of Ruka and Pyhä.

Expansion of the Group's business operations
into labour hire.



Expansion of the restaurant business
to Oulu and Hanko and the labour hire
business into medical and healthcare services.

120 restaurants in Finland. Expansion of the
restaurant business to Levi. Strengthening of
the labour hire business in different fields and
geographical expansion to Ostrobothnia and
Northern Finland.

More than 130 restaurants in Finland.
Reaching the turnover target of MEUR 180
set for 2018 already during 2017.

RESTAURANT PORTFOLIO

FOOD RESTAURANTS

Classic Diner, Midhill BRGR No1, Daddy's Diner, Hangon Portti, Enso, TacoBot Food Truck, Von Nottbeck, Guru's Kitchen & Bar, Beef King Steakhouse, Ski Bistro, Sticky Wingers, Food Park, Stefan's Steak House, Herne Saaren Ranta, Gringos Locos, Pizzeria Bella Roma, Coyote bar & grill, Piste, Thai Papaya, Mura Sushi, Bodega Salud, Kaisla, Mr. Jones, Villisika, Muroleen Kesäkahvila, Colorado, Express Colorado, Ranta, Ruoveden Rantaravintola, Ankkuri Café & Pizzeria, Patrona, Purpur, Restaurant HSF, Rouhea Ravintola Roast, sām Asian Bar & Kitchen, Masu Asian Bistro

ENTERTAINMENT RESTAURANTS AND PUBS

Ale Pupi, alepub Turku, Passion, Passion Food & Bar, Café Europa, Wäinö, Vanha Posti, Henry's Pub, Ruby & Fellas, Jack the Rooster, Little Joe, Wayne's Coffee, Ravintola Pataroowa, Pub Ikkuna, Hook, Pyynikin Brewhouse Restaurant, Rirjurin, Tillikka, yo-talo, Harry's, Hollywood Bowling & Billiards, Space Bowling & Billiards, Galaxie, Galaxie Center, Crazy Viihdekeskus, Run Out

NIGHTCLUBS

Bricks, Cabaret discotheque, Domino, Union, Yökerho Soolo, Ilona, Escape, London, Fat Lady, Ruma, yökerho Iisoppi, Tivoli, Hunaja, Circus, Poro, Kapten, Skohan, Gloria Night, Teatro, Mango Discobar

HANKO • HELSINKI • HYVINKÄÄ • HÄMEENLINNA • JOENSUU
JYVÄSKYLÄ • KOTKA • KUOPIO • LAPPEENRANTA • LEMPÄÄLÄ
LEVI • LOHJA • NOKIA • OULU • PIRKKALA • PORI • PYHÄ
RAUMA • ROVANIEMI • RUKA • SEINÄJOKI • TAMPERE • TURKU
VAASA • VANTAA

MORE THAN 130 FOOD AND ENTERTAINMENT RESTAURANTS AROUND FINLAND IN 2017

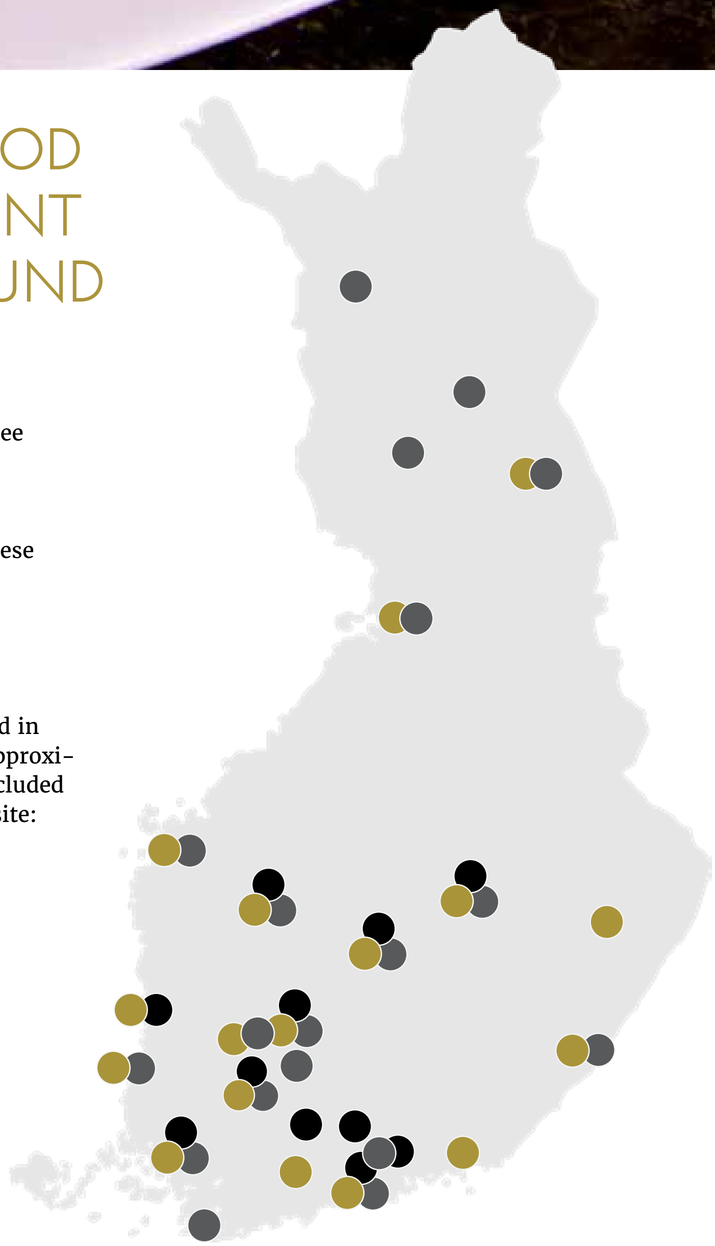
Restamax's restaurant concepts are divided into three business units: food restaurants, nightclubs, and entertainment restaurants and pubs.

Read more about the concepts and restaurants of these units on the Restamax website:

WWW.RESTAMAX.FI

The majority of the Group's restaurants are included in the Ravintola.fi loyal customer system. There are approximately 134,000 loyal customers. The restaurants included in the system can be found on the Ravintola.fi website:

WWW.RAVINTOLA.FI



FOOD RESTAURANTS

NIGHTCLUBS

ENTERTAINMENT RESTAURANTS AND PUBS

The map indicates the places where one or more of the Group's restaurants are located.

SMILE HENKILÖSTÖPALVELUT

SMILE HENKILÖSTÖPALVELUT OY IS A RESTAMAX SUBSIDIARY WHICH OFFERS LABOUR HIRE SERVICES, FOR THE NEEDS OF THE RESTAURANT FIELD, CONSTRUCTION, INDUSTRY, LOGISTICS, EVENT PRODUCTION AND HEALTH CARE.

Established in 2002, Smile Henkilöstöpalvelut Oy is one of Finland's largest labour hire companies. It supplies labour to hundreds of customers throughout Finland and employs some 9,000 professionals on a monthly basis. Smile joined Restamax Group in August 2014.

In the 2017 financial period, Smile Group's turnover was MEUR 75.6, EBITDA MEUR 6.6 and operating profit MEUR 3.8. Compared to the previous year, the turnover increased by 121.5 per cent, EBITDA by 91.9 per cent and operating profit by 140.1 per cent.

Smile operates in several different fields and offers its employees and customers alike sector-specific and expert services. Smile's operations are based on positive thinking and, in line with its name, the company strives to improve working life in Finland through joy and develop the entire labour hire sector.

The company's day-to-day operations are guided by values such as putting people first, professional pride, entrepreneurship and positivity. Smile Henkilöstöpalvelut offers its employees flexible opportunities to work as best suited to their life situation. The company provides service that puts people first, starting from job-seeking. To its customers, Smile offers comprehensive labour hire and staffing services with professional pride and an entrepreneurial approach. The service portfolio includes individual recruitment as well as larger recruitment commissions.

SMILE OPERATES IN THE FOLLOWING BUSINESS AREAS:

Smile Hotel, Restaurants and Catering
Smile HoReCa provides staffing services for hotel, restaurant and catering companies and professionals.

Smile Construction, Industry, Logistics and Maintenance
Smile Industries provides staffing services for construction, industry, logistics and maintenance.

Smile Events, Promotion and VIP
Smile Events & Promotions provides staffing solutions for event and promotion companies and professionals.

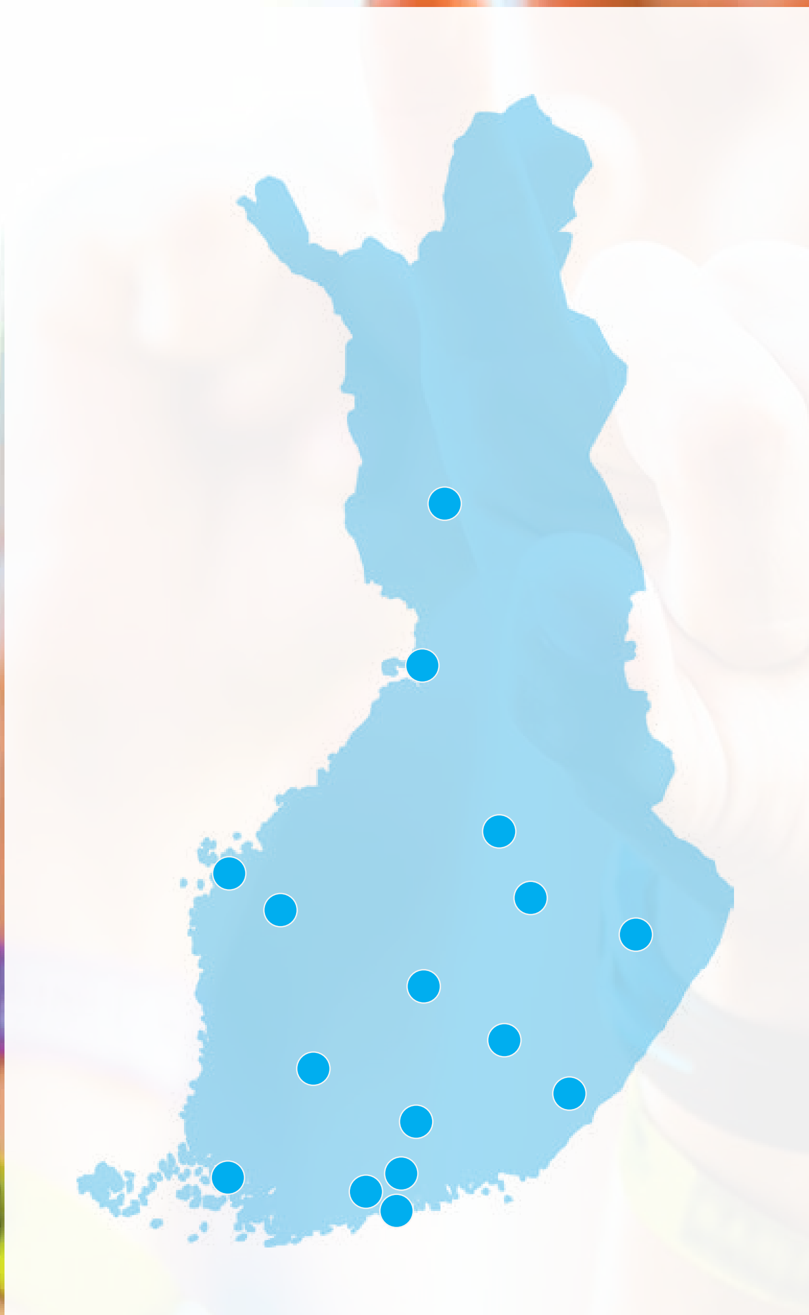
Smile Doctors
Smile Doctors is a Finnish staffing company that provides highly-skilled medical doctors.

Training and direct recruitment
From 2018, the company has also offered its customers and employees training and direct recruitment services.

smile
henkilöstöpalvelut

SMILE OFFICES:

ESPOO • HELSINKI • IISALMI• JOENSUU • JYVÄSKYLÄ
KUOPIO • LAHTI • LAPPEENRANTA • MIKKELI • OULU
ROVANIEMI • SEINÄJOKI • TAMPERE • TURKU • VAASA
VANTAA



SMILE HENKILÖSTÖPALVELUT'S VALUES:

Putting people first

To us, every employee, job-seeker and customer is an individual. We hope that each and every one of them feels warmly welcomed by us and close to Smile. We want to know our employees as individuals and know what type of work they want to do in their field and at what kind of workplaces.

We empathise with our customers' everyday activities. It is important to us to know the practices and culture of each workplace so that we can provide them the best service.

To job-seekers, we always offer a welcome that puts people first.

Professional pride

You can take pride in your work and enjoy working, regardless of the type of work. To us at Smile, it is important to let the joy of work show. People should be proud of their work, and rewards can encompass more than just your wages, though those are of course vital. For example, you can find friends through work and a community where you can belong and improve your skills.

Motivation affects things, and improving yourself in working life and as a person is a part of professional pride. If we notice room for improvement which, if fixed, could make us all more satisfied and efficient, we tackle it and adjust our operations accordingly. It is important to want to influence things and advance them. Developing yourself as an employee and person is a life-long project that we support and cherish. We want to be up-to-date in the changing working life and to offer our best expertise to our employees and customers alike.

Entrepreneurship

We at Smile want to rise to every occasion with an entrepreneurial approach and see things through. It is important

to us to ensure that every job we accept gets done – it is our shared responsibility. We do our utmost to achieve the best possible results.

Positivity

In line with our name, we are always positive, and that positivity must reflect in our work. We want to create a positive atmosphere around us and bring joy to our employees and customers in the busy working life.

Smile. Joy at Work.

GROUP'S BUSINESS ACTIVITIES

2017 IN BRIEF

Entire Group:

The Group's turnover was MEUR 185.9 (MEUR 130.1), growth of 42.9 per cent. EBITDA was MEUR 22.4 (MEUR 19.4), growth of 15.5 per cent. Operating profit was MEUR 10.8 (MEUR 9.0), growth of 19.7 per cent.

Restaurant business:

The turnover of the restaurant business segment was MEUR 122.2 (MEUR 107.5), growth of 13.6 per cent. EBITDA was MEUR 16.3 (MEUR 16.5), decrease of 0.9 per cent. Operating profit was MEUR 6.9 (MEUR 7.4), decrease of 6.5 per cent.

Labour hire business:

The turnover of the labour hire business segment was MEUR 75.6 (MEUR 34.1), growth of 121.5 per cent. EBITDA was MEUR 6.6 (MEUR 3.4), growth of 91.9 per cent. Operating profit was MEUR 3.8 (MEUR 1.6), growth of 140.1 per cent.

Figures in parentheses refer to the same period last year, unless otherwise stated.

Summary

Restamax Plc's result for January–December 2017 was clearly better than the previous year, as had been expected. The turnover of the entire Group increased by 42.9 per cent from last year, EBITDA by 15.5 per cent and operating profit by 19.7 per cent.

Abnormally cold and rainy weather in the summer put a strain on the Group's restaurant business in the second and third quarter of the year, affecting the result and relative profitability of the 2017 financial period of the entire Group. The growth rate of business operations accelerated towards the end of the year, and with a successful Christmas party season the Group's October–December 2017 result was rather good.

Turnover increased due to acquisitions and, especially in the last part of the year, the increased focus and investments in sales and marketing. The whole Group EBITDA and EBIT increased compared to last year.

Job Services One Oy (currently Smile Job Services Oy), which was acquired to the labour hire business in the last quarter, executed a stronger than expected result. This increased the purchase price of the company through the earn-out mechanism, leading to a significant non-recurring item of MEUR 1.7 in financial expenses. EBITDA for the labour hire segment also includes capital transfer taxes of EUR 300,000 as non-recurring costs related to the acquisition of the businesses.

In terms of the level of profitability, Restamax's restaurant business and labour hire business are at the spearhead of their sectors. Due to the nature of the business, the relative profitability of the labour hire business is slightly lower than the restaurant business. As the labour hire business is growing relatively faster than the restaurant business, the overall group relative profitability is influenced due to this change.

Especially in the restaurant business, most of the profits are made in the second half of the year due to the seasonal nature of the business.

PROSPECTS FOR 2018

Profit guidance (as of 20 February 2018):

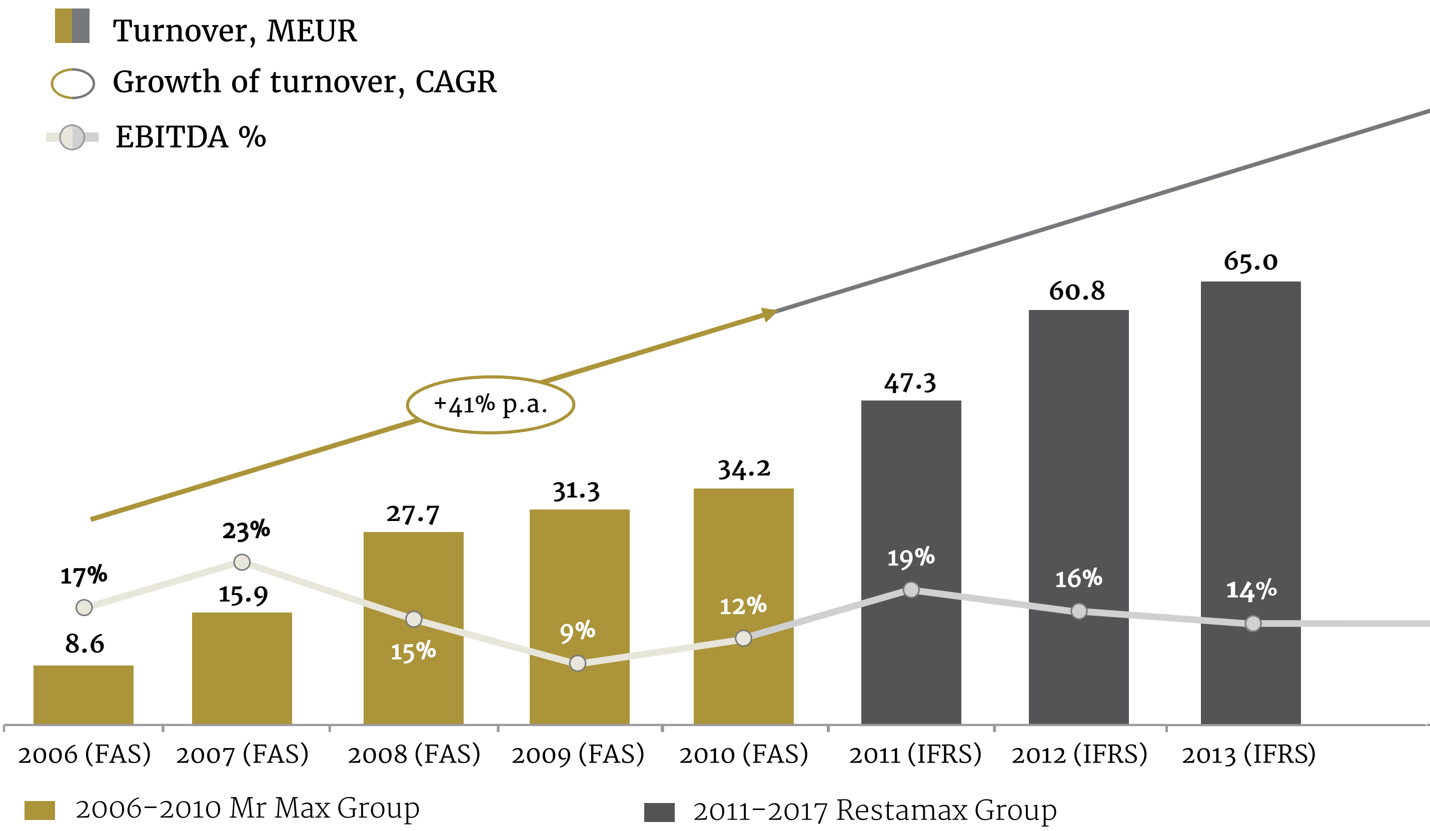
In accordance with its strategy, Restamax expects the Group's turnover to increase and profitability to remain on a good level in both segments in the 2018 financial period. The restaurant segment is expected to reach a turnover of approximately MEUR 140 and in labour hire a turnover of approximately MEUR 110 is expected, the total turnover being some MEUR 240 after eliminations.

Restamax's goal is to reach a turnover of approximately MEUR 400 by the end of 2020 after internal eliminations. The goal of the restaurant segment is to reach a turnover of approximately MEUR 200, and the goal of the labour hire segment is to reach a turnover of approximately MEUR 220, by the end of 2020.

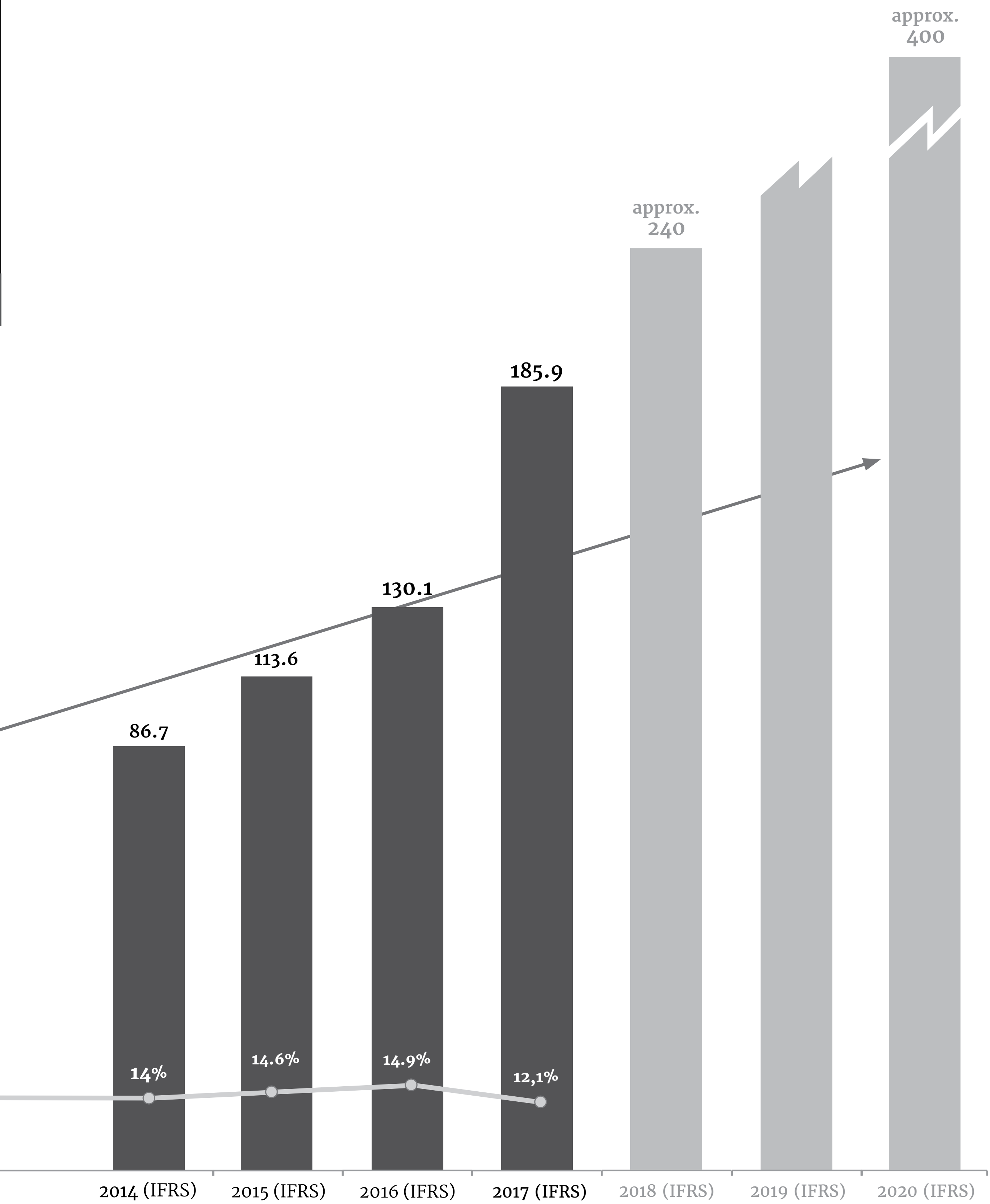
KEY FIGURES - SUMMARY

HISTORIC GROWTH OF TURNOVER (MEUR) AND DEVELOPMENT OF EBITDA %

- The company's annual EBITDA margin has been circa 10–20% throughout the review period



NOTE: The figures for 2006-2010 are for the Mr Max Group.
The current Restamax was born in 2010 as a result of a corporate transaction, and 2011 was the first full financial period.


approx.
400
approx.
240
185.9
130.1
113.6
86.7
14%
14.6%
14.9%
12,1%
2014 (IFRS)
2015 (IFRS)
2016 (IFRS)
2017 (IFRS)
2018 (IFRS)
2019 (IFRS)
2020 (IFRS)

KEY FIGURES (IFRS)

TEUR	2012	2013	2014	2015	2016	2017
Turnover	60 773	65 033	86 653	113 618	130 072	185 856
Annual growth, %	*28,5 %*	*7,0 %*	*33,2 %*	*31,3 %*	*14,5 %*	*42,9 %*
EBITDA	9 939	9 146	12 008	16 536	19 399	22 404
EBITDA, %	*16,4 %*	*14,1 %*	*13,9 %*	*14,6 %*	*14,9 %*	*12,1 %*
Operating profit	5 719	4 051	5 265	7 266	8 998	10 767
Operating profit, %	*9,4 %*	*6,2 %*	*6,1 %*	*6,4 %*	*6,9 %*	*5,8 %*
Profit for the financial period	3 788	2 908	3 334	4 809	5 964	5 492
To shareholders of the parent company	*3 076*	*2 565*	*3 451*	*5 050*	*5 608*	*5 058*
To minority shareholders	*712*	*344*	*-117*	*-241*	*256*	*434*
Interest-bearing net liabilities	5 982	6 184	18 944	29 313	30 377	43 649
Gearing ratio	43,8 %	21,9 %	48,1 %	73,2 %	69,1 %	93,1 %
Equity ratio	38,1 %	60,9 %	47,2 %	44,4 %	45,2 %	35,3 %
Return on investment, %	24,2 %	10,7 %	10,5 %	10,8 %	11,9 %	10,7 %
Number of restaurants, net change	10	0	32	11	9	20

The labour hire business was incorporated into the Group in August 2014.
The figures on the next page given in accordance with the new segment structure.

KEY FIGURES PER SEGMENT (IFRS)

RESTAURANT OPERATIONS

(EUR thousand)	1–12/15	1–12/16	1–12/17
Turnover	100 315	107 544	122 174
EBITDA	14 801	16 475	16 325
EBITDA, %	14,8 %	15,3 %	13,4 %
Operating profit	6 492	7 401	6 920
Operating profit, %	6,5 %	6,9 %	5,7 %

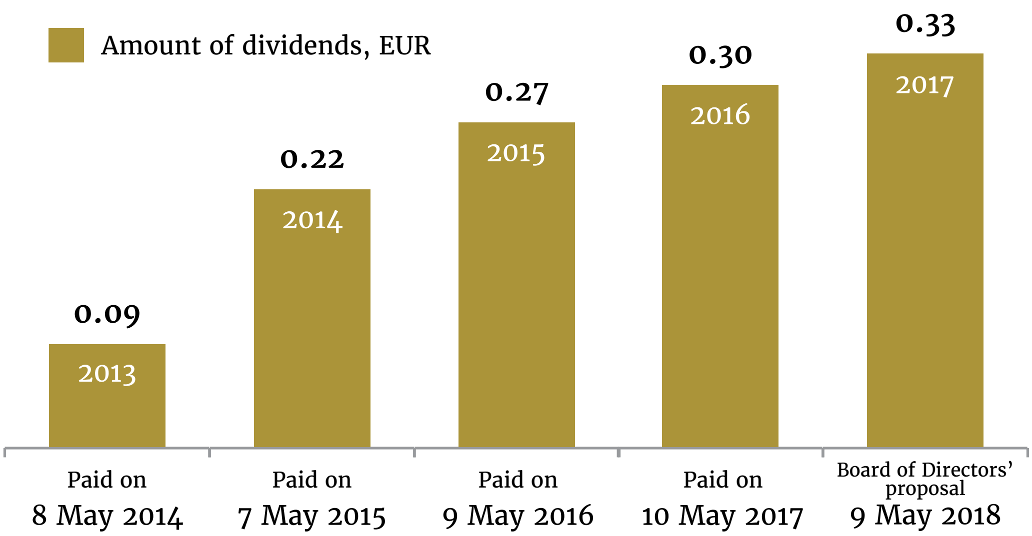
KEY FIGURES			
Material margin, %	74,3 %	74,6 %	74,1 %
Staff expenses, %	28,5 %	28,1 %	28,0 %

LABOUR HIRE OPERATIONS

(EUR thousand)	1–12/15	1–12/16	1–12/17
Turnover	24 151	34 129	75 612
EBITDA	2 161	3 441	6 603
EBITDA, %	8,9 %	10,1 %	8,7 %
Operating profit	775	1 597	3 834
Operating profit, %	3,2 %	4,7 %	5,1 %

KEY FIGURES			
Staff expenses, %	85,2 %	85,5 %	83,7 %

DIVIDEND HISTORY



DIVIDEND

On 31 December 2017, Restamax Plc's distributable assets were EUR 54,569,557.59, of which the share from the profit for the financial period is EUR 6,529,099.62. There have been no significant changes to the company's financial situation since the end of the financial period.

Restamax Plc's Board of Directors proposes to the Annual General Meeting to be held on 25 April 2018 that EUR 0.33 (EUR 0.30) per share, a total of EUR 5,484,474.60 (16,619,620 shares), be paid as dividend for the financial period ended on 31 December 2017 based on the adopted balance sheet.

STRATEGY

At the end of 2017, Restamax updated its strategy and financial goals for the 2018–2020 strategy period.

In the restaurant segment, the cornerstone of the strategy is profitable growth in growth centres organically, through new establishments, and via corporate acquisitions. The productivity of the existing business will be improved by investing in customer service, company sales, marketing and the commitment of personnel. Cost efficiency will continue to play a key role in executive management. Restamax's goal is to expand its restaurant business abroad during 2018.

In the labour hire segment, the strategic cornerstones are the acquisition of new customers, the continued development of existing business and profitable growth through corporate acquisitions. New service models will be developed in accordance with the growing and diversifying staffing needs of different customer groups. Another strategic focus is investment in the availability of labour with different cooperative parties.

Restamax's goal is to reach a turnover of approximately MEUR 400 by the end of 2020 after internal eliminations.

The goal of the restaurant segment is to reach a turnover of approximately MEUR 200, and the goal of the labour hire segment is to reach a turnover of approximately MEUR 220, by the end of 2020.

The Group's goal is to keep EBITDA at a good level that is better than the average of the sector in both segments.

Efforts will be made to improve operating profit margin in both segments.

The company will endeavour to increase dividend payments every year.

PREVIOUS STRATEGIC GOALS MET

Strategy period 2013–2015

The company's long-term goal was to reach a turnover of MEUR 100 by the end of 2015.
The 2015 turnover was MEUR 113.6.

Strategy period 2016–2018

The company's long-term goal was to reach a turnover of MEUR 180 by the end of 2018.
The goal was reached already in 2017. The turnover in 2017 was MEUR 185.9.

INVESTMENT **IN CUSTOMER**
AND **EMPLOYEE SATISFACTION**

INTERNATIONALISATION:
EXPANSION TO NORTHERN EUROPE

GREATER FOCUS
ON SALES, MARKETING
AND **MARKET KNOWLEDGE**

CUSTOMER SATISFACTION
AVERAGE PURCHASE
CUSTOMER FLOW

STRATEGIC GOALS FOR

2018–2020

LABOUR HIRE SEGMENT
TURNOVER
ABOUT MEUR 220

RESTAURANT SEGMENT
TURNOVER
ABOUT MEUR 200

GROUP TURNOVER
ABOUT MEUR 400

EXPERIENTIAL
RESTAURANT SERVICES
IN ALL BUSINESS UNITS

CORNERSTONES OF RESTAMAX'S GROWTH STRATEGY

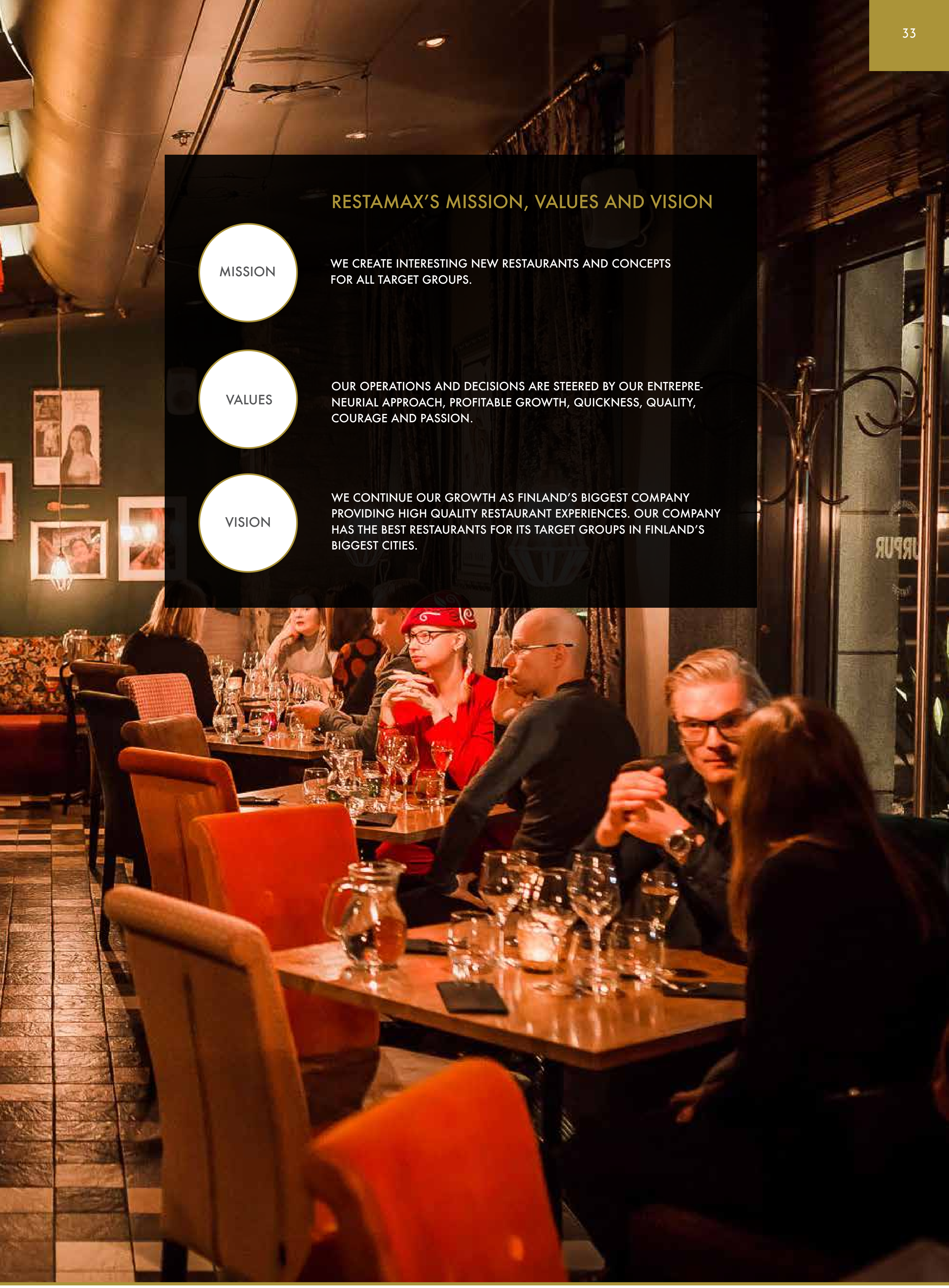
1. THE COMPANY SEEKS PROFITABLE GROWTH IN FINLAND'S LARGEST CITIES AND SKI RESORTS.

2. THE COMPANY SEEKS ORGANIC GROWTH BY OPENING NEW RESTAURANTS AND DEVELOPING CONCEPTS.
Profitable concepts are duplicated and old/unproductive concepts are either renewed or sold.

3. CORPORATE ACQUISITIONS ARE A KEY PART OF THE GROWTH STRATEGY.
Constant restaurant surveying. Corporate acquisitions are used to seek new business in both segments.

4. AT ITS BEST, THE COMPANY OFFERS AN ENTIRE CHAIN OF EXPERIENCES FOR ALL TARGET GROUPS.
At best, one city has several Restamax cafés, restaurants, nightclubs, pubs and gaming restaurants.

5. OUR GOAL IS TO EXPAND OUR RESTAURANT OPERATIONS ABROAD.
We seek growth by expanding abroad, both through company acquisitions and organically.



RESTAMAX'S MISSION, VALUES AND VISION

MISSION

WE CREATE INTERESTING NEW RESTAURANTS AND CONCEPTS FOR ALL TARGET GROUPS.

VALUES

OUR OPERATIONS AND DECISIONS ARE STEERED BY OUR ENTREPRENEURIAL APPROACH, PROFITABLE GROWTH, QUICKNESS, QUALITY, COURAGE AND PASSION.

VISION

WE CONTINUE OUR GROWTH AS FINLAND'S BIGGEST COMPANY PROVIDING HIGH QUALITY RESTAURANT EXPERIENCES. OUR COMPANY HAS THE BEST RESTAURANTS FOR ITS TARGET GROUPS IN FINLAND'S BIGGEST CITIES.

MARKET SITUATION

Bright outlook in the restaurant field

The outlook of the restaurant field has continued its positive development. 2017 started off with growth for restaurants licenced to serve alcohol, but the chilly summer halted it. However, the situation improved towards the end of the year, culminating in the Christmas party season. The turnover of the tourism and restaurant segment increased by 6.5 per cent in 2017. The positive change in turnover in the segment has continually increased in recent years: in 2014, turnover only increased by 0.8 per cent, in 2015 by 3.1 per cent and in 2016 by 4.9 per cent.

Growth was driven by fast food restaurants; their turnover increased by 8.2 per cent. It is noteworthy that the turnover of staff restaurants, which decreased by 2.5 per cent in 2016, turned positive in 2017 with a growth of 2.1 per cent.

At Restamax, the popularity of quick quality food reflected on the opening of several new restaurants in 2017: we opened Classic American Diners in Rovaniemi and Helsinki, a Colorado Bar & Grill in Tampere, a Colorado Express in Ruka, a Thai Papaya in Lempäälä's Ideapark shopping centre, a Villisika in Ruka and a BeefKing in Tampere, to name some.

The increased demand for food delivery services is also linked to the combination of hectic everyday life and restaurant experiences. Restamax has worked in active cooperation with Wolt and Foodora for three years now. At many of our restaurants, such as in hamburger and chicken wings concepts, the use of delivery services multiplied in 2017.

The increase in the turnover of restaurants in Finland reflects on consumers' general positive attitude to the economic situation. According to the confidence indicator, consumer confidence strengthened towards the end of the year and, in January 2018, rose to the highest on record. All in all, the economy strengthened in autumn 2017. According to the latest preliminary information, Finland's GDP grew by 2.7 per cent in 2017.

The turnover of accommodation businesses increased by 9.7 per cent in 2017, which also reflects on the increased demand for restaurant services. Foreign travellers spent EUR 2.6 billion in Finland in 2017, which is almost EUR 0.5 billion more than the previous year. The greatest increase was in Chinese and Russian travellers. Foreign tourism has huge potential in the Finnish restaurant field.

Alcohol Act amendment boosting the field

As a whole, the Alcohol Act amendment, which entered into force in March 2018, allows restaurants to sell takeaway alcohol in addition to takeaway food. The amendment also brought another type of energy to the field by permitting longer opening and alcohol-service hours and relaxing the strict regulations on alcohol marketing by restaurants, for example permitting happy hour marketing. The amendment will play a significant role in the development of the entire segment, and our numerous restaurants have already started to take advantage of it.

Labour hire among the most strongly growing fields in Finland

The staffing services field is a strong growth industry of the future. Staffing services facilitate flexible and diverse employment contracts from both the employer's and the employee's viewpoint. The field is especially popular among young adults due to its quick ability to react. In 2017, labour hire was one of the most strongly growing fields in Finland.

The combined turnover of the 20 largest labour hire companies in Finland in 2017 was EUR 1.281 billion, a growth of approximately 18 per cent from the previous year. Looking at the entire segment, the TOP 20 operators represent approximately one-half of the segment's total turnover. Staffing services grew rapidly in the first half of the year. In the latter half, monthly growth halted, though turnover stabilised at a high level. Furthermore, looking at the 20 largest staffing services companies, over 80 per cent of their turnover comes from labour hire services. Their combined 2017 turnover amounted to EUR 1.077 billion. This means a growth of approximately 22 per cent from the previous year. The growth of Smile Henkilöstöpalvelut increased further in 2017, clearly exceeding the general growth in the field.

Sources: Finnish Hospitality Association (MaRa), Confederation of Finnish Industries (EK), Private Employment Agencies' Association (HPL), Visit Finland Visitor Survey 2017 (Tutkimus- ja Analysointikeskus TAK Oy), Statistics Finland

KEY EVENTS IN 2017

JANUARY

The acquisition of Thai Papaya
Restamax bought a majority holding in the Thai Papaya restaurants and opened a restaurant based on this concept at Ideapark in Lempäälä in March. The other Thai Papaya restaurants are located in Helsinki in Kallio, Herttoniemi and Hernesaaren Ranta.

Foodpark, Ideapark Lempäälä
The restaurant selection at the Ideapark shopping centre in Lempäälä was transformed during renovation. After the change, Coyote Bar & Grill, Sticky Wingers, Bella Roma, Daddy's Diner, BeefKing and Daddy's Gelato have operated in the Foodpark.

FEBRUARY

Hernesaaren Ranta, Helsinki
With a contract of sale dated 27 January 2017, Restamax increased its 60 per cent ownership in Hernesaaren Ranta Oy to 80 per cent. Ownership of the shares was transferred to Restamax on 1 February 2017. The minority shareholder in Hernesaaren Ranta Oy is Seppo Koskinen.

The establishment of Rivermax Oy with Koskiravintolat
In February 2017, Restamax established a joint limited company, Rivermax Oy, together with Koskiravintolat Oy. The joint venture started operating the Tampere restaurants Poro (formerly Hullu Poro), Jackie Brown, Jackie Brown Gold, Restaurant von Nottbeck in Näsilinna and the summer restaurants Little Joe and Laituri and, in Pori, the Café Europa and Kirjuri summer restaurant.

BeefKing, Lielahti
On 11 February 2017, restaurant BeefKing, a second restaurant with the concept, replaced Chicago Foodpark in Lielahti

Max-Siivouspalvelut Oy, sale of shareholding
Restamax sold its 70 per cent shareholding in Max-Siivouspalvelut Oy in February. Max-Siivouspalvelut Oy is a cleaning service company established in 2008 specialising in the cleaning of offices, restaurants and commercial premises.

MARCH

Yo-talo, Tampere
Restamax purchased the legendary Yo-talo venue in Tampere with a deed of sale dated 17 February 2017. The right of ownership and management was transferred to the company on 15 March 2017.

Gloria, Joensuu
The Joensuu-based nightclub Gloria was taken over by Restamax subsidiary Northmax Oy on 1 March 2017. The nightclub Viihdemaailma Ilona in Joensuu, which is part of Restamax's restaurant portfolio, was also taken over by the company. Northmax Oy already owns Viihdemaailma Ilona in Oulu.

Run Out, Tampere
Finland's first escape room game licensed to sell alcohol was opened on the premises of the Crazy Golf amusement centre (now Crazy amusement centre) in Tampere in March 2017.

Skohan, Helsinki
In March 2017, Restamax opened the new Skohan nightclub on the premises of Namu and Club Showroom together with rap artist Jare Tiihonen and event producer Kalle Kallonen.

APRIL

Tillikka Oy, Tampere
In March 2017, Rivermax Oy purchased a majority holding in the traditional restaurant complex Tillikka in Tampere. The ownership was transferred to the Group on 1 April 2017. Tommi Aaltonen became the CEO of Tillikka Oy and continued as a shareholder in the company.

Smile Henkilöstöpalvelut purchased Pasianssi Oy
Restamax Plc's subsidiary Smile Henkilöstöpalvelut Oy, bought the entire shareholding of Pasianssi Oy (Banssi Henkilöstöpalvelut) with a deed of sale dated 5 April 2017. Founded in 2013, Banssi Henkilöstöpalvelut is a recruitment and labour hire service company.

Ruoveden Rantaravintola and Muroleen Kesäkahvila, Ruovesi
In April 2017, Restamax subsidiary Somax Oy acquired the business operations of Ruoveden Rantaravintola and Muroleen Kesäkahvila. The acquisition encompassed the buildings of the seasonal restaurants and the site of Muroleen Kesäkahvila.

Decisions of the annual general meeting 2017

Restamax Plc's Annual General Meeting was held on 26 April 2017 in Tampere.

Dividend

The meeting decided that, based on the balance sheet confirmed for the financial period that ended on 31 December 2016, a dividend of EUR 0.30 per share will be paid. The balancing date of the dividend was 28 April 2017, and the payment date was 10 May 2017.

Board of Directors

The meeting decided that the number of members of the Board of Directors will be six (6). As members of the Board, the meeting re-elected all present members of the Board, Timo Laine, Petri Olkinuora, Mikko Aartio, Jarmo Viitala, Mika Niemi and Timo Everi, to serve until the end of the next Annual General Meeting. The meeting elected Timo Laine as Chairman of the Board and Petri Olkinuora as Vice-Chairman.

The Annual General Meeting decided that the payment of remuneration and travel expense reimbursements to the members of the Board of Directors would be as follows until the following Annual General Meeting: annual remuneration to the Chairman of the Board will be EUR 25,000, to the Vice-Chairman EUR 20,000 and to other members EUR 10,000. Separate attendance allowances are not paid. Travel expenses will be reimbursed in accordance with the Company's travel rules.

Auditor

The Annual General Meeting reselected as auditor Deloitte & Touche Oy, a firm of authorised public accountants, until the end of the next Annual General Meeting. Hannu Mattila, APA, will act as the Company's responsible auditor. In accordance with the Board's proposal, the meeting decided that the auditor's remuneration will be paid based on a reasonable invoice approved by the Company.

Authorisation to purchase the Company's own shares

The Annual General Meeting decided to authorise the Board to decide on using the Company's unrestricted equity to purchase no more than 800,000 of the Company's own shares in one or several tranches, taking into account the stipulations of the Limited Liability Companies Act regarding the maximum number of shares in possession of the Company and under the following terms:

The company's own shares shall be purchased with the funds from the company's unrestricted equity, decreasing the distributable profits of the company. The shares shall be purchased in trading on the regulated market in the Helsinki Stock Exchange, and therefore the purchase takes place by private placing and not in relation to the shares owned by the shareholders. The sum paid for the shares is the price announced on the acquisition day for Restamax Plc's shares on the regulated market on the stock list of Helsinki Stock Exchange. The shares are purchased in trading organised by Nasdaq Helsinki Oy in accordance with its rules and regulations. The shares can be purchased for financing or carrying out possible corporate acquisitions or other arrangements, to implement incentive schemes within the company, or for other purposes decided upon by the Board of Directors. The maximum amount of the shares to be purchased is equivalent to approximately 4.8% of all the shares and votes of the company calculated using the share count on the publication date of the notice of the Annual General Meeting, so the purchase of the shares does not have a significant influence on the share ownership and the distribution of voting rights in the company.

The Board of Directors shall decide on the other matters related to the purchase of the company's own shares.

The authorisation will expire at the end of the 2018 Annual General Meeting, however no later than 18 months of the Annual General Meeting's authorisation decision.

Authorisation to decide on share issue

The meeting decided, as proposed by the Board of Directors, to authorise the Board of Directors to decide on a share issue under the following terms:

With this authorisation, the Board may decide to issue a maximum of 1,500,000 new shares, and to transfer no more than 800,000 of the company's own shares held by the company ("Share Issue Authorisation").

The new shares can be issued and the company's own shares held by it can be assigned in one or more instalments, either with or without payment. The new shares can be issued and the company's own shares held by it can be assigned to company shareholders in proportion to the company shares that they already own or, deviating from the shareholders' pre-emptive right, in a special share issue if, from the company's perspective, there is a justified financial reason for it, such as the financing or implementation of corporate acquisitions or other arrangements, development of the company's equity structure, improvement of share liquidity or the implementation of company incentive schemes. The issue of new shares or transfer of the company's own shares held by the company can also take place against apport property or by using a claim for the company held by the subscriber to redeem the amount to be paid for the issue price or the price to be paid for the shares. A special issue may only be arranged without payment if a justified financial reason exists in terms of the overall benefit of the company and all of its shareholders.

The Board of Directors was authorised to decide on the other matters related to share issues.

The Share Issue Authorisation will expire at the end of the Annual General Meeting of 2018, however no later than 18 months from the Annual General Meeting's Share Issue Authorisation decision.

MAY

Ale Pub Telakka, Turku
In May 2017, Restamax opened the Ale Pub Telakka bar on Eerikinkatu in Turku.

Jarno Suominen appointed as temporary CEO
As of 22 May 2017, CFO Jarno Suominen was appointed as the temporary CEO of Restamax. The former CEO, Markku Virtanen, left Restamax on 30 June 2017.

JUNE

Juha Helminen steps in as the new CEO
On 6 June 2017, Restamax announced that Juha Helminen will assume the position of the Group's new CEO on 1 September 2017. Among other posts, Helminen has worked in Denmark in the Carlsberg Group as Vice President, Group Strategy 2015–2017, as Vice President, On-Trade Sales for Carlsberg's Finnish subsidiary 2012–2015, as Vice President, Business Development, Northern Europe for Carlsberg Group 2008–2012, and as Financial Controller of Carlsberg Sweden 2002–2003.

Pub Harry's, Jyväskylä
In June 2017, Restamax Plc purchased a majority holding in Harry's Ravintolat Oy. The company operates the 2012 founded Pub Harry's in Jyväskylä, which focuses on fostering English pub culture.

Ranta, Tampere
In June 2017, the new Ranta restaurant entity was opened in the Ratinanniemi lakeside area in Tampere. The 1,200-seat restaurant features one of the largest summer terraces in the city as well as a nightclub.

Hook, Turku
In June 2017, a Hook wings restaurant, whose branches in Tampere and Helsinki have been wildly popular, opened in Turku.

Colorado Bar & Grill, Helsinki
A Colorado Bar & Grill restaurant was opened by the Rautatientori square in Helsinki in June 2017. The restaurant is partially owned by film producer Markus Selin through Mikonkadun Keidas Oy.

JULY

Smile Henkilöstöpalvelut purchased Job Services One Oy
Smile Henkilöstöpalvelut purchased the business operations of Job Services One Oy on 1 July 2017. This strengthened Smile's market position in the regions of Pirkanmaa and Southwest Finland, especially in the fields of industry and construction.

Säm Asian Bar & Kitchen and Masu Asian Bistro, Helsinki
At the turn of July and August 2017, Gastromax, the joint venture of Restamax and restaurateur Hans Välimäki, opened a three-storey restaurant complex for dining and socialising on Eteläesplanadi in Helsinki with a concept that draws heavily from Asian flavours. In addition to Säm and Masu, the premises hold a catering service.

SEPTEMBER

Changes in the Executive Team
Tero Kaikkonen was appointed as Restamax's Development Director and member of the Executive Team as of 1 September 2017 Kaikkonen has worked as Product Line Director for Restamax's food restaurants since 2013, his area of responsibility focusing on diner restaurant operations and their development.

Yo-talo and Bar Pankki, Tampere
Tampere's iconic culture venue and multi-purpose building Yo-talo and its Bar Pankki were renovated and opened fully refurbished at the beginning of September 2017.

Bella Roma, Lappeenranta
At the end of September 2017, the restaurant selection at Shopping Centre IsoKristiina in Lappeenranta was transformed with the opening of Bella Roma, which specialises in Italian food. A large play area was also built adjacent to the restaurant.

OCTOBER

Restamax was selected as the restaurant services provider for the Central Deck and Arena project.
On 3 October 2017, SRV announced that it had chosen

Restamax to take charge of the restaurant services at the Central Deck and Arena planned for Tampere. The arena's restaurant concepts will be designed for diverse customer segments.

Guru's Kitchen & Bar, Tampere
Guru's Kitchen & Bar, which is based on Mediterranean and Middle Eastern cuisine, opened its doors on 6 October 2017 in Tampere. As its name suggests, the restaurant offers not only food but also an evening programme.

Colorado Bar & Grill, Tampere
Colorado Bar & Grill, which already operates in Helsinki, Ruka, Levi and Pyhä, also opened in Tampere on 20 October 2017.

Classic American Diner and Wayne's Coffee, Easton Helsinki
On 26 October 2017, Classic American Diner and franchising café Wayne's Coffee opened their doors at the new Easton shopping centre in Eastern Helsinki.

Stefan's Steakhouse and Teatro, Vaasa
Restamax expanded its market area to Vaasa by opening Stefan's Steakhouse on 26 October 2017 and nightclub Teatro on 3 November 2017.

Hunaja nightclub, Lappeenranta
Restamax opened the new Hunaja nightclub on Snellmaninkatu in Lappeenranta at the end of October 2017.

Purpur, Tampere
At the turn of October and November 2017, Restamax and Ville Haapasalo's joint venture Purmax Oy opened the Georgian restaurant Purpur in Tampere. There is already a Purpur restaurant operating in Helsinki.

NOVEMBER

Smile Henkilöstöpalvelut acquired the restaurant labour hire operations of Active People
On 25 October 2017, Smile Services Oy, part of Smile Henkilöstöpalvelut, acquired the restaurant labour hire business operations of Active People Oy. The acquisition increased Smile's foothold in the Helsinki Metropolitan Area and strengthened its expertise in restaurant labour hire. The transaction was executed on 1 November 2017.

Stefan's Steakhouse, Levi
On 8 November 2017, the seventh restaurant under the Stefan's Steakhouse concept opened for the winter season in Levi.

Villisika, Ruka
In November 2017, Restamax opened a Villisika restaurant at the Ruka ski resort. The first Villisika restaurant has operated in Tampere since 2011.

DECEMBER

Colorado Express, Ruka
In December 2017, a Colorado Express restaurant, a sister restaurant of Colorado Bar & Grill, opened at the Ruka ski resort to serve quick but high-quality American meals and snacks.

Pyynikin Brewhouse, Tampere
In December, Restamax and Pyynikin Craft Brewery opened the Pyynikin Brewhouse brewery restaurant, which is a modern combination of a brewhouse and a bistro. The selection covers all products of the Pyynikin Craft Brewery, and celebrity chef, Hans Välimäki, is in charge of the food menu.

Classic American Diner, Rovaniemi
At the end of the year, Restamax opened a new restaurant in Rovaniemi under the Classic American Diner concept. There are eight existing restaurants under this concept in Tampere, Jyväskylä, Helsinki, Vantaa and Seinäjoki.

Restamax published new long-term financial goals and strategy
On 19 December 2017, Restamax announced the Group's new long-term financial goals and strategy for the 2018–2020 strategy period. Restamax's goal is to reach a turnover of approximately MEUR 400 by the end of 2020.

EVENTS AND PROJECTS IN 2018

Organisational change
On 22 January 2018, Restamax announced plans to revamp its organisation and the structure of its Executive Team. Restamax's operational organisation was divided into three business units: Nightclubs, Food restaurants, and Pubs & Entertainment, each with their own responsible director. The position of Chief Procurement Officer (CPO) was established to strengthen purchasing operations and the efficiency thereof. The roles of sales and marketing strategy were increased in the organisation and, for that purpose, the position of Chief Commercial Officer (CCO) will be established.

The acquisition of Kymppi Service Oy, Smile Henkilöstöpalvelut
In February 2018, Smile Henkilöstöpalvelut acquired the entire shareholding of Kymppi Service Oy, which operates in Southwest Finland, Satakunta and Kainuu. As a result of the corporate acquisition, Smile's foothold as a national operator was strengthened, particularly in the sectors of industry, construction and logistics.

Mango Discobar, Oulu
In February 2018, a new Mango Discobar nightclub was opened in Oulu.

Opening of adventure rooms, Tampere and Seinäjoki
Restamax subsidiary Poolmax Oy opened several new adventure rooms. In February 2018, a Vihahuone rage room was opened at Crazy amusement centre in Tampere, and two Run Out escape rooms were opened in Seinäjoki. In March, the first known pitch black escape room in Finland, Dark Room: Ihmiskoe ("Human Experiment"), was opened at Crazy amusement centre in Tampere.

Smile's listing evaluation
In March 2018, Restamax communicated that the Board of Directors decided to review and evaluate the listing of the labour hire business comprising the subsidiary Smile Henkilöstöpalvelut Oy and its subgroup on the Nasdaq Helsinki Ltd Stock Exchange. The evaluation process will be carried out during spring 2018.

The acquisition of a majority shareholding in Adicio Oy
In March, Smile Henkilöstöpalvelut bought a majority stake (80%) of construction-sector hired labour company Adicio Oy specialising in foreign manpower. A nationwide operator, Adicio has commercialised the import of foreign labour into Finland, all the way from the work permit application procedure to accommodation and support services to facilitate living in Finland. The purchase price was MEUR 6, and ownership was transferred on 3 April 2018. Based on preliminary information, Adicio's turnover at the end of 2017 was MEUR 8.772 and operating profit MEUR 1.692.

Expanding restaurant operations abroad
In March 2018, Restamax announced an expansion of its restaurant operations to Denmark. In Denmark, Restamax will operate through its subsidiary Restamax Operations Denmark. The company purchased over 90 per cent of the popular Danish Cock's & Cows and The Bird companies, which operate a total of 11 restaurants and bars in Copenhagen. During summer 2018, both restaurant concepts will open new restaurants in prime locations at the Copenhagen international airport.

Classic American Diner, Turku
Restamax will open its eleventh Classic American Diner restaurant in Turku in spring 2018.

Gaming restaurant, Oulu
Restamax subsidiary Poolmax will open a new gaming restaurant for adults in Oulu in 2018.

The acquisition of Royal Ravintolat
In April 2018, Restamax announced its intention to purchase the entire shareholding of RR Holding Oy (Royal Ravintolat). The implementation of the deal is conditional on a share issue decision by Restamax's General Meeting and on the organising of financing for the cash purchase price. Royal Ravintolat's best-known brands include Hanko Sushi, Pizzarium, Savoy, Löyly, Ravintola Palace and Ravintola Teatteri. The transaction will create one of the largest restaurant groups in the Nordic countries listed on the Helsinki Stock Exchange. The integration will be carried out in late 2018 and early 2019.


VIHAHUONE
RAIVOA. RIKO. HAJOTA.

NUMBER OF EMPLOYEES

Restaurant business:
In the period 1 January–31 December 2017, the restaurant operations of the Restamax Group employed on average 361 (270) full-time employees and 143 (110) part-time employees converted into full-time employees as well as 295 (271) rented employees converted into full-time employees.

Labour hire business:
In 1 January–31 December 2017, Restamax Group's labour hire business employed on average 116 (0) full-time and 1,641 (750) part-time employees converted into full-time employees.

PERSONNEL

We employ some 2,250 people on a monthly basis (converted into full-time workers), making us one of the biggest employers in the restaurant field in Finland. Our subsidiary Smile Henkilöstöpalvelut Oy helps us ensure the sufficient availability of skilled personnel now and in the future. Smile Henkilöstöpalvelut Oy employs some 9,000 people on a monthly basis in the fields of HoReCa, construction, industry, logistics, events and health care.

Restamax has solid competence in the restaurant business and also plenty of experience in part-time employment relationships that are typical in the industry. Professional, healthy and motivated staff are an essential resource. We aim to offer our employees opportunities to work flexibly at different locations and cities and to develop their skills and advance their careers according to their personal goals. We very much want to support employment by offering our employees flexible employment contracts and diverse, long-term career opportunities. We systematically invest in the well-being and competence development of our personnel, and good deeds are rewarded.

Our restaurant portfolio comprises over 130 restaurants all over Finland. Our wide range of restaurants makes it possible for employees to keep working in the Group even if they move to a different city. Similarly, extra hours and many job opportunities at different restaurants in the same city can be arranged smoothly. This makes our operations more efficient and also enables us to offer full-time jobs to many of our employees. It is also possible to work for us in different localities depending on the season. One of the most important drivers of our profitability is the efficient use and allocation of human resources.

With our internationalisation, we will also be able to offer our personnel career opportunities abroad in the future.

We are very motivated to train our personnel and develop their skills. We strive to minimise employee turnover and offer employees opportunities for longer career development in the restaurant field, from customer service all the way to demanding executive positions. One significant demonstration of this is the Restamax Academy, which offers restaurant staff working in the Group opportunities to improve themselves as professionals while working.

The training programmes and study modules of Restamax Academy started in 2015. At the beginning of 2017, Restamax Academy started offering new supervisory training in cooperation with Tampere Vocational College Tredu. In spring 2018, 20 students will graduate with a HoReCa supervisor's specialist vocational qualification. The results of the Academy's training programmes have been rather positive, and a new training programme will start in late 2018.

At the end of 2017, Smile established Smile Education Oy, which provides training services, in particular focusing on producing training and recruitment services in cooperation with educational institutes. The goal of Smile Edu is to make it easier for employees to find suitable job and training places, and to improve the availability of workforce.

ACTIONS TAKEN IN 2017:

- Restamax Academy training collaboration was carried out with Tampere Vocational College. Twenty students were selected for a HoReCa supervisor's specialist vocational qualification. The training programme, which is aimed at Group employees with vocational upper secondary education and training in the field as well as diverse work experience, started in January 2017. The students will graduate from the training programme in May 2018. Most of the training took place at the workplace, supplemented with classroom learning at Tampere Vocational College (approximately 17 classroom days).

- In 2017, preparations were also made for a new supervisor training programme, for which application opened in April 2018. A 40-credit supervisor training programme will start in autumn 2018.

- First-aid training, rescue drills and occupational health and safety training were organised actively.

- In order to improve sales, sales coaching and product training was organised for the staff of food restaurants, nightclubs, pubs and entertainment venues. The training was organised in cooperation with expert partners specialising in sales and customer service training.

- Information flow and reporting tools were further developed, for example through the Intranet.

- Staff perks were expanded through new cooperation agreements. For example, through an agreement with CapMan Group, permanent kitchen and waitstaff gained access to a joint staff perk programme with many benefits as of 1 March 2017. Other cooperation agreements were signed with McDonald's, Silmäasema, Glohair, Rukakeskus, M Room, and others.

- The partner network was also expanded in the sports sector. The well-being of employees was supported with sports vouchers in the restaurant and labour hire segments. In addition to offering sports vouchers, Smile Henkilöstöpalvelut supported its employees by providing an hour of work time per week for a sports hobby.

- An annual occupational well-being survey was conducted, and the results were analysed to plan goals and actions for 2018.

- Smile Henkilöstöpalvelut conducted an annual occupational well-being survey, and the results were used to define goals and actions for 2018.

- In 2017, Smile Henkilöstöpalvelut adopted the Motivire programme for improving personal well-being.

- Recreational evenings and events were organised at various cities and units. The well-being of personnel was also supported through various sports events, in 2017 with the Restamax Open tennis tournament, disc golf tournament and Shrovetide winter carnival, for example.

- There was active cooperation with occupational health care.

- Four issues of the Restamax Staff News staff magazine were published in 2017.

- Each year, Restamax selects and rewards Employees of the Year who have demonstrated exemplariness in their work. In 2017, eight expert employees of the Group were awarded the title of Employee of the Year. The best unit of the year 2017 was also selected. The Employees of the Year were awarded with a study trip abroad, and the Restaurant of the Year was rewarded with a study trip to Northern Finland. Furthermore, Restamax selects Star Employees three times a year and, in 2017, thirty-three were selected.

- In 2017, Smile Henkilöstöpalvelut developed orientation materials and manuals and also improved its premises and their comfort for employees.

- At the end of 2017, Smile Henkilöstöpalvelut established the Smile Education service aimed at improving the availability of workforce.

CORPORATE SOCIAL RESPONSIBILITY – RESPONSIBILITY IN ALL AREAS OF BUSINESS

Restamax strives to observe the principles of sustainable development in all of its activities and projects. Compliance with responsible operating principles and laws, and the transparency of reporting and administrative principles, create a strong foundation for Restamax's business operations.

Restamax sells alcoholic beverages, which is a strictly regulated, licensed trade, requiring special responsibility. We conduct our restaurant and labour hire business in accordance with all legislation and regulations governing the serving of alcohol and food products and labour agreements as well as all other legal provisions.

FINANCIAL RESPONSIBILITY

Financial responsibility is comprised of ensuring profitable growth, competitiveness and efficiency now and in the future. Our customers play the most significant role there; the restaurant services they purchase make our business operations possible. Our company's result is the basis for shareholder's yield expectations, jobs, payment of taxes and supporting the community. Our result secures the economic well-being of the shareholders, personnel, partners and suppliers of goods and services.

SOCIAL RESPONSIBILITY

Occupational well-being
Social responsibility means having good operating principles in relations with all stakeholders: personnel, customers and partners. The restaurant business is hectic and it is undergoing changes, which highlights the importance of a meaningful work environment and recreational activities. As an employer, we want to improve the well-being, health and coping at work of all of our employees and to strengthen employee commitment in long employment relationships. Thanks to our comprehensive restaurant portfolio that extends to many parts of Finland and, in future, also abroad, we can offer our employees shifts flexibly according to varying life situations and needs.

We conduct annual occupational well-being surveys that are analysed unit-specifically. With new partners, we have also introduced more staff perks and discounts on products and services for our employees. The aim of the company's occupational health and safety activities is to ensure a safe work environment and support and maintain the occupational capacity of our employees. Workplaces use the early intervention model aimed at anticipating problems and supporting the well-being of employees.

Customer satisfaction and sector development
Our daily activities are guided by customer orientation and offering experiences. Through regular customer satisfaction surveys and monitoring, we can serve our customers even better. We actively collect feedback in our restaurants and analyse data. The needs and wishes of each customer segment are taken into account in restaurant selection and marketing.

We want to contribute to the positive development and responsible operating principles of the restaurant and labour hire field. For example, we have increased our cooperation with the popular food delivery services Wolt and Foodora. This supports us in business because we want to offer our customers more diverse and easier ways to fit restaurant experiences into their everyday lives.

Smile Henkilöstöpalvelut also brings a positive attitude to the job market and, in line with its name, the company strives to improve working life in Finland

through joy and well-being and develop the entire labour hire sector. Smile's values – professional pride, entrepreneurship, positivity and putting people first – are a pledge to look after young employees in particular and coach them for the job market.

Social activity
The company cooperates with several significant social organisations. For example, we have been a partner of the Elä täysii! ("Live fully!") club for people with disabilities, reduced mobility or chronic diseases since 2015, hosting various meetings at restaurants in different parts of Finland. In 2017, the cooperation deepened further, and in future meetings will be organised more frequently and regularly.

ECOLOGICAL RESPONSIBILITY

Energy-efficiency and self-control
In all of our business operations, we consider environmental aspects and take ecological responsibility. We pay special attention to the energy consumption of our restaurants in all matters ranging from equipment procurement and the design of facilities, lighting, heating and air-conditioning. In our new restaurants, in particular, preference is given to energy-efficient LED lighting system and kitchen appliances and systems. We have also investigated possibilities of remote monitoring of cold storage facilities and electrification of other self-control activities, and piloted an application for monitoring wastage.

Quality control, procurement partners, recycling and wastage
Food quality, its origin and traceability are the cornerstones of our restaurant operations and also important values to our customers. We cooperate with carefully selected and reliable partners and suppliers who have committed to responsible operations. Over 90 per cent of our food ingredient procurement is done through established partners, and with beverage wholesalers the figure is up to 95 per cent. We also prefer local businesses in procurement, such as local bakeries and microbreweries. This enables appropriate product pricing and careful quality control.

In our procurement, we emphasise domestic ingredients and take advantage of each season, although some of our concepts necessitate imported products. Our international partners have also passed quality audits. Our poultry is mainly domestic, and our red meat comes from Finland or the EU. We are also going to increase and regularise our internal activities, such as customer service audits, through mystery shoppers for example.

Our units have efficient and monitored waste and wastage sorting and recycling. Waste sorting at each business location has been organised to be as environmentally efficient as possible. Oil, grease, glass, cardboard and biowaste are carefully separated, and the generation of mixed waste is minimised.

SMILE HENKILÖSTÖPALVELUT REFORMS FINNISH WORKING LIFE

As a large operator, our labour hire segment plays a significant role in society. Smile Henkilöstöpalvelut employs up to 9,000 people on a monthly basis in various fields. Our subsidiary acts responsibly, offering diverse jobs for flexible life situations and always handling the payment of wages and other employer obligations on time.

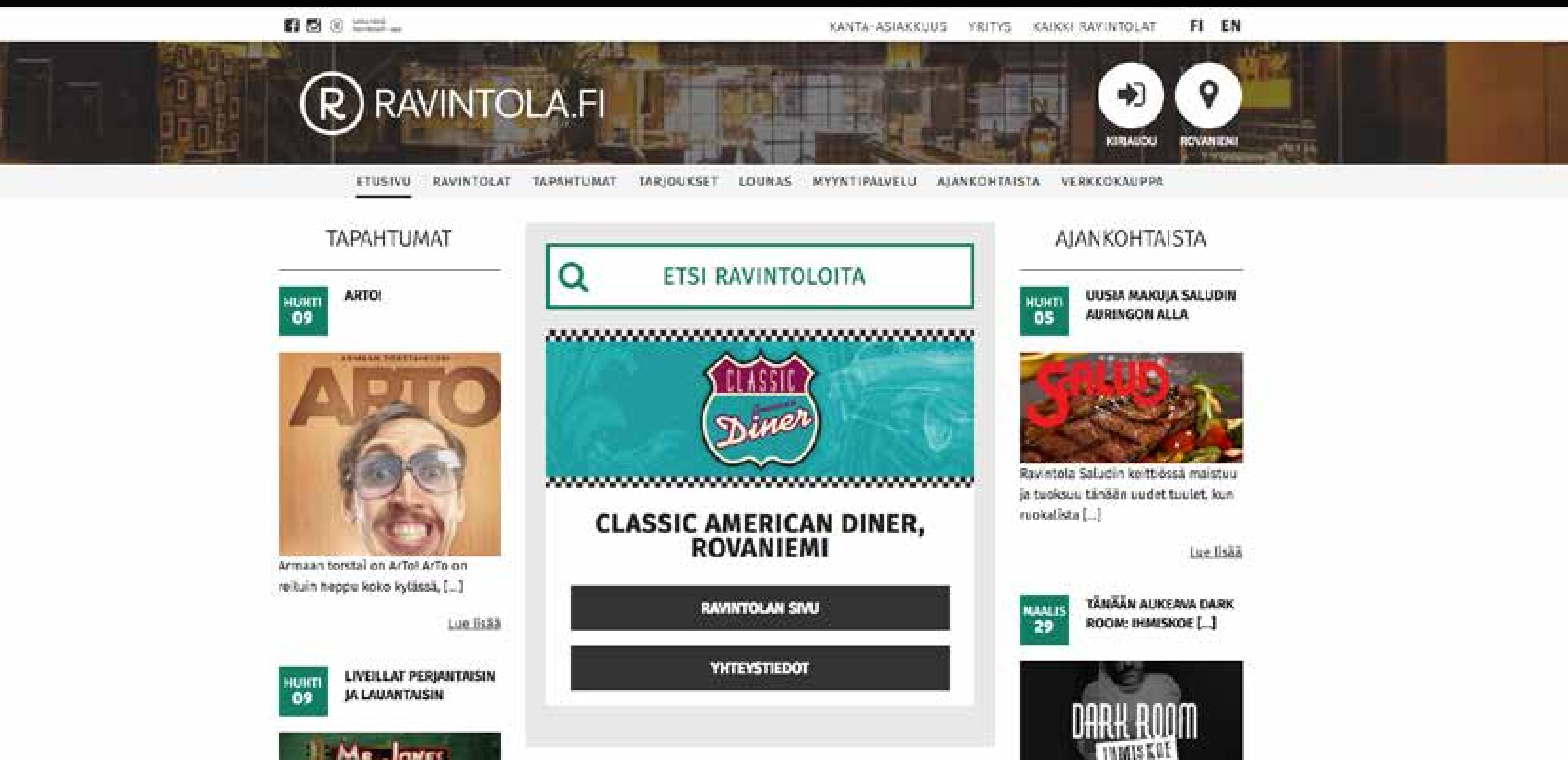
Smile Henkilöstöpalvelut has campaigned for positive discourse: there are many good job opportunities and jobs available. The company has also actively highlighted the responsibility of labour hire service providers to adjust to the constantly changing and evolving working life.

In all its operations, Smile also considers environmental and social responsibility. In 2017 for example, the company supported the exercise activities of children and young people at SOS Children's Villages for the second time and participated in the Charity Run event.

RAVINTOLA.FI

– THE BIGGEST RESTAURANT IN FINLAND

Digital marketing plays a key role at Restamax in creating future growth. Most of the food restaurants, pubs and nightclubs of Restamax Group are included in the Ravintola.fi loyal customer system. The Ravintola.fi website features city-specific restaurant information, menus, events, campaigns, special offers, news, contact information and other important information. Customers can also reserve tables and give feedback through the website.



UNIFORM LOYAL CUSTOMER SYSTEM

Through the Ravintola.fi loyal customer system, Restamax can market its products and services in a targeted manner and strengthen customer commitment with permanent and one-time benefits. The system facilitates better customer service and increases interaction between the company and its customers.

Some 134,000 people have subscribed to the Ravintola.fi loyal customer system and downloaded the mobile application, and the number is growing quickly.

- The Ravintola.fi website has 10 million visitors per year
- The loyal customer card entitles to many benefits and special offers
- The downloadable mobile app brings the benefits directly to phones
- The All Access card gives VIP benefits for corporate customers

www.ravintola.fi

THE RAVINTOLA.FI SALES SERVICE – PERSONAL SERVICE TO EACH CUSTOMER

The Ravintola.fi sales service is Restamax's sales organisation responsible for customer events organised at restaurants, such as recreational days, meetings, seminars, product launches and various private parties from birthdays to weddings. This means that the customer can call one number for comprehensive service ranging from table reservations to organising large events all over Finland.

Our professional staff and quality restaurants in key locations help ensure an unforgettable event. Our sales service helps choose the right restaurant for every occasion from over 130 options and takes care of the practicalities from planning to the finishing touches. Our team works in active cooperation with various partners, which enables us to organise many types of additional programming.

Our corporate sales are handled by Sales Director Kati Ehrola (pictured middle) and her energetic team of sales representatives, including Veera Virkorinne, Johanna Ahlgren, Daniela Mandelin, Marika Niskanen and Elisa Supperi.

RAVINTOLA.FI
MYYNTIPALVELU

RESTAMAX BOARD OF DIRECTORS

TIMO LAINE
Chairman of the Board

- Founder of Restamax
- Dependent on the company and on its major shareholder (Laine Capital Oy)

PETRI OLKINUORA
Vice-Chairman

- Managing Director of Forbia Oy, Board member at several real estate and construction companies
- Independent member

MIKKO AARTIO
Permanent Board member

- Founder of Restamax
- Dependent on the company and on its major shareholder (PIMU Capital Oy)

JARMO VIITALA
Permanent Board member

- Chairman of the Board of Teräselementti Oy and Neontekniikka Oy, and a member of the Board of Koy Ideapark
- Independent member

MIKA NIEMI
Permanent Board member

- CEO of Rengasravintolat Oy
- Dependent on the company and on its major shareholder

TIMO EVERI
Permanent Board member

- Member of the Board of Directors of Hasan & Partners Oy
- Independent member

RESTAMAX EXECUTIVE TEAM

JUHA HELMINEN

CEO since 2017

- Working for the company since 2017

JARNO SUOMINEN

CFO since 2005

- Working for the company since 2005

PERTTU PESONEN

Development Director since 2012

- Working for the company since 2006

TERO KAIKKONEN

CBO, Food restaurants since 2018

- Working for the company since 2011

EERO AHO

CPO since 2018

- Working for the company since 2014

TANJA VIRTANEN

Product Line Director, Premium concept restaurants since 2018

- Working for the company since 2005

PAUL MELI

CBO, Nightclubs and Pubs & Entertainment since 2018

- Working for the company since 2008

MIKO HELANDER

Product Line Director, Youth nightclubs since 2018

- Working for the company since 2008

SMILE BOARD OF DIRECTORS

SEPPO NIVA

Chairman of the Board of Directors

- Director of Accountor Group

PASI ETELÄAHO

Permanent Board member

- Director of Smile Banssi Oy

PEKKA VIHMA

Permanent Board member

- CEO of Vanajanlinna Oy

JARNO SUOMINEN

Permanent Board member

- CFO of Restamax Plc

TIMO LAINE

Permanent Board member

- Chairman of the Board and founder of Restamax Plc

SMILE EXECUTIVE TEAM

SAMI ASIKAINEN
CEO

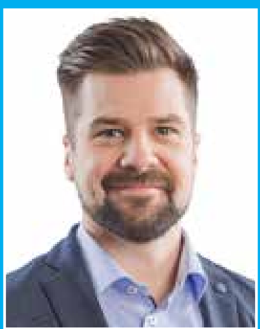
JARNO VILPONEN
CFO

PASI MAJAKANGAS
Development Director

MIRA JANTUNEN
HR and Administrative Director

JUSPE LAAKSO
Marketing Director

JIMI HELIN
Sector Director, HoReCa and Events



RIKU RAHIKAINEN
Sector Director, Construction and Industry

KATRI ROSLUND
Sector Director, Smile Doctors

MIKKO TÖRMÄ
Sector Director, Training

CORPORATE GOVERNANCE STATEMENT 2017

The Corporate Governance Statement has been prepared in accordance with Chapter 7, Section 7 of the Finnish Securities Markets Act and the section on Corporate Governance in the Finnish Corporate Governance Code. The company complies with the Corporate Governance Code 2015, published by the Securities Market Association, with some exceptions. The Corporate Governance Code is publicly available, for example at the Securities Market Association website at **www.cgfinland.fi**.

This statement has been compiled as a separate report from the annual report of the Board of Directors. The statement will not be updated during the financial period, but up-to-date information of the topics included will be presented in the company's website at **www.restamax.fi**.

ANNUAL GENERAL MEETING

The tasks of the Annual General Meeting as the highest decision-making body of the company have been determined in the Limited Liability Companies Act and in the Articles of Association. At the Annual General Meeting, the shareholders exercise their decision-making power in matters related to the company. The Annual General Meeting is held within six months from the end of the financial period. The Board summons the Annual General Meeting and decides where and when it will be held. The Articles of Association state that the notice of the Annual General Meeting is published for the shareholders' information at least at the company's website no earlier than three months and no later than three weeks prior to the Annual General Meeting. However, the notice must be published at least nine days before the record date of the Annual General Meeting.

The Annual General Meeting is attended by the CEO, the auditor, the Chairman of the Board of Directors and, when possible, the other members of the Board of Directors. In addition, the persons proposed for the first time as members of the Board of Directors shall participate in the Annual General Meeting, unless there are well founded reasons for their absence. The Annual General Meeting selects Restamax Plc's Board of Directors and the auditors, decides on their remuneration and discharges the company management from liability. Matters to be discussed at the Annual General Meeting as well as the shareholders' right to participate are defined in Restamax Plc's Articles of Association and in the notice of the Annual General Meeting.

The Board of Directors summons an Extraordinary General Meeting when it considers it necessary or when required by the law.

BOARD OF DIRECTORS

The Board of Directors has general authority in all the company's matters that have not been designated by law or the Articles of Association to be decided or implemented by other bodies. The Board of Directors is responsible for the company's administration and the proper organisation of its operations. The Board of Directors confirms the company's strategy, risk management principles and values observed in the company's operations, approves its business plan and decides on significant investments.

The operations of the Board of Directors follow current legislation, guidelines issued by the stock exchange, other official regulations and the company's Articles of Association.

According to the Articles of Association, the Annual General Meeting selects between five and seven members for Restamax Plc's Board of Directors. The term of office of the members of the Board of Directors ends when the following Annual General Meeting is concluded. The Board of Directors or Annual General Meeting elects the Chairman. In the composition of the Board of Directors, the goal is to appoint members with diverse and complimentary backgrounds, experience, expertise and from both genders, so that the diversity of the Board of Directors supports Restamax's business and future in the best possible way. For the present, the company's Board of Directors has not considered it necessary to establish audit, nomination or remuneration committees, since it is not required by the scope of the company's business operations or the discharge of duties of the Board of Directors.

Since 2005, the Chairman of the Board of Directors has been Timo Laine. The work of the Board of Directors is organised in accordance with the currently valid rules of procedure of the Board of Directors. The rules of procedure are available on the company's website.

SELECTION, TERM OF OFFICE AND COMPOSITION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Annual General Meeting selects the members of the Board of Directors annually. According to the Articles of Association, the Board of Directors consists of no less than five and no more than seven members. The term of office of the members of the Board of Directors ends when the following Annual General Meeting is concluded.

In addition to the Board members, meetings are attended by the CEO, CFO, the secretary of the Board and, when necessary, separately invited persons.

The Board of Directors evaluates the independence of its members annually and reports which Board members it defines as independent of the company and of significant shareholders.

In 2017, the members of the Board of Directors of the company were:

Timo Laine, b. 1966, diploma in marketing, Chairman of the Board
Direct and controlling interest 4,698,844 shares

Mikko Aartio, b. 1969, vocational qualification in business and administration for upper-secondary school graduates
Direct and controlling interest 3,560,163 shares

Jarmo Viitala, b. 1960, M. Sc. in Economy
Direct and controlling interest 24,900 shares

Petri Olkinuora,b. 1957, M. Sc. (Tech.), MBA, Vice-Chairman of the Board
Direct and controlling interest 12,500 shares

Mika Niemi, b. 1966, vocational qualification in business and administration
Direct and controlling interest 2,236,789 shares

Timo Everi, b. 1963, BBA, eMBA
Direct and controlling interest 0 shares

Jarmo Viitala, Petri Olkinuora and Timo Everi are the Board members independent of the company and of significant shareholders. The composition of Restamax's Board of Directors deviates from the independence recommendation of the Corporate Governance Code, according to which the majority of the Board members shall be independent of the company and at least two of the persons representing this majority shall be independent of significant shareholders of the company. Three members of the Board (Laine, Aartio and Niemi) are dependent on the company, which is why the composition of the Board of Directors does not meet Recommendation 10 of the Corporate Governance Code in this respect. This deviation is still justified by the Rengasravintolat corporate acquisition carried out in the 2014 financial period, and Mika Niemi served as the CEO of Rengasravintolat Oy.

During the financial period, the Board of Directors had seventeen (17) meetings. Some of the meetings were held by e-mail or telephone.

The attendance of the members of the Board at the 2017 meetings:

Timo Laine 17/17
Mikko Aartio 15/17
Jarmo Viitala 14/17
Petri Olkinuora 16/17
Mika Niemi 15/17
Timo Everi 15/17

The composition of the Board of Directors does not meet Recommendation 9 of the Finnish Corporate Governance Code concerning diversity, in that both genders are not represented on the Board. However, the company's objective is to include both genders in the composition of the Board of Directors.

REMUNERATION FOR THE MEMBERS OF THE BOARD OF DIRECTORS

The Annual General Meeting decides on the remuneration paid to the members of the Board of Directors. In 2017, the annual remuneration of the Chairman of the Board of Directors was €25,000, for the Vice-Chairman it was €20,000, and for the members of the Board €10,000. A separate meeting attendance allowance is not paid.

CEO AND THE EXECUTIVE TEAM

Restamax Plc's Board of Directors appoints the CEO of the company, supervises his or her work and decides on the remuneration and benefits to be paid and the conditions of the post. The CEO is not a member of the Board of Directors. He or she is in charge of the parent company's and the Group's operative management and control in accordance with legislation and the guidelines given by the Board of Directors.

Markku Virtanen served as the company's CEO until 21 May 2017. CFO Jarno Suominen served as the acting CEO between 22 May 2017 and 31 August 2017. M.Sc. (Tech.) Juha Helminen (born 1977) has served as the company's CEO from 1 September 2017 on. On 31 December 2017, Helvest Oy, which is controlled by Juha Helminen, owned 23,400 shares in Restamax Plc.

The CEO manages the administration of routine matters of the company and of the Group in accordance with the instructions and orders issued by the Board of Directors. The CEO is directly responsible for the planning and implementation of the strategy and the corresponding investments, for ensuring that the bookkeeping is carried out as required by the law and that the company's financial management has been organised in a reliable manner. Restamax Plc's investor relation communications and marketing functions operate directly under the command of the CEO. The CEO monitors the decisions related to the persons at the executive level, as well as other important operative decisions. He or she also ensures that the subsidiaries of the Group operate in the interests of the parent company and endorse the Group's strategy.

Operative business operations are the responsibility of the CEO, with the help of the Executive Team. The Executive Team prepares and makes decisions in matters within the CEO's decision-making power.

THE EXECUTIVE TEAM

The tasks of the Executive Team include planning and implementing the company's strategy, management of business operations, result monitoring, annual planning, and the management of investments, corporate acquisitions and operational change plans. The Executive Team meets on a weekly basis.

On 31 December 2017, the Group's Executive Team comprised:

Juha Helminen, b. 1977, CEO
Direct and controlling interest 23,400 shares

Jarno Suominen, b. 1972, CFO
Direct and controlling interest 249,347 shares

Tanja Virtanen, b. 1977, Product Line Director, Food
Direct and controlling interest 200 shares

Paul Meli, b. 1977, Product Line Director, Nightclubs and other entertainment
Direct and controlling interest 181,670 shares

Perttu Pesonen, b. 1976, Development Director
Direct and controlling interest 80,000 shares

Eero Aho, b. 1978, Product Line Director, Food
Direct and controlling interest 0 shares

Miko Helander, b. 1979, Product Line Director, Nightclubs and other entertainment
Direct and controlling interest 0 shares

Tero Kaikkonen, b. 1976, Development Director
Direct and controlling interest 100 shares

INSIDER ADMINISTRATION

Restamax's insider rules apply the insider guidelines of Nasdaq Helsinki Oy. The insider rules prohibit insiders and entities in which insiders have a controlling interest, as well as persons participating in the preparation of financial reports, from trading in the company's financial instruments, such as shares, 30 days before result publication (so-called closed window).

The company has defined as permanent insiders the persons working in the Restamax Group who by virtue of their position or tasks have access to all insider information pertaining to Restamax. In addition to a permanent insiders list, project-specific insider lists will be drafted, as prescribed by Nasdaq Helsinki Ltd's insider guidelines.

As soon as possible, Restamax publishes any insider information which directly concerns Restamax or its financial instruments, unless the prevailing conditions result in the fulfilment of the prerequisites for postponing the publication of the insider information in question.

Under the market abuse regulation, Restamax has an obligation to publish transactions in Restamax's financial instruments by the company's management personnel and their related parties.

The person in charge of Restamax's insider issues is CFO Jarno Suominen.

AUDITING

The Articles of Association state that the Annual General Meeting selects the auditor for Restamax Plc.

The 2017 Annual General Meeting selected authorised public accountants company Deloitte & Touche Oy as the auditor. Hannu Mattila, APA, acts as the responsible auditor.

Auditing is carried out in accordance with the relevant acts and the Articles of Association. In practice, the auditing work is carried out during the financial period by inspecting the business operations and administration, and as an actual financial statements audit after the financial period has ended.

In 2017, the auditors of the Restamax Group were paid TEUR 215.9 for auditing tasks (in 2016: TEUR 204.4) and TEUR 54.4 for other guidance and consultation services (in 2016: TEUR 56.2).

INTERNAL CONTROL

Restamax Plc's internal management and control procedures are based on the Limited Liability Companies Act, the Articles of Association and the internal policies of the company. The company's management and control are distributed between the Annual General Meeting, the Board of Directors, and the CEO. Internal control refers to all the procedures, systems and methods that the company's management employs to ensure efficient, economical and reliable operations.

Restamax Plc's Board of Directors is responsible for organising the internal control. The Board of Directors has the highest responsibility of the company's visions, strategic goals and the commercial goals set based on them. The Board of Directors also bears the highest responsibility for the supervision of the bookkeeping and financial management and the proper arrangement of operations. The Board of Directors approves the common guidelines for the entire internal control of the Group.

The CEO is directly responsible for the implementation of the strategy and the corresponding investments, for ensuring that the bookkeeping is carried out as required by the law, and that the financial management has been organised in a reliable manner. Operative business operations are the responsibility of the CEO, with the help of the Executive Team. The company's senior management is responsible for internal control, while the auditors take care of external auditing.

Taking the quality and scope of the business operations into consideration, the company has not deemed it necessary to establish a special internal audit organisation. Instead, its duties are included in the business organisation's tasks in all the units of the Group.

Methods and procedures of internal control

The CEO is responsible for organising the bookkeeping and control mechanisms in practice. The CEO monitors decisions related to executive level persons, as well as important operative decisions. The CEO also ensures that the Group subsidiaries operate in the interests of the parent company and endorse the Group's strategy. The Group's Executive Team controls business operations and monitors the administration in the Group's daily operations.

The Group has defined clear authorisations for approving investments and matters related to the personnel. The main tasks of the Group's Executive Team:

1. supervision of business operations and finances, and

2. handling investments, corporate acquisitions and expanding and restriction plans significant for the Group.

Internal control is an essential part of the company's administration and management systems. It covers Restamax's all units and operations. Among other things, internal control must evaluate the sufficiency and efficiency of the risk positions related to the company's management and administrative systems, operations and data systems that apply to:

– the creativity and integrity of financial and operational data

– the profitability and efficiency of operations

– securing assets

– compliance with laws, orders, and agreements.

RISK MANAGEMENT

Restamax strives to increase the shareholder value within the limits set by legislation and the obligations of society.

Restamax divides the risk factors influencing business operations, result and stock exchange value into five main categories: market and business operation risks, risks related to the personnel, technology and data security risks, financing risks and juridical risks.

Restamax strives to protect itself against other risks by taking out extensive insurance contracts. These include statutory insurances, liability and property insurances, and legal protection ownership insurances. The scope of the insurances, values insured and excesses are checked annually together with the company's insurance company.

The Group's risk management and market change anticipation constitute an integral part of the management's everyday work in order to guarantee the continuity of the business operations. Restamax carries out continuous risk mapping related to its operations and aims to protect itself from identified risk factors in the best possible way.

REPORTING AND CONTROL SYSTEMS

The Group employs reporting systems required to efficiently monitor its operations. Internal control is connected to the company's vision, strategic goals and the business goals defined based on them. The realisation of business goals and the Group's financial development are monitored monthly with a control system covering the entire Group. As an essential part of the control system, the realisation data and up-todate estimates are examined by the Group's Executive Team on a monthly basis. The control system includes extensive sales reporting, a profit and loss account, estimates for turnover and profit, and operational key figures.


TÄYTTÄ
OLUTTA
RIOSKA
VAASA

REMUNERATION STATEMENT 2017

Remuneration for the members of the Board of Directors

The Annual General Meeting of Restamax Plc decides on the remuneration paid to the members of the Board of Directors. The Annual General Meeting of 2017 set the annual remuneration of the Chairman of the Board of Directors at EUR 25,000, that of the Vice-Chairman of the Board of Directors at EUR 20,000, while the remuneration paid to the members of the Board of Directors was set at EUR 10,000. Separate attendance allowances are not paid.

Remuneration of the CEO

The Board approves of the level of the CEO's remuneration. In addition to a fixed salary and in line with the company's currently valid practices, the CEO of Restamax Plc, Juha Helminen, receives the following fringe benefits: company car, company mobile phone and occupational health care in accordance with the company's policies.

As a short-term incentive to the CEO, a performance reward is also paid, which is determined based on the financial result of the company's monitoring-period financial period, and on the achievement of certain operational goals.

The CEO's contract can be terminated without special grounds by the CEO with a term of notice of three (3) months and by the company with a term of notice of six (6) months. The retirement age of the CEO is regulated by the law. The CEO is entitled to a supplementary pension insurance paid by the company. The supplementary pension insurance is payment-based, which is why no additional liabilities can be incurred to the company in addition to the insurance contribution already paid.

Remuneration of the Executive Team

The Executive Team receives a total remuneration, which includes monetary salary as well as taxable telephone and other benefits. As a short-term incentive, the Executive Team can also be paid a performance reward, which is based on the financial and operational goals set by the Board of Directors. The Board of Directors of the company decides on the general principles of remuneration, while the CEO makes the decisions on related details.

Salaries paid to the CEO of the parent company Restamax Plc and other members of the Executive Team in 2017 (2016) (T€)

CEO's salary with fringe benefits 175.7 (156.1)*.
Salaries of other members of the Executive Team with fringe benefits 624.0 (518.8).

*CEO Markku Virtanen 1 January–21 May 2017, acting CEO Jarno Suominen 22 May–31 August 2017, and
CEO Juha Helminen 1 September–31 December 2017


DOG FIGHT

Restamax Plc

FINANCIAL STATEMENTS 31.12.2017

Restamax Plc
Hatanpään
valtatie 1 B
33100 Tampere

Business ID
1952494-7
Domicile
Tampere

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A. CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT FROM THE BOARD OF DIRECTORS

Restamax Plc is the parent company of the Restamax Group. In addition to the parent company, the consolidated financial statements include 83 subsidiaries.

In the 2017 financial period, Restamax's strong growth continued, with profitability remaining at a good level. Improvement in the general financial situation in Finland had a positive impact on the restaurant business and labour hire.

Key events during the financial period

In 2017, the overall market of the restaurant field and labour hire grew in Finland. During the financial period, the Group strengthened the presence of both segments in many cities and also expanded its operations to new locations. Labour hire expanded and strengthened its operations particularly in the construction, industrial and logistics sectors. During the financial period, the Group concluded several corporate acquisitions especially in labour hire, and opened new restaurants.

KEY FIGURES CONCERNING FINANCIAL POSITION AND NET INCOME

Key figures describing financial position and net income of parent company (FAS)

TEUR	2017	2016	2015
Turnover	22,506.9	23,017.8	15,820.8
EBITDA	2,095.7	3,161.0	1,974.8
% of turnover	9.3%	13.7%	12.5%
Operating profit	337.5	1,132.9	191.6
% of turnover	1.5%	4.9%	1.2%
Return on equity %	12.1%	13.5%	11.0%
Equity ratio %	52.3%	58.5%	54.2%

Key figures describing financial position and net income of the Group

TEUR	2017	2016	2015
Turnover	185,856.2	130,071.9	113,618.1
Material margin	154,095.6	102,799.4	87,828.3
% of turnover	82.9%	79.0%	77.3%
EBITDA	22,404	19,398.8	16,535.8
% of turnover	12.1%	14.9%	14.6%
Operating profit	10,767	8,997.9	7,266.3
% of turnover	5.8%	6.9%	6.4%
Total assets	133,060.5	97,666.0	90,579.6
Return on investment %	10.7%	11.9%	10.8%
Return on equity %	12.1%	14.0%	12.1%
Equity ratio %	35.3%	45.2%	44.4%
Gearing ratio %	93.1%	69.1%	73.2%
Staff expense %	46.3%	36.9%	33.9%
Gross investments	24,524.8	10,174.5	16,891.7

Key figures per share

		2017	2016	2015
Earnings per share, undiluted	EUR	0.30	0.35	0.31
Earnings per share, diluted	EUR	0.30	0.35	0.31
Equity per share	EUR	2.7	2.65	2.48
Dividend per share	EUR	0.33,(*)	0.30	0.27
Dividend/earnings per share	%	108.4	85.7	87.1
Effective dividend yield	%	3.9	5.0	5.4
Price-to-earnings ratio (P/E)		28.57	17.2	16.2
Share price 31 December	EUR	8.57	6.01	5.01
Average share price	EUR	7.55	5.10	4.00
Highest share price during financial period	EUR	9.16	6.32	5.09
Lowest share price during financial period	EUR	5.71	4.28	3.48
Market value for shares	MEUR	142.43	99.88	82.06
Exchange of shares during financial period	pcs	2,624,943	7,501,446	4,134,568
Proportionate exchange of shares	%	15.79	45.14	25.24
Adjusted average number of shares during financial period	pcs	16,619,620	16,235,842	16,203,745
Adjusted average number of shares on 31 December	pcs	16,619,620	16,619,620	16,379,620

(*) Board of Directors' proposal.

Segment-specific key figures

Operating profit %		2017	2016	2015
Operating profit, % restaurant	%	5.7	6.9	6.5
Operating profit, % labour hire	%	5.1	4.7	3.2

EBITDA %		2017	2016	2015
EBITDA %, restaurant	%	13.4	15.3	14.8
EBITDA %, labour hire	%	8.7	10.1	8.9

Material margin %		2017	2016	2015
Material margin %, restaurant	%	74.1	74.6	74.3

Staff expense %		2017	2016	2015
Staff expense %, restaurant	%	28.0	28.1	28.5
Staff expense %, labour hire	%	83.7	85.5	85.2

The calculation formulae for the key figures are presented in note 39.

Key figures describing the personnel of the parent company

	2017	2016	2015
Average number of employees	104	99	72
Salaries and fees for financial period	3,887.6	3,940.5	2,967.6

Key figures describing the personnel of the Group

	2017	2016	2015
Average number of employees			
Full-time staff	477	270	268
Part-time staff	1784	860	644
Salaries and fees	67,869.4	36,851.9	29,342.6

Segment-specific key figures describing the personnel

Average staff, **restaurant**	2017	2016	2015
Full-time staff	361	270	268
Part-time staff translated into full-time staff	143	110	103
Salaries and fees	16,127.9	13,266.4	12,625.5

Average staff, **labour hire**	2017	2016	2015
Full-time staff	116	0	0
Part-time staff translated into full-time staff	1641	750	541
Salaries and fees	51,741.9	23,585.5	16,717.1

Proposal from the Board of Directors concerning actions to be taken regarding the profit of the parent company

Unrestricted equity fund	EUR	37,541,513.54
Profit funds from previous years	EUR	10,498,944.43
Profit for the financial period	EUR	6,529,099.62
Unrestricted equity	EUR	54,569,557.59
of which distributable	EUR	54,569,557.59

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.33 per share (16,619,620 shares) be distributed from the profit for the financial period of EUR 6,529,099.62, amounting to EUR 5,484,474.60. According to the current understanding of the Board of Directors, the proposed distribution of dividends will not endanger the company's solvency.

Shares in the company

At the time of the closing of the accounts, the company had 16,619,620 shares. All shares have an equal right to dividends and the company assets. One share equals one vote at the general meeting. The company's shares are listed at NASDAQ Helsinki Oy.

Organisation, management and auditor of parent company

During the financial period, the parent company's Board of Directors had the following permanent members: Timo Laine, Mikko Aartio, Mika Niemi , Petri Olkinuora, Jarmo Viitala and Timo Everi.

Markku Virtanen was the CEO of the company up to 21 May 2017, Jarno Suominen performed the duties of the acting CEO from 22 May until 31 August 2017, and Juha Helminen was CEO from 1 September 2017. The auditors for the parent company and Group were Deloitte Oy, Authorised Public Accountants, with APA Hannu Mattila as the responsible auditor.

SUBORDINATED LOANS

Subordinated loans, TEUR	31/12/2017	31/12/2016
Parent company	0.0	77.0
Group	220.0	297.0

The company has received a subordinated loan defined in Chapter 12 of the Limited Liability Companies Act.

In the event of the dissolution, liquidation and bankruptcy of the debtor, the subordinated loan can be repaid at a lower priority compared to all other creditors, but before the proportional share of the shareholders.

During the debtor's operations, the subordinated loan can only be repaid in part or in full to the extent where the total amount of the debtor's unrestricted equity and subordinated loans at the time of payment exceeds the debtor's loss confirmed for the last completed financial period or the loss included on the balance sheet of a later financial statement.

This subordinated loan has a higher priority to the debtor's assets than subordinated loans that have been issued to the debtor after the date of signing this agreement. The debtor undertakes to adhere to the order of priority described above in all financing activities.

The repayment of the subordinated loan does not have a due date, and it will only be repaid to the creditor upon the decision of the debtor. The creditor does not have the right to demand the repayment of the subordinated loan.

However, if Restamax Plc's holding in the debtor company falls under 50 per cent, the subordinated loan capital will become due and payable immediately.

No interest will be paid on the subordinated loan, and the repayment of the loan has not been secured with collateral.

Changes in Group structure in 2017

In January 2017, Restamax Plc purchased 60% of the share capital of a company called Thai Papaya Oy engaged in the restaurant business, with a deed of sale dated 29 December 2016. The ownership of the shares was transferred to Restamax Plc on 1 January 2017. Also in January, Rivermax Oy was established in which Restamax Plc has a 72% shareholding.

In January 2017, Smile Industries Jyväskylä Oy and Smile Industries Kuopio Oy were established. Restamax Plc's subsidiary Smile Industries Oy owns 100% of Smile Industries Jyväskylä Oy and 90% of Smile Industries Kuopio Oy.

In February 2017, Restamax Plc sold its entire shareholding of 70% of Max Siivouspalvelut Oy. Control of the shares was transferred on 28 February 2017. In February, the companies Skohan Oy and Somax Oy were established. Restamax Plc owns 75% of Skohan Oy and 70% of Somax Oy. Also in February, a 20% minority shareholding in Restamax Plc subsidiary Hernesaaren Ranta Oy was bought. This increases Restamax Plc's shareholding in Hernesaaren Ranta Oy to 80%.

In February 2017, Smile Industries Tampere Oy was established with Restamax Plc subsidiary Smile Industries Oy owning a 76.50% shareholding.

In March 2017, a 10% minority shareholding in Restamax Plc subsidiary Smile Palvelut Ilo Oy was bought. This increased the shareholding of Restamax Plc subsidiary Smile Henkilöstöpalvelut Oy in Smile Palvelut Ilo Oy to 90 %. In March, Smile ICT Oy was established with Restamax Plc subsidiary Smile Henkilöstöpalvelut Oy owning a 55 % shareholding.

In April 2017, Restamax Plc's subsidiary engaging in the restaurant business bought 80% of the shares in Tillikka Oy with a deed of sale dated 31 March 2017. The ownership of the shares was transferred on 1 April 2017.

In April 2017, Restamax Plc's subsidiary engaging in the labour hire business, Smile Henkilöstöpalvelut Oy, bought the entire shareholding of Smile Banssi Oy (formerly Pasianssi Oy) with a deed of sale dated 5 April 2017. The business and ownership of the object of the transaction were transferred to the Group on 5 April 2017. Smile Banssi Oy's subsidiaries are Smile Banssi Etelä Oy (formerly Banssi etelä Oy), Smile Banssi Pohjoinen Oy (formerly Banssi pohjoinen Oy), Smile Banssi Häme Oy (formerly Banssi häme Oy), Smile Banssi Uusimaa Oy (formerly Banssi uusimaa Oy), Smile Banssi Itä Oy (formerly Banssi itä Oy), Smile Banssi Länsi Oy (formerly Banssi länsi Oy), Smile Banssi Keski Oy (formerly Banssi keski Oy), Smile Banssi Kaakko Oy (formerly Banssi kaakko Oy), Smile Banssi Lappi Oy (formerly Banssi lappi Oy), Smile Banssi Helsinki Oy (formerly Banssi Helsinki Oy), Smile Banssi Safety Oy (formerly Banssi Safety Oy), Smile Rmax Oy (formerly Banssi Hoiva Oy) and Talous Bandora Oy.

In April 2017, a private offering of shares was carried out in Restamax Plc's subsidiary Smile Henkilöstöpalvelut Oy. As a result of the offering, Restamax Plc's shareholding in Smile Henkilöstöpalvelut Oy is 80.77 %. Also in April, a share exchange was carried out in Smile MMS Oy, as a result of which Restamax Plc subsidiary Smile Henkilöstöpalvelut Oy owns 100% of shares in Smile MMS Oy.

In May 2017, Mikonkadun keidas Oy was established in which Restamax Plc has a 90% shareholding.

In June 2017 with a deed of sale dated 2 June 2017, Restamax Plc purchased 90% of the shares in Harry's Ravintolat Oy. The ownership of the shares was transferred on 2 June 2017. In June, Restamax Plc bought a 20% minority holding in its subsidiary Roska Yhtiöt Oy. As a result of the transaction, Roska Yhtiöt Oy is now a wholly-owned subsidiary of Restamax Plc.

In June 2017, a 10% minority shareholding in Restamax Plc subsidiary Smile Palvelut Ilo Oy was bought. This increased the shareholding of Restamax Plc subsidiary Smile Henkilöstöpalvelut Oy in Smile Palvelut Ilo Oy to 100 %.

In July 2017 with a deed of sale dated 1 July 2017, Restamax Plc's subsidiary engaging in the labour hire business purchased 100% of the shares in Smile Job Services One Oy (formerly Job Services One Oy). The right of ownership of the shares was transferred on 1 July 2017. In July, a private offering of shares was carried out in Smile Henkilöstöpalvelut Oy, as a result of which Restamax Plc's holding in Smile Henkilöstöpalvelut Oy is 78.35%.

In August 2017, Restamax Plc's wholly-owned subsidiary Ravintola Bodega Salud Oy was merged with its wholly-owned subsidiary Rengasravintolat Oy. Also in August, a 15% minority shareholding in Restamax Plc subsidiary Talous Bandora Oy was bought. This increases the shareholding of Restamax Plc subsidiary Smile Banssi Oy in Talous Bandora Oy to 66%.

In September 2017, Smile Education Oy was established, with Restamax Plc subsidiary Smile Henkilöstöpalvelut Oy owning a 51% shareholding.

In October 2017, Pyynikin Brewery Restaurants Oy was established, with Restamax Plc subsidiary Gastromax Oy owning a 85% shareholding. In October, Smile Industries Manse Oy and Smile Botnia Oy were also established. Restamax Plc subsidiary Smile Industries Tampere Oy owns 100% of Smile Industries Manse Oy and Smile Henkilöstöpalvelut Oy owns 90% of Smile Botnia Oy.

In November 2017, Restamax Plc bought an 18.18% minority shareholding in Smile Banssi Etelä Oy, a 20% minority shareholding in Smile Banssi Häme Oy, an 18.18% minority shareholding in Smile Banssi Uusimaa Oy, a 20% minority shareholding in Smile Banssi Itä Oy, a 20% minority shareholding in Smile Banssi Länsi Oy, a 20% minority shareholding in Smile Banssi Keski Oy, a 20% minority shareholding in Smile Banssi Lappi Oy, a 20% minority shareholding in Smile Banssi Helsinki Oy, a 30% minority shareholding in Smile Banssi Safety Oy, a 20% minority shareholding in Smile Banssi Kaakko Oy, a 20% minority shareholding in Smile Hoiva Oy an a 44% minority shareholding in Talous Badora Oy. As a result of the transactions, Restamax Plc subsidiary Smile Banssi Oy owns 90.91% of Smile Banssi Etelä Oy, 100% of Smile Banssi Häme Oy, 90.91% of Smile Banssi Uusimaa Oy, 100% of Smile Banssi Itä Oy, 100% of Smile Banssi Länsi Oy, 90% of Smile Banssi Keski Oy, 90% of Smile Banssi Lappi Oy, 100% of Smile Banssi Helsinki Oy, 100% of Smile Banssi Safety Oy, 90% of Smile Banssi Kaakko Oy, 100% of Smile Hoiva Oy and 100% of Talous Bandora Oy.

Account on the scope of research and development activities

The company is not engaged in any actual research activities. The company's research activities mainly consist of developing new restaurant concepts and the further development of existing concepts.

Corporate governance statement

Restamax has prepared a separate corporate governance statement for 2017, in accordance with the recommendations of the Corporate Governance Code for Finnish listed companies. The statement is available at the company website at www.restamax.fi.

Assessment of risks and uncertainties related to the company's operations

Generally negative financial development may adversely affect the company's operating activities and net income. Recession affects the purchasing behaviour and purchasing power of consumers and companies.

Changes in the competitive environment and other competitive risks within the company's segment may adversely affect the company's operating activities. The restaurant business is a highly competitive industry segment. The company competes with thousands of other parties offering restaurant services across its geographical areas of operation.

Changes in the competing environment, and the company's potential failure to adapt to or manage these changes, as well as other competitive risks, should they be realised, may materially affect the operating activities, financial position, operating income and future outlook of the company or a unit thereof, and the share price of the company.

Anticipating the needs, preferences and behaviour of consumers is one of the greatest challenges in the restaurant industry. These needs are affected by changes in society, such as the general increase in purchasing power and the overall age structure. Restamax aims to develop its service concept in a manner that can anticipate the needs and preferences of consumers. In the labour hire business, the ageing of the Finnish population and the decreasing of the relative number of people of working age will probably hamper the availability of labour.

General leasing level developments and increases in lease costs, the price of alcohol and foodstuffs as well as salary expenses may adversely affect the company's operating activities. The cost of premises, in particular, makes up a significant part of Restamax's operating expenses. Restamax's premises are primarily leased, so the general level of rent and development thereof have a major impact on the company's operations. Although Restamax aims to carefully select the premises that it leases, and to sign long-term, low-cost lease agreements, lease costs may increase due to the general development of the leasing level and due to reasons attributable to lessors. A significant increase in salary expenses may also adversely affect the company's operating income. Furthermore, an increase in the price of alcohol and foodstuffs may reduce Restamax's profit margins.

Changes in the regulation environment, especially changes in laws related to serving alcoholic beverages and foodstuffs, labour legislation or variations in their interpretation, may adversely affect the company's operating activities. The restaurant and night club business that Restamax is involved in is heavily regulated in Finland. The administrative and regulatory authorities interpret the laws and stipulations applied to Restamax; these are related to alcohol, rights to serve alcohol, and foodstuffs, food safety and hygiene. The interpretations and practices of the authorities may also vary greatly between different regions. The laws and stipulations often impose fairly strict, and sometimes even retroactive, responsibilities for costs and damages. Restamax strives to practise its operations in accordance with all applicable decrees and regulations and other legal provisions.

A significant share of Restamax's business operations is subject to licences and closely controlled. Unexpected regulatory changes may adversely affect the company's operating activities, since Restamax's operating activities are significantly dependant on matters subject to a licence, such as licences to serve alcohol. A significant portion of Restamax's turnover is created by the sale of alcoholic beverages; therefore, the company's sales may be materially affected by the temporary or permanent withdrawal of its licences to serve alcohol.

A ruling in any trial or authoritative process that is negative to the company may adversely affect the company's operating activities. Restamax has extensive operations all over Finland, and Group companies may become a party to or an object of a trial, authoritative process or legal action that is related to their operations. Due to the nature of trials, authoritative processes and other adversarial processes and claims, their outcome is difficult to anticipate, and no reliable predictions can be made concerning such processes or claims that are currently pending or that can be expected in the future. Any ruling that is negative to Restamax in any trial, authoritative process or legal action may have a materially adverse effect on the operating activities, financial position, operating income and future outlook of Restamax or one of its units, and the share price.

The primary financial risks for the company are liquidity, interest and credit risks. The company finances its operating activities and growth using income from operations as well as equity and credit capital. The financial position and liquidity of the company are affected by its future cash flows and related risk factors, and the availability of financing. The majority of the Group's labour hire business is targeted at the restaurant industry. Therefore, any changes on the restaurant market and in the level of employment in the field will also affect the Group's labour hire business. The labour hire business may increase the Group's credit losses.

Damage risks, sich as the fire risk, are covered with appropriate insurances, and they cover property risks, interruption risks and liability for damage risks. An external partner is used to take care of insurance issues. The intention of taking out insurance policies is to cover, at a sufficient protection level, all risks which it is sensible to protect against financially or for some other reason.

Goodwill has been tested during the last quarter of 2017. According to the impairment tests of these asset items, goodwill has not been impaired.

Shareholders

At the end of the 2017 financial period, Restamax Plc's share capital stood at EUR 150,000 (EUR 150,000) and the total number of shares stood at 16,619,620 (16,619,620). At the end of the financial period, the company did not possess any shares in Restamax Plc. Restamax Plc's subsidiary Smile Huippu Oy held 43,500 shares (43,500) on 31 December 2017, which is equivalent to approximately 0.26% of the company's entire share capital.

According to the list of shareholders, the company had 2,781 (2,052) shareholders on 29 December 2017.

On 29 December 2017, the company's ten largest shareholders were as follows:

Shareholder	Shares (pcs)	%
Pimu Capital Oy **	3,500,000	2.1
Laine Capital Oy *	3,036,000	18.3
Niemi Mika Rainer	2,236,789	13.5
Mr Max Oy*	1,574,064	9.5
Evli Suomi Pienyhtiöt	831,248	5.0
Sign Systems Finland Oy	751,540	4.5
Niemi Hanna-Stiina	414,822	2.5
Mutual Pension Insurance Company Ilmarinen	395,000	2.4
Laakkonen Mikko Kalervo	340,000	2.0
Elo Mutual Pension Insurance Company	271,566	1.6
Total	3,351,029	80.3

* Entity controlled by Board member Timo Laine.

** Entity controlled by Board member Mikko Aartio.

Non-financial information

Description of business model

Restamax's head office is in Tampere and the company also has regional offices at many locations around Finland. The Group has restaurants at many locations around Finland.

Restamax's business mainly comprises the production and provision of restaurant services and labour hire services. Purchases by Restamax Group from producers of products and services from outside the Group constitute approximately 19% of the Group's turnover. Restamax has approximately 520 producers and suppliers of products/goods and services from outside the Group

Approximately 44.6% of the Group's turnover is spent on employee salaries and social security. Labour at the Group's branches is strongly local.

Environmental matters

In its operations, Restamax endeavours to take into account and reduce its environmental impact and to promote recycling. Restamax Group's restaurants comply with valid decrees concerning the recycling and sorting of waste. The Group estimates that the amount of food waste in its entire restaurant segment is approximately 0.1–0.2% of turnover per year. In 2018, Restamax Group has introduced the Hävikkimestari (waste master) programme together with L&T, by which it aims to minimise food waste.

In purchasing for Restamax's restaurant operations, different packaging material accumulates and efforts are made to recycle it. Restamax's environmental impact also concerns energy consumption on its premises, among other things. According to an estimate by Restamax, its own operations involve no fundamental risks to the environment. In 2017, electricity consumption was approximately €1.6 million in the entire Group.

Social and personnel matters

In personnel policy, Restamax aims to provide equal opportunities for all employees, ensure equal treatment and pay, as well as good working conditions. During spring 2018, Restamax will commission an even more extensive job satisfaction survey of personnel than before. Occupational well-being and recreational activities for personnel are an essential part of employee comfort and ability to cope. Restamax encourages and supports its personnel to cope better at work and to maintain their working capacity through partner benefits, among other things.

Restamax's restaurant segment annually employs approximately 800 people converted into full-time employees, as a result of which the equal treatment and maintenance of occupational well-being of personnel are important values for the Group.

In cooperation with Tredu (Tampere Vocational College), Restamax also organises the Restamax Academy. The aim of the Academy is to maintain the skills and constant development of personnel. The aim is also to offer personnel development opportunities and more diverse career paths. At Group level, the aim is to construct career paths more systematically.

Respect of human rights

Restamax supports human rights and principles concerning the development of working conditions. Respect of human rights concerns, among other things, the company's personnel and procurement policy. Restamax Group does not buy products or services from suppliers that violate or neglect national or international human rights conventions. Restamax's aim is to provide all employees with equal opportunities and treatment.

Prevention of corruption and bribery

Restamax does not accept bribery in any form in its operations. All the Group's financial transactions are entered in the accounts. The Group's financial transactions are audited through internal controls and in the annual audit. The Group's accounts are transparent for the financial management.

Board of Directors' authorisations

On 26 April 2017, the Annual General Meeting authorised the Board to decide on using the company's unrestricted equity to purchase no more than 800,000 of the company's own shares in one or several tranches, taking into account the stipulations of the Limited Liability Companies Act regarding the maximum number of shares in possession of the company and under the following terms: The company's own shares shall be purchased with the funds from the company's unrestricted equity, decreasing the distributable profits of the company. The shares shall be purchased in trading on the regulated market in the Helsinki Stock Exchange, and therefore the purchase takes place by private placing and not in relation to the shares owned by the shareholders. The sum paid for the shares is the price announced on the acquisition day for Restamax Plc's shares on the regulated market on the stock list of Helsinki Stock Exchange. The shares are purchased in trading organised by Nasdaq Helsinki Oy in accordance with its rules and regulations. The shares can be purchased for financing or carrying out possible corporate acquisitions or other arrangements, to implement incentive schemes within the company, or for other purposes decided upon by the Board of Directors. The maximum amount of the shares to be purchased is equivalent to approximately 4.8% of all the shares and votes of the company calculated using the share count on the publication date of the notice of the Annual General Meeting, so the purchase of the shares does not have a significant influence on the share ownership and the distribution of voting rights in the company. The Board of Directors shall decide on the other matters related to the purchase of the company's own shares. The authorisation will expire at the end of the 2018 Annual General Meeting, however no later than 18 months of the Annual General Meeting's authorisation decision.

The Annual General Meeting of 26 April 2017 authorised the Board of Directors to decide upon a share issue on the following terms: With this authorisation, the Board may decide to issue a maximum of 1,500,000 new shares, and to transfer no more than 800,000 of the company's own shares held by the company ("Share Issue Authorisation"). The new shares can be issued and the company's own shares held by it can be assigned in one or more instalments, either with or without payment. The new shares can be issued and the company's own shares held by it can be assigned to company shareholders in proportion to the company shares that they already own or, deviating from the shareholders' pre-emptive right, in a special share issue if, from the company's perspective, there is a justified financial reason for it, such as the financing or implementation of corporate acquisitions or other arrangements, development of the company's equity structure, improvement of share liquidity or the implementation of company incentive schemes. The issue of new shares or transfer of the company's own shares held by the company can also take place against apport property or by using a claim for the company held by the subscriber to redeem the amount to be paid for the issue price or the price to be paid for the shares. A special issue may only be arranged without payment if a justified financial reason exists in terms of the overall benefit of the company and all of its shareholders. The Board of Directors was authorised to decide on the other matters related to share issues. The Share Issue Authorisation will expire at the end of the Annual General Meeting of 2018, however no later than 18 months from the Annual General Meeting's Share Issue Authorisation decision.

Key events occurring after the closing date

Restamax Plc's subsidiary engaging in the labour hire business purchased the entire shareholding of Kymppi Service Oy with a deed of sale dated 18 January 2018. The right of ownership and management was transferred on 1 February 2018.

On 22 January 2018, Restamax announced plans to revamp its organisation and the structure of its Executive Team. Restamax's operational organisation was divided into three business units: Nightclubs, Food restaurants, and Pubs&Entertainment, each with their own responsible director. The position of Chief Procurement Officer (CPO) was established to strengthen purchasing operations and the efficiency thereof. The roles of sales and marketing strategy were increased in the organisation and, for that purpose, the position of Chief Commercial Officer (CCO) will be established.

On 13 March 2018, Restamax communicated that the Board of Directors has decided to review and evaluate the listing of the labour hire business comprising its subsidiary Smile Henkilöstöpalvelut Oy and its subgroup on the Nasdaq Helsinki Ltd Stock Exchange. The evaluation process will be carried out during spring 2018.

Restamax Plc's subsidiary engaging in the labour hire business, Smile Henkilöstöpalvelut Oy, bought 80% of the share capital of Adicio Oy. The right of ownership and management will transferred on 3 April 2018.

On 23 March 2018, Restamax communicated that it will expand its restaurant business operations to Denmark, where it will operate through its subsidiary Restamax Operations Denmark. The company will buy over 90% of the Danish Cock's & Cows and The Bird companies. Ownership will be transferred on 4 April 2018.

Prospects for 2018

In accordance with its strategy, Restamax expects the Group's turnover to increase and profitability to remain on a good level in both segments in the 2018 financial period. The restaurant segment is expected to reach a turnover of approximately MEUR 140 and in labour hire a turnover of approximately MEUR 110 is expected, the total turnover being some MEUR 240 after eliminations.

Restamax's goal is to reach a turnover of approximately MEUR 400 by the end of 2020 after internal eliminations. The goal of the restaurant segment is to reach a turnover of approximately MEUR 200, and the goal of the labour hire segment is to reach a turnover of approximately MEUR 220, by the end of 2020.

GROUP INCOME STATEMENT (IFRS)

EUR thousand	Note	1 January–31 December 2017	1 January–31 December 2016
Turnover	21	185,856.2	130,071.9
Other operating income	22	1,809.7	2,533.9
Materials and services	23	-35,774.4	-30,070.7
Staff expenses	24	-82,966.1	-45,311.7
Other operating expenses	26	-46,521.2	-37,824.6
EBITDA		**22,404.2**	**19,398.8**
Depreciations, amortisations and impairment	25	-11,637.4	-10,400.9
Operating profit		**10,766.7**	**8,997.9**
Share of associated company profit		68.3	-151.2
Financial income	27	42.9	186.6
Financial expenses	27	-2,853.2	-1,139.4
Financial expenses (net)	27	-2,810.3	-952.8
Profit/loss before taxes		**8,024.8**	**7,893.9**
Income taxes	28	-3,081.3	-1,933.8
Change in deferred taxes	17,28	548.2	-95.7
Profit for the financial period		**5,491.6**	**5,864.4**
Attributable to			
Parent company shareholders		5,057.8	5,608.1
Minority shareholders		433.8	256.3
Total		**5,491.6**	**5,864.4**
Earnings per share calculated from the profit to parent company shareholders			
Earnings per share (euros), undiluted, profit from the financial period	7	0.30	0.35
Earnings per share (euros), diluted, profit from the financial period	7	0.30	0.35
Comprehensive consolidated income statement			
Profit for the financial period		**5,491.6**	**5,864.4**
Other comprehensive income for the financial period (after taxes):			
Financial assets available for sale	14	2.9	0.0
Total comprehensive income for the period		**5,494.5**	**5,864.4**
Attributable to:			
Parent company shareholders		5,060.7	5,608.1
Minority shareholders		433.8	256.3
Total		**5,494.5**	**5,864.4**

The notes on pages 81–128 are a material part of the financial statements.

GROUP BALANCE SHEET (IFRS)

EUR thousand	Note	31/12/2017	31/12/2016
ASSETS			
Non-current assets			
Intangible assets	9	66,219.7	47,435.8
Property, plant and equipment	10	32,391.2	28,834.3
Shares in associated companies and joint ventures	11	2,938.0	1,178.8
Financial assets available for sale	14	685.1	620.2
Interest-bearing loans receivable	13	125.3	168.2
Non-interest-bearing other receivables	13	717.2	1,030.7
Deferred tax assets	17	594.9	142.1
Non-current assets total		**103,671.5**	**79,410.2**
Current assets			
Inventories	12	2,971.8	2,317.6
Interest-bearing loans receivable	13	0.0	30.0
Trade and other receivables	13	23,847.2	14,037.2
Cash and cash equivalents	15	2,570.0	1,871.1
Current assets total		**29,389.0**	**18,255.9**
Assets in total		**133,060.5**	**97,666.0**
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders			
Share capital	16	150.0	150.0
Invested unrestricted equity fund	16	40,510.2	36,586.1
Fair value fund	16	-4.5	-13.3
Own shares	16	-191.4	-191.4
Retained earnings	16	4,237.5	6,541.4
Equity loan	16	220.0	220.0
Total equity attributable to parent company shareholders		**44,921.7**	**43,292.8**
Minority shareholders	16	1,971.2	669.0
Equity, total		**46,892.9**	**43,961.8**
Non-current liabilities			
Deferred tax liabilities	17	1,928.5	703.0
Provisions	18	0.0	183.2
Financial liabilities	19	34,643.0	24,369.9
Trade payables and other liabilities	20	3,674.8	796.4
Non-current liabilities total		**40,246.2**	**26,052.5**
Current liabilities			
Financial liabilities	19	11,682.5	8,193.0
Trade payables and other liabilities	20	34,238.9	19,458.8
Current liabilities total		**45,921.4**	**27,651.7**
Liabilities total		**86,167.6**	**53,704.2**
Equity and liabilities in total		**133,060.5**	**97,666.0**

The notes on pages 81–128 are a material part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to parent company shareholders								
EUR thousand	Note	Share capital	Invested unre-stricted equity	Fair value fund	Own shares	Retained earnings	Equity loan	Total	Share of minority share-holders	Equity, total
Equity 1 January 2017		**150.0**	**36,586.1**	**-13.3**	**-191.4**	**6,541.4**	**220.0**	**43,292.8**	**669.0**	**43,961.8**
Comprehensive income of the review period										
Profit for the financial period						5,057.8		**5,057.8**	433.8	**5,491.6**
Financial assets available for sale						2.9		**2.9**		**2.9**
Total comprehensive income for the financial period		0.0	0.0	0.0	0.0	5,060.7	0.0	**5,060.7**	433.8	**5,494.5**
Other changes				8.8				**8.8**		**8.8**
Other changes total		0.0	0.0	8.8	0.0	0.0	0.0	**8.8**		**8.8**
Transactions with shareholders										
Equity loans								**0.0**		**0.0**
Dividend distribution						-4,985.9		**-4,985.9**	-491.6	**-5,477.5**
New issue			3,924.0					**3,924.0**	1,088.6	**5,012.6**
Acquisition of own shares								**0.0**		**0.0**
Changes in minority shareholders' shares without a change in controlling interest						-2,378.7		**-2,378.7**	296.4	**-2,082.3**
Changes in minority sharehold-ers' shares that led to a change in controlling interest								**0.0**	-25.2	**-25.2**
Transactions with shareholders, total		**0.0**	**3,924.0**	**0.0**	**0.0**	**-7,364.6**	**0.0**	**-3,440.6**	**868.3**	**-2,572.3**
Equity 31 December 2017		**150.0**	**40,510.1**	**-4.5**	**-191.4**	**4,237.5**	**220.0**	**44,921.7**	**1,971.2**	**46,892.9**

		Equity attributable to parent company shareholders								
EUR thousand	Note	Share capital	Invested unre-stricted equity	Fair value fund	Own shares	Retained earnings	Equity loan	Total	Share of minority share-holders	Equity, total
Equity 1 January 2016		**150.0**	**33,937.3**	**-13.3**	**-972.6**	**6,293.1**	**220.0**	**39,614.5**	**428.9**	**40,043.4**
Comprehensive income of the review period										
Profit for the financial period						5,608.1		**5,608.1**	256.3	**5,864.4**
Total comprehensive income for the financial period		0.0	0.0	0.0	0.0	5,608.1	0.0	**5,608.1**	256.3	**5,864.4**
Transactions with shareholders										
Dividend distribution						-4,356.8		**-4,356.8**	-229.1	**-4,585.9**
New issue			2,648.8					**2,648.8**		**2,648.8**
Nullification of own shares					781.2	-781.2		**0.0**		**0.0**
Changes in minority shareholders' shares without a change in controlling interest						-221.9		**-221.9**	212.9	**-9.0**
Share acquisitions of minority shareholders that led to a change in controlling interest								**0.0**		**0.0**
Transactions with shareholders, total		**0.0**	**2,648.8**	**0.0**	**781.2**	**-5,359.9**	**0.0**	**-1,929.8**	**-16.2**	**-1,946.0**
Equity 31 December 2016		**150.0**	**36,586.1**	**-13.3**	**-191.4**	**6,541.3**	**220.0**	**43,292.8**	**669.0**	**43,961.8**

The notes on pages 81–128 are a material part of the financial statements.

GROUP CASH FLOW STATEMENT (IFRS)

EUR thousand	2017	2016
Operating cash flow		
Profit for the financial period	5,491.6	5,864.4
Adjustments:		
Non-cash transactions	-190.6	-432.9
Depreciations, amortisations and impairment	11,637.4	10,400.9
Financial expenses (net)	2,810.3	952.8
Taxes	2,533.1	2,029.5
Share of profits or losses of associated company	-68.3	151.2
Cash flow before change in working capital	**22,213.6**	**18,965.9**
Käyttöpääoman muutokset:		
Increase (-)/deduction (+) in accounts receivable and other receivables	-4,356.2	-3,275.1
Increase (-)/deduction (+) in inventories	-378.4	-34.5
Increase (+)/deduction (-) in accounts payable and other liabilities	4,488.3	1,506.4
Changes in working capital:	**-246.3**	**-1,803.2**
Dividends received	3.4	0.0
Interest paid and other financial costs	-1,033.5	-1,021.4
Interest received	46.6	67.3
Taxes paid	-3,178.8	-2,687.0
Operating net cash flow	**17,804.9**	**13,521.6**
Investment cash flow		
Sales of available-for-sale financial assets	9.0	0.0
Investments in tangible and intangible assets (-)	-11,152.3	-7,193.0
Deduction (+)/increase (-) of non-current loans receivable	-110.7	94.7
Acquisition of subsidiaries with time-of-acquisition liquid assets deducted	-7,226.7	-1,364.3
Sales of subsidiaries with time-of-acquisition liquid assets deducted	92.6	0.0
Business transactions, acquisitions (-)	-3,526.9	-1,507.7
Business transactions, sales (+)	126.4	126.8
Acquisition of the shares of minority shareholders (-)	-1,156.0	-110.0
Sales of the shares of minority shareholders (+)	0.0	0.5
Associated company shares purchased	-1,690.8	0.0
Investment net cash flow	**-24,635.5**	**-9,952.9**
Financial cash flow		
Non-current loans drawn (+)	19,135.0	21,740.0
Non-current loans repaid (-)	-6,589.5	-19,791.7
Current loans drawn (+)/repaid (-)	1,030.1	-1,207.1
Dividends paid	-6,046.1	-4,573.9
Finance net cash flow	**7,529.5**	**-3,832.7**
Change in liquid assets	**698.9**	**-264.1**
Liquid assets 1 Jan	**1,871.1**	**2,135.1**
Liquid assets 31 Dec	**2,570.0**	**1,871.1**
Change	**698.9**	**-264.1**

The notes on pages 81–128 are a material part of the financial statements.

Basic information about the Group

The Group's main industry segment is the production of restaurant services and labour hire services.

The Group's parent company is Restamax Plc. The parent company's domicile is Tampere, its home state is Finland and its registered address is Hatanpään valtatie 1 B, 33100 Tampere.

Restamax Plc and its subsidiaries (collectively referred to as "Restamax" or the "Group") are a Finnish Group that operates in the fields of restaurant and labour hire business. The Group has 144 bars, restaurants and night clubs in different parts of the country; of these, 131 are operated by the Group, 9 are franchising outlets and 4 are sublet. The Group also engages in other activities that support the restaurant industry. The Group's restaurant concepts include Viihdemaailma Ilona, Classic American Diner, Colorado Bar & Grill, Stefan's Steakhouse and entertainment centres Galaxie Center and Space Bowling & Billiards.

A copy of the consolidated financial statements is available at the website www.restamax.fi or in the main office of the Group's parent company at the above address.

Restamax Plc's Board of Directors has approved the publication of these financial statements in its meeting on 27 March 2018. According to the Finnish Limited Liability Companies Act, shareholders are authorised to approve or reject the financial statements in a general meeting held after its publication. The general meeting can also decide on the amendment of the financial statements.

Accounting principles

These are the sixth financial statements of the Restamax Group that have been drawn up under the International Financial Reporting Standards (IFRS), and they have been drawn up following the IAS and IFRS standards in force as of 31 December 2017, as well as the SIC and IFRIC interpretations issued in relation to them. The International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in the EU's regulation (EC) No. 1606/2002 and embodied in the Finnish Accounting Act and provisions issued under it. The notes to the consolidated financial statements have also been prepared in accordance with the requirements in Finnish accounting legislation and Community law that complement the IFRS regulations.

The information in the consolidated financial statements is based on original acquisition costs, except where otherwise stated in the accounting principles.

Monetary figures in the financial statements are expressed in thousands of euros unless otherwise stated. The company's functional currency is the euro.

New standards and interpretations applied

The following standards and amendments to standards have been adopted for the first time in the Group as of the financial period that begun on 1 January 2017:

- Recording deferred tax assets from unrealised losses – amendments to IAS 12,

- Project concerning the information to be presented in financial statements – amendments to IAS 7.

2 ACCOUNTING PRINCIPLES REQUIRING THE MANAGEMENT'S CONSIDERATION AND KEY FACTORS OF UNCERTAINTY RELATED TO ESTIMATES

Use of estimates

Consolidation under the IFRS standards requires the use of specific estimates and assumptions that affect the figures reported. The estimates and assumptions included in the financial statements are based on the management's best possible opinion on the closing date. These estimates and assumptions affect the assets and liabilities on the balance sheet, the presentation of contingent assets and liabilities in the notes, and the income and expenses from the financial period. The estimates are based on earlier experience, market information and several other assumptions that may be considered reasonable, but the actual figures may differ from these values due to different assumptions or conditions. The management must employ its judgment when following the accounting principles, and it must prepare estimates concerning income tax, goodwill impairment tests, reservations and contingent liabilities, for example. These policies and estimates require the management to make subjective and complicated, judgment-based estimates, such as those concerning the effects of factors that are uncertain by nature.

Income taxes

The tax costs in the income statement are based on the taxable income from the financial period and deferred tax. Taxes are recorded through profit or loss, except in cases where they are directly related to items registered as equity or other items in the total comprehensive income. In these cases, their tax effects are also recorded as equity in these items. Tax based on the taxable income from the financial period is calculated using the taxable income and the applicable tax rate in each country. The taxes are adjusted by any taxes related to previous financial periods.

Deferred tax is calculated for any temporary differences between carrying amounts and tax bases. The largest temporary differences are generated by the differences between the carrying amounts and tax bases of property, plant and equipment, fair value adjustments of assets and liabilities during business combinations, and unused tax losses. Deferred taxes have been calculated using the tax rates that have been enacted or substantively enacted on the date of the closing of the books.

Deferred tax assets are recorded up to the probable amount of future taxable income against which the temporary difference can be utilised. The prerequisites for recording deferred tax assets are estimated in this respect on each closing date.

However, deferred tax liabilities are not recorded when the asset item or liability in question is one that would be originally entered into bookkeeping, there is no combination of business activities involved, and the entry of such an asset item or liability does not affect the result of the bookkeeping or the taxable income at the time when the business transaction takes place.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset the current tax assets and liabilities, and when the deferred tax assets and liabilities are related to taxes on income collected by the same recipient, either from the same taxpayer or different taxpayers, when the aim is to realise the asset and liability in their net amounts.

Provisions and contingent liabilities

A provision is recorded when the Group has a judicial and constructive obligation for payment on the basis of a past event, the realisation of the obligation is probable and the size of the obligation can be reliably estimated.

Provisions are measured at the present value required to cover the obligation. The discount factor used for calculating the present value is selected in a manner where it is representative of the market opinion of the value of money over time and the risks related to the obligation. If a part of the liability can be received as reimbursement from a third party, the reimbursement will be registered as a separate asset item when the reimbursement has been practically ensured. The provision amounts are estimated on each closing date, and their amounts are adjusted to correspond to the best possible estimate at the moment of inspection. Changes in the provisions are entered in the income statement under the same item as the one where the provision was originally recorded.

A provision will be recorded for a contract that generates a loss when the necessary expenditures required to fulfil the obligations outweigh the benefits received from the contract.

A contingent liability is a possible liability arising from past events whose existence will only be confirmed when an uncertain event outside the Group's control is realised. A present obligation that is not likely to cause a payment obligation, or whose size cannot be reliably determined, is also considered to be a contingent liability. Contingent liabilities are presented in the notes to the financial statements.

Estimated goodwill impairment

Impairment testing compares the book value of a group of units including goodwill and generating cash flow to its recoverable amount per year, and determines its possible impairment. The recoverable amount from the group of units generating cash flow is based on utility value calculations. The discount rate takes industry-specific factors into account.

In the testing, the recoverable amount is estimated using budgets, forecasts and terminal periods, and the sensitivity of the calculations is analysed in terms of changes to the discount rate, profitability and residual values. Changes to these estimates or the structure or number of the units or unit groups may cause impairment of the fair values of commodities or goodwill. The estimates concern the expected selling prices of the products, the expected price development of the product costs, and the discount rate.

3 ACCOUNTING PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidation principles

Subsidiaries are companies where the Group has a controlling interest. Control is created when the Group, through involvement in the entity, is exposed to the entity's variable returns or is entitled to them, and can influence these returns by exercising its power on the entity.

The acquisition method has been used to eliminate mutual share ownership between the Group's companies. Subsidiaries are consolidated into the consolidated financial statements starting from the date when control is transferred to the Group; assigned subsidiaries are retained in the consolidated financial statements until the date when control ceases to exist. The amount by which the acquisition cost exceeds the Group's share of the fair value of the purchased net identifiable assets is recorded as goodwill. If the acquisition cost is lower than the net assets of the acquired subsidiary, the difference is marked as income in the income statement.

Acquisition-related expenditure, excluding the expenditure from issuing current liability and equity convertible securities, has been recorded as expense. Any conditional additional purchase price has been measured at fair value at the moment of acquisition, and has been classified as liability or equity. Additional purchase price classified as liability is measured at fair value on each closing date, and the generated profit or loss is recorded through profit or loss. Additional purchase price classified as equity is not re-measured. Any non-controlling interests in the object acquired are measured at either fair value or an amount corresponding to the proportion of the non-controlling interests in the net identifiable assets of the object acquired. The measurement principle is defined separately for each business acquisition.

Intragroup transactions, receivables and payables as well as unrealised gains are eliminated when drawing up the consolidated financial statements. Unrealised losses are not eliminated if the loss is caused by impairment. Where necessary, the accounting principles of the financial statements of subsidiaries have been amended to correspond to those of the Group.

The distribution of the profit or loss for the financial period between the owners of the parent company and the minority shareholders is presented in the income statement. The distribution of the comprehensive income between the owners of the parent company and the minority shareholders is presented together with the comprehensive income statement. Comprehensive income is directed at minority shareholders, even if this would lead to the non-controlling interest becoming negative. The portion of equity belonging to minority shareholders is presented as a separate item on the balance sheet, as part of equity. Changes to the parent company's holding in a subsidiary that will not lead to a loss of control are recorded as transactions concerning equity. If an acquisition is completed in stages, the earlier holding is measured at fair value, and the generated profit or loss is recorded. When the Group loses its controlling interest in a subsidiary, the remaining portion is measured at fair value on the date of the loss of control, and the difference is recorded through profit or loss.

Associated companies are companies where the Group exercises a significant influence over the voting rights. A significant influence is mainly generated when the Group owns over 20 per cent of the company's voting rights, or when the Group exercises a significant influence but does not have a controlling interest. Associated companies are consolidated into the consolidated financial statements using the equity method. If the Group's share of the losses of an associated company exceeds the book value of the investment, the investment is recorded at zero value on the balance sheet; losses exceeding the book value are not consolidated unless the Group is committed to fulfilling the liabilities of the associated company. Any investment in an associated company includes the goodwill accrued from its acquisition. Unrealised gains between the Group and an associated company have been eliminated in accordance with the Group's holding. The portion of the associated companies' income from the financial period corresponding to the Group's holding is presented as a separate item after operating profit. Correspondingly, the Group's share of the changes recorded in the other items of the associated company's comprehensive income is entered in the other items of the Group's comprehensive income.

The consolidated financial statements include the parent company Restamax Plc and its subsidiaries with their subsidiaries. The subsidiaries and associated companies consolidated into the consolidated financial statements are itemised in note 31.

Segment reporting

The Group's operating segments, which are also reported segments, are the Group's strategic business units: restaurants and labour hire. These business units produce different products and services and they are managed as separate units, since their business requires applying a different strategy. The Group's Executive Team has been named as the top operative decision-maker responsible for resource allocation and income estimates. The Group operates solely on the domestic market.

The segment information presented by the Group is based on the management's internal reporting that is prepared in accordance with the IFRS standards. The pricing between segments is based on a fair market price. The Group's assets and liabilities are not focused or monitored per segment in internal financial reporting.

The Group's evaluation of profitability and decisions concerning the resources to be allocated to a segment are based on the segments' EBITDA. It is the understanding of the management that this is the most suitable benchmark for comparing the profitability of the segments to other companies in their respective fields.

Items denominated in a foreign currency

The consolidated financial statements are presented in euros, which is the operating and presentation currency of the Group's parent company.

Business transactions denominated in a foreign currency have been recorded in the functional currency, using the exchange rate in force on the date of the transaction. Monetary items denominated in a foreign currency have been converted into the functional currency using the exchange rates on the end date of the reporting period. Profits and losses generated by business transactions denominated in a foreign currency and conversion of monetary items have been recorded through profit of loss. Foreign exchange gains and losses are included in the corresponding items above operating profit. The Group has minor items denominated in a foreign currency.

Property, plant and equipment

Property, plant and equipment have been measured at their original acquisition cost less the accumulated depreciations and devaluations. The original acquisition cost includes the immediate costs for the purchase. Expenditure accumulated later is only included in the book value or recorded as a separate commodity if it is likely that the future economic benefit related to the commodity will be to the benefit of the Group, and if the acquisition cost of the commodity can be reliably defined. Repair and maintenance costs are recorded through profit or loss for the period during which they were realised. If a fixed asset commodity consists of several parts with useful lives of different lengths, each part is processed as a separate commodity. As is typical for the segment, property, plant and equipment also includes periodic modification and renovation costs of the rental premises of restaurants; these consist of the interior finishing work of rental premises, for example.

Depreciation of property, plant and equipment is calculated as degressive depreciations from the book value, or as straight-line depreciations, where the acquisition cost is recorded as expense over the useful lives as follows:

Machinery and equipment, residual value depreciation 25.0 per cent

Modification and renovation expenses for rental premises 5–10 years

Buildings 30 years

The residual values of tangible assets and their useful lives are verified at least once per year on the closing date, and adjusted by impairment when necessary. On each closing date, the Group evaluates whether there are signs that the value of an asset item has degraded. If the book value of an asset item is higher than its recoverable amount, the book value of the asset item will be immediately lowered to match the recoverable amount. When property, plant and equipment are classified as available for sale in accordance with the IFRS 5 standard, the recording of depreciations is discontinued.

The profits and losses from the sales of tangible assets are included in the income statement as other operating income or expenses.

Intangible assets

The Group's intangible assets mainly consist of goodwill generated from the combination of business operations as well as other intangible assets resulting from the same, such as the rights to use names, non-competition agreements and beneficial lease agreements.

Goodwill generated from the combination of business operations is recorded at the amount by which the assigned purchase consideration, the share of non-controlling interests in the object acquired and the previously owned share combined exceed the fair value of the acquired net assets.

Depreciations of goodwill or other intangible assets with unlimited useful lives are not recorded; instead, they are tested for possible impairment each year. Non-competition agreements that are valid until further notice are considered to have an unlimited useful life. Goodwill and the non-competition agreements mentioned above are measured according to their original acquisition cost less impairment.

Other intangible assets with a limited useful life that have been specified during the combination of business operations are recorded separately from goodwill on the balance sheet if they fit the definition of a commodity and can be itemised, or if they are created by agreements or legal rights and their fair value can be reliably defined. Such intangible assets are measured at their original acquisition cost and depreciated as straight-line depreciations during their known or estimated useful life as follows:

Right to use a name	5-10 years
Non-competition agreement (limited)	2-3 years
Beneficial lease agreements	2-10 years
Customer agreements	3-10 years

The Group did not have any research and development costs in 2016-2017.

Impairment of tangible and intangible assets

On each closing date, the Group evaluates whether there are signs that the value of an asset item has degraded. If these signs should appear, the recoverable amount for the asset item is estimated. Furthermore, recoverable amounts are estimated each year for the following asset items, regardless of whether there are signs that their value has degraded: goodwill, intangible assets with unlimited useful lives, and incomplete intangible assets. The need to record any impairment is examined on the level of the cash-flow generating unit or units; that is, the lowest level that is mostly independent of the other units and whose cash flow can be separated from the other cash flows.

The recoverable amount is the fair value of the asset item less the costs to sell, or the utility value, if it is higher. The utility value refers to the estimated deferred net cash flows that are available from the asset item or cash-flow generating unit, discounted to their present value. The discount rate is the rate before tax that presents the market's view of the value of money over time, and the special risks related to the asset item or cash-flow generating unit.

An impairment loss is recorded when the book value of an asset item is lower than its recoverable amount. The impairment loss is immediately recorded in the income statement. The impairment loss of a cash-flow generating unit is primarily allocated to reduce the goodwill of the cash-flow generating unit, and secondly it is used to impair the unit's other asset items on a pro rata basis. The useful life of a depreciable asset item is reassessed when an impairment loss is recorded. An impairment loss recorded for an asset item is reversed whenever a change occurs in the estimates that have been used to determine the recoverable amount of the asset item.

However, impairment loss is only reversed up to the book value of the commodity without any impairment loss. Impairment loss for goodwill is not reversed under any circumstances.

Lease agreements

The Group as a lessee

Lease agreements concerning property, plant and equipment where the Group has a material part of the risks and benefits of ownership are classified as finance lease agreements. Asset items acquired by means of such an agreement are recorded on the balance sheet at the commencement of the lease term at the fair value of the commodity, or at the present value of the minimum lease payments, whichever is lower. Commodities acquired using finance lease agreements are depreciated over the useful life of the commodity, or, whenever there is no certainty that ownership rights will be transferred to the lessee after the lease term, over a lease term that is shorter than the useful life. The lease payments paid are divided between finance charges and repayment of debt over the lease term, so that the remaining debt for each period will have the same interest rate. The lease liabilities are included in financial liabilities.

Lease agreements where the lessor is responsible for the risks and benefits of ownership are processed as other lease agreements. Lease payments on the basis of other lease agreements are recorded in the income statement as annuities over the lease term.

The Group as a lessor

Commodities leased out with agreements other than finance lease agreements are included in the property, plant and equipment on the balance sheet. They are depreciated over their useful life, similarly to property, plant and equipment used by the Group for similar purposes. Lease income is recorded into the income statement as annuities over the lease term.

Inventories

Inventories are measured according to their acquisition cost or their net realisable value, whichever is lower. Acquisition cost is defined using a weighted average price method. Acquisition cost includes the immediate expenses for the purchase, with value added tax deducted. The net realisable value is the estimated selling price that can be achieved during ordinary course of business less the costs to sell.

Inventories include ingredients for restaurant food as well as alcohol and tobacco products.

Pension obligations

Pension obligations are defined as benefit-based or defined contribution plans. The Group's pension plans in Finland, as required by legislation, have been classified as defined contribution plans. In a defined contribution plan, the Group pays fixed fees for a pension plan to a pension insurance company. The Group is not legally or constructively obligated to make additional payments if the recipient of the payments does not have sufficient funds to pay the pension benefits that the employees have earned for the current period or periods preceding it. In a defined contribution plan, the payments made are recorded into the income statement for the financial period that the charge applies to.

Income recognition principles

Sale of goods

The Group's turnover is mostly generated from the sale of drinks, food and cigarettes within its restaurant business.

The amount of profit recorded at the time of sale consists of the fair value of the compensation that is or will be received for the sold item, less any value added tax as well as volume discounts and other discounts. Most of the Group's income is generated from retail sales, where the payment instruments are cash and credit cards.

Sale of services

Sale of services is recorded as income for the financial period during which the service is performed and during which the financial benefits from the service will probably be received. The sale of services is also included in the Group's turnover.

The Group's service sales income is formed by the sales of labour hire operations, advertising space, marketing space or other similar space, as well as tickets.

Rental income

Rental income is recorded as annuities over the lease period.

Interest and dividends

Interest income is recorded using the effective interest method, and dividend yield is recorded for the period during which the right to the dividend has been generated.

Non-current asset items classified as held for sale and discontinued operation

Non-current asset items (or disposal groups) and assets and liabilities related to discontinued operation are classified as held for sale if the amount corresponding to their book value will mostly be generated by the sale of the asset item instead of continued use. The prerequisites for classification as held for sale are considered to be met when the sale is highly probable and the asset item (or disposal group) can be immediately sold in its present condition using common terms, and when the management is committed to the sale and the sale is expected to take place within one year from the classification.

Immediately before the classification, the asset items classified as held for sale or the asset and liabilities of the disposal groups are measured according to the applicable IFRS standards. Starting from the classification, the asset items held for sale (or the disposal group) are measured at book value or fair value less the costs to sell, whichever is lower. The depreciation of these asset items is discontinued at the moment of classification.

Asset items in the disposal group that are not within the scope of the measurement rules of the IFRS 5 standard, as well as liabilities, are measured according to the applicable IFRS standards even after the moment of classification. .

Discontinued operation refers to a part of the Group that has been discontinued or classified as held for sale and that meets the classification criteria for discontinued operation under IFRS 5.

Net income for discontinued operations is presented as a separate item in the Group's statement of comprehensive income. Asset items held for sale, disposal groups, items related to asset items held for sale that are recorded in other items of the comprehensive income and liabilities included in the disposal group are presented separately from the other items on the balance sheet.

EBITDA and operating profit

The standard IAS 1 Presentation of Financial Statements does not define the concepts of EBITDA or operating profit. The Group has defined them in the following way: EBITDA is the net sum created when other operating income is added to turnover, and the acquisition costs of materials and services adjusted by the changes in the inventory, staff expenses and other operating costs are deducted.

All income statement assets other than those mentioned above are presented below EBITDA; operating profit is the resulting net sum when depreciations and any impairment loss is deducted from EBITDA. Exchange differences are included in EBITDA, if they are due to items related to operating activities; otherwise, they are entered under financial items.

Provisions and contingent liabilities

A provision is entered when the Group has a judicial or constructive obligation for payment on the basis of a past event, the realisation of the obligation is probable and the size of the obligation can be reliably estimated. Provisions are measured at the present value required to cover the obligation. The discount factor used for calculating the present value is selected in a manner where it is representative of the market opinion of the value of money over time and the risks related to the obligation. If a part of the liability can be received as reimbursement from a third party, the reimbursement will be registered as a separate asset item when the reimbursement has been practically ensured. The provision amounts are estimated on each closing date, and their amounts are adjusted to correspond to the best possible estimate at the moment of inspection. Changes in the provisions are entered in the income statement under the same item as the one where the provision was originally recorded.

A provision will be recorded for a contract that generates a loss when the necessary expenditures required to fulfil the obligations outweigh the benefits received from the contract.

A contingent liability is a possible liability arising from past events whose existence will only be confirmed when an uncertain event outside the Group's control is realised. A present obligation that is not likely to cause a payment obligation, or whose size cannot be reliably determined, is also considered to be a contingent liability. Contingent liabilities are presented in the notes.

Income taxes

The tax costs in the income statement are based on the taxable income from the financial period and deferred tax. Taxes are recorded through profit or loss, except in cases where they are directly related to items registered as equity or other items in the total comprehensive income. In these cases, their tax effects are also recorded as equity in these items. Tax based on the taxable income from the financial period is calculated using the taxable income and the applicable tax rate in each country. The taxes are adjusted by any taxes related to previous financial periods.

Deferred tax is calculated for any temporary differences between carrying amounts and tax bases. The largest temporary differences are generated by the differences between the carrying amounts and tax bases of property, plant and equipment, fair value adjustments of assets and liabilities during business combinations, and unused tax losses. Deferred taxes have been calculated using the tax rates that have been enacted or substantively enacted on the date of the closing of the books.

Deferred tax assets are recorded up to the probable amount of future taxable income against which the temporary difference can be utilised. The prerequisites for recording deferred tax assets are estimated in this respect on each closing date.

However, deferred tax liabilities are not recorded when the asset item or liability in question is one that would be originally entered into the bookkeeping, there is no combination of business operations involved, and the entry of such an asset item or liability does not affect the result of the bookkeeping or the taxable income at the time when the business transaction takes place.
Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset the current tax assets and liabilities, and when the deferred tax assets and liabilities are related to taxes on income collected by the same recipient, either from the same taxpayer or different taxpayers, when the aim is to realise the asset and liability in their net amounts.

Financial assets and liabilities

Financial assets

According to the IAS 39 standard, the Group's financial assets are classified into the following groups: financial assets recorded at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification is performed on the basis of the purpose of the acquisition of the financial assets, and they are classified during their original acquisition.

Transaction expenses are included in the original book value of the financial assets mentioned above whenever the item is not measured at fair value through profit or loss. All purchases and sales of financial assets are entered on their trade date, which is the date when the Group commits to purchasing or selling the asset item.

An item belonging to financial assets is removed from the balance sheet whenever the Group waives its contractual rights to the item, the rights are dissolved or the Group loses control of the item.

The group of financial assets recorded at fair value through profit or loss includes financial assets that have been acquired to be held for trading, such as derivatives and interest funds, or that are classified to be recorded at fair value through profit or loss during their original recording. Unrealised and realised gains and losses are recorded into the income statement for the financial period during which they are generated.

Loans and other receivables are non-derivative financial assets that are generated by handing over goods, services or money to the debtor. Loans and receivables are not quoted on the marketplace, and the payments related to them are either fixed or they can be determined. Their measurement basis is the amortised acquisition cost using the effective interest method. On the balance sheet, they are included in the trade and other receivables group as current or non-current assets according to their nature; they are non-current, if they fall due no sooner than in 12 months' time.

Available-for-sale financial assets are non-derivative assets that have been expressly classified into this group or that have not been classified into any others. They are non-current assets, unless the intention is to retain them for less than 12 months after the closing date; in this case, they are included in current assets. Available-for-sale financial assets may consist of shares and holdings. They are measured at fair value, or, whenever fair value cannot be reliably defined, at their acquisition cost. Changes in the fair value of available-for-sale financial assets are recorded as equity in the fair value fund in the other items of the comprehensive income statement, taking the tax effects into account. Accumulated changes in fair value are moved from equity into the income statement when the investment is sold or whenever its value has degraded to the point where an impairment loss must be entered for the investment.

Financial liabilities

According to IAS 39 standard, the Group's financial liabilities are included in the financial liabilities measured at amortised acquisition cost; they consist of loans from financial institutions, trade payables and other financial liabilities. Financial liabilities are originally recorded in bookkeeping at fair value. Transaction expenses are included in the original book value of the financial liabilities. Later, all financial liabilities are measured at amortised acquisition cost using the effective interest method. Financial liabilities are included in both the non-current and current liabilities.

Impairment of financial assets

On each closing date, the Group estimates whether objective evidence exists of the impairment of an individual financial asset or a group thereof. If the fair value of share investments has fallen substantially below their acquisition cost for a period defined by the Group, this is considered evidence of impairment of an available-for-sale share. If evidence of impairment exists, the loss accumulated in the fair value fund is moved to the income statement. The impairment loss of equity convertible investments classified as available-for-sale financial assets is not reversed by means of the income statement, whereas a later reversal of an impairment loss that involves interest instruments is recoded through profit or loss.

The Group will record an impairment loss for trade receivables or other receivables when objective evidence exists that the counterparty will be unable to fulfil its obligation. Substantial financial difficulties on part of the debtor, probability of bankruptcy or default of payment constitute evidence of impairment. The size of the impairment loss recorded in the income statement is defined as the difference between the book value of the receivable and the current value of the deferred cash flows discounted by the effective rate. If the amount of impairment loss is reduced during a later financial period, and the reduction can be objectively considered to be related to an event that took place after recording the impairment, the loss recorded is reversed and the reversal is recorded through profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash money, money on bank accounts, bank deposits that may be withdrawn upon request, as well as other current and highly liquid investments that can be easily converted into a predetermined cash amount and that carry a low risk of value changes. Items classified as cash and cash equivalent have at most three months' maturity from the date of acquisition. Cash and cash equivalents are recorded at fair value on the balance sheet.

Borrowing costs

Borrowing costs are recorded as an expense for the period during which they were generated. Transaction costs accrued from the acquisition of loans are recognised as interest expenses using the effective interest method.

Share capital

Share capital consists solely of ordinary shares. The immediate expenditure from the issue or acquisition of new shares or other equity instruments, exclusive of tax, is recorded as equity, wherein it reduces the purchase consideration received for the issue. If the company buys back its equity instruments, the acquisition cost of the instruments is deducted from equity.

Dividend distribution

Liability for dividend distribution to the Group's shareholders is recorded for the period during which the general meeting approved the distribution of dividends.

New and revised standards and interpretations to be applied later

IASB has published the following new and revised standards that the Group has not yet applied. The Group will be applying them starting from the effective date of each standard or interpretation, or, whenever the effective date is not the first day of the financial period, starting from the financial period following the effective date. (* The amendments have not yet been approved for application within the EU.)

· IFRS 15 Revenue from Contracts with Customers (effective in the EU for financial periods beginning on or after 1 January 2018). IFRS 15 defines a single revenue recognition model according to which a company must apply for the recognition of all customer contracts. The customer is a party that has entered into a contract with the company to receive goods and services produced by the company's normal operations in exchange for a compensation. The basic principle of the standard is that the company must recognise revenue in such a way that they entries describe the provision of the promised goods and services to the customer, and the monetary amount must reflect the compensation to which the company expects to be entitled in exchange for the goods and services in question. The standard contains a significant number of requirements concerning notes. IFRS 15 replaces the present standards concerning revenue recognition IAS 18 Revenue and IAS 11 Construction contracts and their related interpretations. The Group's payment obligations consist of the supply of hired labour, individual goods and services in restaurants and sales revenue from advertising and marketing facilities. Primarily, the Group's restaurant business is retail trade, and labour hire is hour-based service activity. In the Group's franchise business, the contractual party makes an initial payment at the beginning of the contractual relationship. According to the Group's analysis, under the IFRS 15 standard the initial payment from a franchise contract should be recognised throughout the contractual period, which is five years in all contracts. As a result of the introduction of the new credit loss model, the adjustment to be recorded in the opening balance of accumulated earnings on 1 January is not material.

· Clarifications IFRS 15 Revenue from Contracts with Customers* (effective for financial periods beginning on or after 1 January 2018) was published in April 2016. The clarifications give additional guidance (a) for the recognition of contractual obligations, (b) for the assessment of the client-agent relationship and (c) for the application of licensing. The clarifications are not expected to have a significant impact on the Group. The Group is examining the clarifications in connection with the introduction of the IFRS 15 standard.

· On 1 January 2018, Restamax will adopt the IFRS 9 Financial Instruments standard. IFRS 9 Financial Instruments and the amendments thereto replace the current IAS 39 standard. The new standard includes renewed guidelines for the recognition and measurement of financial instruments. This also covers the new accounting process model concerning expected credit losses, to be applied to determine the impairment recorded for financial assets. The most significant impact of the adoption of IFRS 9 is caused by the new credit loss model. The new model is based on expected credit losses, whereas the current model is based on realised credit losses. This results in the growth of the credit loss provision upon the implementation of the new guidelines. IFRS 9 contains a procedure, simplified from the general credit loss model, for trade receivables, and for asset items which are based on customer contracts. According to this, the credit loss provision is recorded over the period of validity of the entire asset item to the amount of the expected credit losses, when the financial asset is recorded on the balance sheet for the first time. A majority of Restamax's financial assets falling within the sphere of the new credit loss model are processed in accordance with the simplified procedure described above, with the help of a provision matrix. With the adoption of the new credit loss model, an adjustment of MEUR 0.6 will be recorded in the opening balance of equity on 1 January 2018.

· IFRS 16 Leases was published in January 2016 (effective for financial periods beginning on or after 1 January 2019). IFRS 16 establishes the requirements for recognition, measurement, presentation and disclosure of leases. According to the standard, all leases of the lessee are processed in the same way such that the lessee records the asset items and liabilities of all leases on the balance sheet, unless the rental period is 12 months or shorter, or unless the value of the leased property is low. The lessors further categorise the leases into finance leases and other leases. The implementation of the new standard will affect how leases are presented in the consolidated financial statements.

The standard will have a material impact on Restamax Plc's consolidated financial statements, and it will significantly change the Group's operative EBITDA level. At the same time, the new recording practice will result in the deterioration of the Group's equity ratio. Restamax Plc will not adopt the standard before 1 January 2019. Restamax Plc will adjust the reference figures to meet the requirements of the standard. In the 2017 financial statements, the Group has some MEUR 73 of lease liabilities

No other already published but not yet valid new standard, standard revision or IFRIC interpretation is expected to have an impact on the Group's reporting.

Risk management principles and process

The Group's operating activities expose it to certain financial risks, such as the effects of changes in interest rates. A key principle of the Group's risk management is the unpredictability of the financial markets and the aim to minimise their adverse effects on the Group's net income. The Group's financial management identifies and estimates the risks and, whenever necessary, acquires the instruments to protect the Group against the risks.

The Group's financing policy guides all of its financing transactions. The main risks on the financing market are explained below.

Interest rate risk

The Group's interest rate risk is mainly caused by non-current loans that have been taken out with a variable interest rate. The Group is not presently hedging against the interest rate risk. The interest rates for the loans vary between the 1- and 6-month Euribor rates plus margins of 1.65–2.00%.

The Group's income and operative cash flows are mostly independent of the variations in the market rates of interest. The Group's main exposure to interest rate risk is a result of the variable interest rates, and the risk is mainly considered to relate to the loan portfolio. On the closing date, 100.0% of the Group's loans had variable interest rates.

Liquidity risk

The Group aims to continuously estimate and follow up on the financing required for the operating activities, such as by performing a monthly analysis of the utilisation rate of the restaurants, the development of sales and investment needs, in order to ensure that the Group has sufficient liquid assets to finance its operations and pay back due loans. The CFO analyses the need for possible additional financing.

The aim is to ensure the availability and flexibility of Group financing by using sufficient credit limit reserves, a balanced loan maturity distribution and sufficiently long loan periods, and using several financial institutions and forms of financing when necessary. The Group's financing activities determine the optimum cash liquidity.

The Group's liquidity remained good throughout 2017. At the end of the year, cash and cash equivalents amounted to TEUR 2,570.0 (1,871.1 on 31 December 2016), in addition to which the Group had access to undrawn confirmed account credit limits totalling some MEUR 9.3 (31 December 2016: MEUR 4.9).

During the year, the Group drew TEUR 19,135.0 of new non-current financing for its investments. The loan period for these financing arrangements is 5–6 years. The average annual interest rate for the Group's gross interest-bearing liabilities in 2017 was approximately 2.01% (2.3% in 2016).

The most important loan covenants are reported to the creditors each quarter. If the Group violates the terms of the loan covenant, the creditor may require faster repayment for the loans. The management regularly monitors the fulfilment of the loan covenant terms. During the 2017 financial period, the Group has been able to fulfil all the loan covenant terms related to specific operative cash flow objectives, equity ratio and amount of investment.

The Group's management has not identified any significant accumulation or liquidity risk in financial assets or sources of financing.

The following table presents the maturity analysis. Negative numbers indicate incoming cash. The numbers are undiscounted and include interest payments, capital amortisation and repayments.

31/12/2017							
EUR thousand	Note	Balance sheet value	Cash flow	Less than 1 year	1 to less than 2 years	2–5 years	over 5 years
Financial liabilities	19	46,283.6	48,391.7	12,922.6	11,140.0	22,565.5	1,763.6

31/12/2016							
EUR thousand	Note	Balance sheet value	Cash flow	Less than 1 year	1 to less than 2 years	2–5 years	over 5 years
Financial liabilities	19	32,562.9	34,505.5	8,504.4	14,038.1	8,180.4	3,782.6

Credit risk

The Group’s course of action defines the creditworthiness requirements for the customers’ counterparties. The primary method of payment within the Group is cash. The business operations of the labour hire segment are based on invoice sales. The credit risk management and credit control have been centralised to be handled by the Group’s financial management.

As regards the receivables of the restaurant segment, the Group does not have any material credit risk accumulation, since the receivables consist of several items. Risks related to trade receivables and other receivables of the restaurant segment are minimised using short payment terms, customer-specific monitoring of trade receivables, and effective collection.

As concerns trade receivables, the labour hire segment has a credit loss risk typical of the nature of its business and the field. In addition, certain big customers of the labour hire segment have been paid marketing support, the earning of which is based on customers’ future purchases and the payment of the trade receivables generated from them. In the labour hire segment, the trade receivables and marketing supports of certain big customers together form significant credit risk concentrations. The risks linked with the trade receivables and other receivables of the labour hire segment are minimised by means of terms of payment of the receivables, customer-specific monitoring of trade receivables, effective collecting and checking of customers’ creditworthiness requirements, and in part also through various collateral arrangements.

The labour hire business may increase the Group’s credit losses or the need for making credit loss reservations.

The maturity distribution of the receivables is presented in note 13, Receivables.

During the financial period, the Group had TEUR 423.2 in credit losses recorded through profit or loss (TEUR 72.1 in 2016).

Capital management

The aim of the Group’s capital management (equity vs. liabilities) is to create an optimal capital structure that can support business operations by ensuring normal operational prerequisites, and to increase shareholder value in the long term. The capital structure can be mainly affected by means of dividend distribution, subordinated loans and equity issues. The Group can also decide to sell its asset items in order to reduce its liabilities. The managed capital is the equity indicated in the consolidated balance sheet. An optimal capital structure also reduces capital costs.

The Group’s gearing ratios were as follows:

EUR thousand	2017	2016
Interest-bearing liabilities	46,344.8	32,562.9
Interest-bearing receivables	-125.3	-125.3
Cash and cash equivalents	-2,570.0	-1,871.1
Net liabilities	43,649.5	30,566.5
Equity, total	**46,892.9**	**43,961.8**
Gearing ratio	93.1,%	69.5,%

5 ACQUIRED BUSINESS OPERATIONS

Changes in the shares of minority shareholders in 2017

On 27 January 2017, Restamax Plc purchased 20% of the share capital of Hernesaaren Ranta Oy. This increases Restamax Plc's shareholding in Hernesaaren Ranta Oy to 80%. The purchase price was EUR 597,851.92. As a result of the acquisition, the share of minority shareholders decreased by TEUR 122.5 and earnings decreased by TEUR 475.3.

On 15 March 2017, Restamax Plc's subsidiary Smile Henkilöstöpalvelut Oy bought an additional 10% share in Smile Palvelut Ilo Oy (formerly Smile Palvelut Pori Oy). The purchase price was EUR 250.00. As a result of the acquisition, the share of the minority shareholders increased by TEUR 4.2 and earnings decreased by TEUR 4.5. On 19 June 2017, Smile Henkilöstöpalvelut Oy bought an additional 10% share in Smile Palvelut Ilo Oy. The purchase price was EUR 250.00. As a result of the acquisition, the share of the minority shareholders increased by TEUR 7.6 and earnings decreased by TEUR 7.9. As a result of the transactions, Smile Henkilöstöpalvelut Oy now owns 100% of Smile Palvelut Ilo.

On 6 April 2017, Restamax Plc's subsidiary Smile Henkilöstöpalvelut Oy bought an additional 30% share in Smile MMS Oy. This increased the shareholding of Smile Henkilöstöpalvelut Oy in Smile MMS Oy to 100%. The purchase price was EUR 725,390.00. As a result of the acquisition, the share of the minority shareholders decreased by TEUR 82.1 and earnings decreased by TEUR 643.3.

On 21 August 2017, Restamax Plc's subsidiary Smile Banssi Oy bought an additional 15% share in Talous Bandora Oy. This increased the shareholding of Smile Banssi Oy in Talous Bandora Oy to 66%. The purchase price was EUR 375.00. As a result of the acquisition, earnings decreased by TEUR 0.4.

On 14 June 2017, Restamax Plc purchased an additional 20% share in Roska Yhtiöt Oy. This increases Restamax Plc's shareholding in Roska Yhtiöt Oy to 100%. The purchase price was EUR 60,400.00. As a result of the acquisition, the share of the minority shareholders decreased by TEUR 4.8 and earnings decreased by TEUR 55.6.

On 16 November 2017, Restamax Plc subsidiary Smile Banssi bought additional shares in its subsidiaries as follows: an 18.18% minority holding in Smile Banssi Etelä Oy, a 20% minority holding in Smile Banssi Häme Oy, an 18.18% minority holding in Smile Banssi Uusimaa Oy, a 20% minority holding in Smile Banssi Itä Oy, a 20% minority holding in Smile Banssi Länsi Oy, a 20% minority holding in Smile Banssi Keski Oy, a 20% minority holding in Smile Banssi Lappi Oy, a 20% minority holding in Smile Banssi Helsinki Oy, a 30% minority holding in Smile Banssi Safety Oy, a 20% minority holding in Smile Banssi Kaakko Oy, a 20% minority holding in Smile Hoiva Oy and a 44% minority holding in Talous Badora Oy. As a result of the transactions, Restamax Plc subsidiary Smile Banssi Oy owns 90.91% of Smile Banssi Etelä Oy, 100% of Smile Banssi Häme Oy, 90.91% of Smile Banssi Uusimaa Oy, 100% of Smile Banssi Itä Oy, 100% of Smile Banssi Länsi Oy, 90% of Smile Banssi Keski Oy, 90% of Smile Banssi Lappi Oy, 100% of Smile Banssi Helsinki Oy, 100% of Smile Banssi Safety Oy, 90% of Smile Banssi Kaakko Oy, 100% of Smile Hoiva Oy and 100% of Talous Bandora Oy. The purchase price was EUR 800,000.00. As a result of the acquisition, the share of minority shareholders decreased by TEUR 34.6 and earnings decreased by TEUR 765.4.

During the financial period, three private offerings of shares were carried out in Restamax Plc subsidiary Smile Henkilöstöpalvelut Oy, in which a total of 1,870,212 new shares in Smile Henkilöstöpalvelut Oy were subscribed to. After the offerings, Restamax Plc's shareholding in Smile Henkilöstöpalvelut Oy is now 78.35%. As a result of the offerings, the share of earnings belonging to the Group decreased by TEUR 433.9, the share of invested unrestricted equity fund decreased by TEUR 1,088.6, and the share of minority shareholders increased by a total of TEUR 1,522.5.

Changes in the shares of minority shareholders in 2016

On 19 September 2016, the Group bought an additional 11 per cent share of Tunturimax Oy. As a result of the acquisition, the Group now owns 76 per cent of the share capital of the company. The purchase price was TEUR 220.0. As a result of the acquisition, the share of the minority shareholders decreased by TEUR 79.0 and earnings decreased by TEUR 141.0.

Restamax Plc's subsidiary Smile Henkilöstöpalvelut Oy bought an additional 10% share in Smile Retail Oy (now Smile Services Oy). Smile Henkilöstöpalvelut Oy owns 100 per cent of Smile Retail Oy (now Smile Services Oy) as a result of the transaction. The purchase price was EUR 250.00. As a result of the acquisition, the share of minority shareholders increased by TEUR 4.1 and earnings decreased by TEUR 4.1.

Restamax Plc's subsidiary Kampin Sirkus Oy bought an additional 40% share in Markkinointitoimisto Aito Finland Oy. As a result of this acquisition, Kampin Sirkus Oy now owns 100% of Markkinointitoimisto Aito Finland Oy. The purchase price was EUR 0.00. As a result of the acquisition, the share of minority shareholders increased by TEUR 23.0 and earnings decreased by TEUR 21.8.

Acquisitions during the 2017 financial period

Acquired subsidiaries and businesses

Restamax Plc purchased 60% of the share capital of a company called Thai Papaya Oy engaged in the restaurant business, with a deed of sale dated 29 December 2016. The ownership of the shares was transferred to Restamax Plc on 1 January 2017.

With a deed of sale dated 10 February 2017, Restamax Plc's subsidiary engaging in the restaurant business bought the businesses and equipment of Hullu Poro, Jackie Brown, Jackie Brown Gold, von Nottbeck in Näsilinna and the Laituri summer restaurant as well as the Kirjuri summer restaurant in Pori. The right of ownership and possession of the object of the transaction was transferred to the Group on 1 March 2017.

Restamax Plc's subsidiary engaging in the restaurant business purchased the restaurant business of restaurant Gloria operating in Joensuu with a deed of sale dated 27 January 2017. The right of ownership and management of Gloria was transferred to the Group on 1 March 2017.

With a deed of sale dated 17 February 2017, Restamax Plc bought the business of Yo-Talo, which is engaged in the restaurant and event business. The right of ownership and possession of the object of the transaction was transferred to Restamax Plc on 15 March 2017.

Restamax Plc's subsidiary engaging in the restaurant business purchased the restaurant business of restaurant Sinisoihtu with a deed of sale dated 31 March 2017. The right of ownership and possession of the object of the transaction was transferred upon the signing of the deed of sale.

With a deed of sale dated 5 April 2017, Restamax Plc bought the business and equipment of a restaurant in Eerikinkatu in Turku. The right of ownership of the object of the transaction was transferred on 11 April 2017.

With a deed of sale dated 27 January 2017, Restamax Plc bought the business and fixed assets of a restaurant situated at Eteläesplanadi 22. The right of ownership of the object of the transaction was transferred on 1 April 2017.

With a deed of sale dated 4 April 2017, Restamax Plc's subsidiary engaging in the restaurant business bought a café-restaurant business in the area of Ruovesi Harbour, with all related buildings and movable property. The right of ownership of the object of the transaction was transferred on 3 May 2017.

Restamax Plc's subsidiary engaging in the restaurant business purchased the business and fixed assets of a restaurant situated in Pori with a deed of sale dated 5 May 2017. The right of ownership of the object of the transaction was transferred on 5 May 2017.

With a deed of sale dated 2 June 2017, Restamax Plc purchased 90% of the shares in Harry's Ravintolat Oy. The ownership of the shares was transferred on 2 June 2017.

With a deed of sale dated 31 March 2017, Restamax Plc's subsidiary engaging in the restaurant business bought 80% of the shares in Tillikka Oy. The ownership of the shares was transferred on 1 April 2017.

With a deed of sale dated 25 October 2017, Restamax Plc's subsidiary engaging in the labour hire business purchased the restaurant labour hire business operations of Active People Oy. The right of ownership and possession of the object of the transaction was transferred on 31 October 2017. In connection with the transaction, a long customer contract was signed on restaurant labour hire services with Ravintola Santa Fé Oy.

At the moment of transfer of control, the values of the businesses acquired were as follows:

	Note		Values recorded
Intangible assets			976.9
Tangible assets			1,325.2
Inventories			279.5
Current receivables			188.4
Cash and cash equivalents			559.8
Assets in total			**3,329.8**
Deferred tax liabilities			68.3
Financial liabilities			200.4
Other payables			527.7
Liabilities total			**796.4**
Net assets			**2,533.4**
Generation of goodwill through acquisitions:			
Total purchase consideration			6,187.8
Minority shareholders' share			-79.1
Net identifiable assets of the acquired entity			2,533.4
Goodwill			**3,733.5**

Restamax Plc's subsidiary engaging in the labour hire business, Smile Henkilöstöpalvelut Oy, bought the entire share capital of Smile Banssi Oy (formerly Pasianssi Oy) with a deed of sale dated 5 April 2017. The business and ownership of the object of the transaction were transferred to the Group on 5 April 2017. Smile Banssi Oy's subsidiaries are Smile Banssi Etelä Oy (formerly Banssi etelä Oy), Smile Banssi Pohjoinen Oy (formerly Banssi pohjoinen Oy), Smile Banssi Häme Oy (formerly Banssi häme Oy), Smile Banssi Uusimaa Oy (formerly Banssi uusimaa Oy), Smile Banssi Itä Oy (formerly Banssi itä Oy), Smile Banssi Länsi Oy (formerly Banssi länsi Oy), Smile Banssi Keski Oy (formerly Banssi keski Oy), Smile Banssi Kaakko Oy (formerly Banssi kaakko Oy), Smile Banssi Lappi Oy (formerly Banssi lappi Oy), Smile Banssi Helsinki Oy (formerly Banssi Helsinki Oy), Smile Banssi Safety Oy (formerly Banssi Safety Oy), Smile Rmax Oy (formerly Banssi Hoiva Oy) and Talous Bandora Oy.

The sale value of assets regarding the shareholding of Smile Banssi Oy has been adjusted in the financial period. The adjustment has been recorded through profit or loss by reducing the sale price by TEUR 75.1.

At the moment of transfer of control, the values of the businesses acquired were as follows:

	Note		Values recorded
Intangible assets			2,412.1
Tangible assets			42.3
Inventories			112.4
Investments			0.9
Non-current receivables			1.0
Current receivables			2,552.7
Cash and cash equivalents			970.5
Assets in total			**6,092.0**
Deferred tax liabilities			482.4
Financial liabilities			61.2
Other payables			3,306.3
Liabilities total			**3,849.9**
Net assets			**2,242.1**
Generation of goodwill through acquisitions:			
Total purchase consideration			7,609.8
Net identifiable assets of the acquired entity			2,242.1
Goodwill			**5,367.7**

With a deed of sale dated 1 July 2017, Restamax Plc's subsidiary engaging in the labour hire business purchased 100% of the shares in Smile Job Services One Oy (formerly Job Services One Oy). The right of ownership of the shares was transferred on 1 July 2017. A part of the sale price has been paid with Restamax Plc subsidiary's shares involving a fixed-term repurchase obligation. At the time of the closing of the accounts, the recorded sale price includes a share, which includes an assessment by the management on the future, final sale price to materialise.

The estimated additional purchase price regarding the shareholding of Smile Job Services One Oy has been adjusted in the financial period. The adjustment has been recorded through profit or loss by increasing the sale price by TEUR 1,711.1.

At the moment of transfer of control, the values of the businesses acquired were as follows:

	Note		Values recorded
Intangible assets			3,718.2
Tangible assets			9.9
Current receivables			2,564.7
Cash and cash equivalents			865.6
Assets in total			**7,158.5**
Deferred tax liabilities			743.6
Other payables			2,674.2
Liabilities total			**3,417.9**
Net assets			**3,740.6**
Generation of goodwill through acquisitions:			
Total purchase consideration			11,188.4
Net identifiable assets of the acquired entity			3,740.6
Additional purchase price under the earn-out arrangement			1,711.1*
Goodwill			**5,736.7**

* The additional purchase price under the earn-out arrangement has been recorded in the financial period through profit or loss in financing costs.

The acquisitions generated a total of TEUR 14,838.0 in goodwill based on expected synergy benefits, establishment into new market areas and expected gains from combining the acquired restaurants and labour hire operations with the Group's other restaurant concepts and services. TEUR 7,107.3 of the intangible rights generated from the fair value allocation recorded are tax-deductible. The effect of the acquisitions on the Group's turnover for 2017 was TEUR 39,676.6, and the effect on the result of the financial period was TEUR 670.1.

The effect of the acquisitions on the Group's turnover for the entire financial period 1 January–31 December 2017 was TEUR 59,617.0, and the effect on the result of the financial period was TEUR 1,693.0.

Acquisitions during the 2016 financial period

Acquired subsidiaries and businesses

Restamax Plc's subsidiary engaging in the restaurant business purchased the restaurant business of Food Bar & Kitchen operating in Jyväskylä through a deed of sale dated 2 January 2016.

Restamax Plc's subsidiary engaging in the labour hire business purchased the labour hire business of TOR through a deed of sale dated 1 January 2016.

Restamax Plc's subsidiary engaging in the restaurant business purchased the restaurant business of restaurant Namu and Showroom located in Helsinki through a deed of sale dated 24 March 2016. The business operations were transferred to Restamax Group on 1 April 2016.

Restamax Plc's subsidiary engaging in the labour hire business purchased 70% of the share capital of limited liability company Make My Solutions Oy with a deed of sale dated 23 March 2016 (the name of the company was changed to Smile MMS Oy on 2 May 2015). Smile MMS Oy owns 70% of the share capital of Smile MMS Työllistämispalvelut Oy, which engages in the labour hire business. The ownership of the shares which the transaction concerns was transferred to Restamax Group on 1 May 2016.

Restamax Plc purchased 80 per cent of the share capital of Urban Group Oy with a deed of sale dated 29 April 2016. Urban Group Oy owns 100% of the share capital of Cholo Oy, which engages in the restaurant business, and 100% of the share capital of Sabor a México Oy, which engages in the restaurant business. The ownership of the shares which the transaction concerns was transferred to Restamax Group on signing the deed of sale.

At the moment of transfer of control, the values of the business operations and assets of the subsidiary acquired were as follows:

	Note		Values recorded
Tangible assets	10		753.5
Intangible assets	9		1,345.3
Inventories	12		30.7
Trade and other receivables			666.7
Cash and cash equivalents			596.2
Assets in total			**3,392.4**
Financial liabilities			-42.0
Deferred tax liabilities	17		-76.0
Other payables			-949.5
Liabilities total			**-1,067.6**
Net assets			**2,324.8**
Generation of goodwill through acquisitions:			
Total purchase consideration			
Cash assets		2,643.0	
Liabilities		404.7	3,047.7
Minority shareholders' share			263.7
Net identifiable assets of the acquired entity			2,324.8
Goodwill			**1,299.5**
Negative goodwill from one acquisition, which has been recorded as revenue in other operating income			-312.8

On 14 November 2016, Restamax Plc agreed with the owners of Restala Oy on the exchange of shares, whereby Restamax Plc acquired the entire share capital of Restala Oy, 116,465 shares, in a private placement by issuing 440,000.00 Restamax Plc shares to the owners of Restala Oy. Restala Oy owns 82 per cent of Unioninkadun keidas Oy, which engages in the restaurant business.

With a deed of sale dated 15 November 2016, Restamax purchased 18 per cent of the shares in Unioninkadun keidas Oy, which is engaged in the restaurant business.

At the moment of transfer of control, the values of the businesses acquired were as follows:

	Note		Values recorded
Intangible assets	9		1,089.3
Tangible assets	10		391.3
Inventories	12		205.3
Investments			0.1
Trade and other receivables			411.3
Cash and cash equivalents			225.2
Assets in total			**2,322.6**
Financial liabilities	19		-338.3
Other payables			-1,165.9
Deferred tax liabilities			-146.0
Liabilities total			**-1,650.1**
Net assets			**672.4**
Generation of goodwill through acquisitions:			
Total purchase consideration			
Cash assets		500.0	
Shares		2,596.0	3,096.0
Net identifiable assets of the acquired entity			672.4
Goodwill			**2,423.6**

The acquisitions generated a total of TEUR 3,723.0 in goodwill based on expected synergy benefits, establishment into new market areas and expected gains from combining the acquired restaurants and labour hire operations with the other restaurant concepts and services. TEUR 2,434.6 of the intangible rights generated from the fair value allocation recorded are tax-deductible. The effect of the acquisitions on the Group's turnover for 2016 was TEUR 10,023.0, and the effect on the result of the financial period was TEUR 612.4.

The effect of the acquisitions on the Group's turnover for the entire financial period 1 January–31 December 2016 would have been TEUR 14,357.6, and the effect on the result of the financial period TEUR 570.9.

6 SOLD BUSINESS OPERATIONS

Business operations sold during the 2017 financial period

During the financial period, the Group sold shares in subsidiaries and restaurant businesses as follows:

Name	Shareholding sold	Location	Date of control transfer
Max Siivouspalvelut Oy	70%	Tampere	28/02/2017
Restaurant, Helsinginkatu 11	100%	Helsinki	01/09/2017
Restaurant, Suupantie 6	100%	Pirkkala	01/11/2017
Restaurant, Lönnrotinkatu 9	100%	Helsinki	12/12/2017

At the moment of transfer of control, the values of the assets sold were in total as follows:

Property, plant and equipment	65,386.86
Other asset items	229,695.57
Liabilities	-106,579.25
Net assets, total	188,503.18

At completed sales, there was impairment targeted at the goodwill recorded for the units. Goodwill impairment targeted at sales has been recorded as deduction of goodwill as follows:

Intangible rights, goodwill	158,340.85

Of completed sales, sales profit of TEUR 95.0, loss from the assignment of fixed assets of TEUR 2.2, and impairment loss of TEUR 24.7 were targeted at the comprehensive income statement.

Business operations sold during the 2016 financial period

During the financial period, the Group sold shares in restaurant businesses as follows:

Name	Sold	Location	Date of control transfer
Ravintola Minibaari	100%	Tampere	18/04/2016

The assets of the sold restaurant at the time of the transfer of control were as follows:

Property, plant and equipment	43.6

There was impairment targeted at this transaction, at the goodwill recorded for the unit. Impairment losses have been recorded in the extensive consolidated income statement in the line "Depreciations, amortisations and impairment" as follows:

Intangible rights, goodwill	15.0

7 EARNINGS PER SHARE

The undiluted earnings per share is calculated by dividing the profit for the financial period belonging to the shareholders of the parent company by the weighted average of the shares outstanding during the financial period.

	2017	2016
Profit for the financial period belonging to the shareholders of the parent company (TEUR)	5,060.7	5,608.1
Weighted average of the number of outstanding shares during the financial period	16,619,620	16,235,842
Earnings per share (euros), undiluted	**0.30**	**0.35**
Earnings per share (euros), diluted	**0.30**	**0.35**

The Group does not have any diluting instruments, i.e. instruments that increase the number of ordinary shares.

8 OPERATING SEGMENTS

The Group has two reported operating segments, which are its strategic business units.

The Group's reported operating segments are as follows:

Restaurants	Production of restaurant services
Labour hire	Production of labour hire services

The restaurants segment operates in all sectors of the restaurant business, offering different types of restaurant experiences to customers' needs; the segment operates on the principle of "from the morning until late at night", offering both restaurants and nightclubs. The segment has a total of 70 concepts, approximately half of which are designed for duplication. Well-known restaurant concepts of the Group include Viihdemaailma Ilona, Classic American Diner, Daddy's Diner, Stefan's Steakhouse, Galaxie Center and Space Bowling & Billiards.

The labour hire segment offers labour hire services to companies operating in several different fields. The majority of the turnover of the segment is generated from the HoReCa and construction fields. The earnings from the segment are derived from labour hire activities.

	2017			
Net income	**Restaurants**	**Labour hire**	**Eliminations**	**Group**
Turnover	122,173.5	75,612.2	-11,929.5	185,856.2
Other operating income	2,188.3	231.7	-610.3	1,809.7
EBITDA	16,325.0	6,602.6	-523.5	22,404.2
Depreciations	-9,405.3	-2,768.7	536.5	-11,637.4
Operating profit	6,919.7	3,834.0	13.0	10,766.7
Profit/loss before taxes	6,344.1	1,680.6	0.0	8,024.8

In 1 January–31 December 2017, the labour hire segment includes as a cost non-recurring asset transfer tax in the total amount of EUR 299,569.34 resulting from the subsidiary transactions concluded.

In the financial period 1 January-31 December 2017, the financial costs of the Labour hire segment included the non-recurring item of the adjustment of TEUR 1,711.1 to the estimated additional sales price related to the share acquisition of Smile Job Service One Oy (now Smile Job Services Oy).

Assets	2017			
Assets of the reported segment	101,037.8	44,728.5	-12,705.8	133,060.5

Liabilities				
Liabilities of the reported segment	60,025.0	39,353.2	-13,210.5	86,167.6

	2016			
Net income	**Restaurants**	**Labour hire**	**Eliminations**	**Group**
Turnover	107,544.2	34,129.4	-11,601.7	130,071.9
Other operating income	3,036.2	69.2	-571.5	2,533.9
EBITDA	16,475.1	3,441.5	-517.8	19,398.8
Depreciations	-9,074.1	-1,844.6	517.8	-10,400.9
Operating profit	7,401.0	1,596.9	0.0	8,997.9
Profit/loss before taxes	6,547.2	1,358.4	-11.7	7,893.9

Henkilöstövuokraussegmentissä tehtiin 1.1.-31.12.2016 ylimääräinen liikevoittoa rasittava kertaluontoinen poisto 338.416,67 euroa seurauksena aiemmin 2014 henkilöstöpalveluiden hankinnan yhteydessä arvostettuihin aineettomiin hyödykkeisiin, jotka nyt konsernin ostaman Namun hankinnasta johtuen ovat konsernin sisäisiä.

Assets	2016			
Assets of the reported segment	91,114.9	18,244.6	-11,693.4	97,666.0

Liabilities				
Liabilities of the reported segment	48,649.0	18,456.2	-13,401.0	53,704.2

9 INTANGIBLE ASSETS

31/12/2017 EUR,thousand	Note	Goodwill	Intangible,rights	Total
Acquisition,cost,1,January,2017		38,067.5	15,821.7	53,889.0
Business,combination		14,838.0	7,107.4	21,945.4
Additions		0.0	517.7	517.7
Deductions		-158.3	-0.5	-158.9
Transfers,between,items		0.0	369.0	369.0
Acquisition,cost,31,January,2017		**52,747.2**	**23,815.2**	**76,562.2**
Accumulated,depreciations,and,impairments, 1,January,2017		-175.9	-6,277.6	-6,453.3
Impairments		-24.7	0.0	-24.7
Depreciations		0.0	-3,864.6	-3,864.6
Accumulated,depreciations,and,impairments, 31,December,2017		-200.6	-10,142.2	-10,342.6
Book,value,31,December,2017		**52,546.6**	**13,673.2**	**66,219.7**
Book,value,1,January,2017		37,891.6	9,544.3	47,435.8

31/12/2016 EUR thousand	Note	Goodwill	Intangible rights	Total
Acquisition cost 1 January 2017		34,350.8	13,095.7	47,446.4
Business combination		3,723.0	2,075.3	5,798.3
Additions		0.0	1,037.9	1,037.9
Deductions		-6.4	-387.2	-393.6
Acquisition cost 31 January 2016		**38,067.5**	**15,821.7**	**53,889.0**
Accumulated depreciations and impairments 1 January 2016		-160.9	-3,484.2	-3,644.9
Impairments		-15.0	0.0	-15.0
Depreciations		0.0	-2,793.4	-2,793.4
Accumulated depreciations and impairments 31 December 2016		-175.9	-6,277.7	-6,453.3
Book value 31 December 2016		**37,891.6**	**9,544.2**	**47,435.9**
Book value 1 January 2016		34,189.9	9,611.7	43,801.7

Impairment testing

Impairment testing takes a group of units and other intangible assets with unlimited useful life that contains goodwill and generates cash flow and compares its book value to its recoverable amount. The judgement and future estimates of the company’s management are central to the drafting of the impairment calculations. If the recoverable amount is lower than the book value entered on the balance sheet, the difference is recorded as an impairment loss decreasing income. The recoverable amount is the fair value of the group of cash-flow generating units deducted by the costs to sell, or the utility value, whichever is higher. For the impairment testing, the recoverable amount used has been the value in use calculated by means of the discounted cash flow (DCF) method.

Goodwill and non-competition agreements with unlimited durations are allocated as follows within the Group:

	31/12/2017		31/12/2016	
	Restaurants	Labour hire	Restaurants	Labour hire
Goodwill	34,618.7	17,927.9	31,677.5	6,214.1
Non-competition agreements	422.1	-	426.5	-

Impairment tests are performed for goodwill and non-competition agreements each year and whenever an external or internal factor can be expected to cause changes that may potentially lead to impairment. Impairment tests were performed on 31 December 2017 and 31 December 2016, using the then-current book values and calculations of future cash flows.

The impairment calculations are based on cash flow predictions in the budget drafted by the Group’s Executive Team and approved by its Board of Directors, added by the forecast and terminal period. The length of the forecast period used for the impairment calculations is 4 years.

Drawing up calculations using the DCF model requires forecasts and assumptions, the most significant of which involve turnover growth, cost development, level of maintenance investments and changes in the discount rate. It is possible that the assumptions related to the cash flow forecasts are not realised, and the resulting impairments of goodwill or non-competition agreements may have a materially adverse effect on the income derived from the company’s operations and on its financial position during the present review period and future review periods.

The forecast cash flows are based on the capacity of the group of cash-flow generating units that the Group owned on the testing date. In other words, expansion investments have not been taken into account in the cash flow estimates. The Group’s cash-flow generating units or groups thereof mainly engage in the restaurant business and the labour hire business. The expansion of operating activities into new areas inside Finland is capacity expansion, and the investing activities related to it or gains derived from it have not been included in the calculations.

The company has two groups of cash-flow generating units, which are used to monitor goodwill, and, therefore, all goodwill and non-competition agreements with unlimited durations are allocated to this group. According to the company’s strategy, its restaurant network forms a unified group of cash-flow generating units due to their centralised management, service marketing, service production methods, significant centralised purchases and other group services. Correspondingly, the labour hire operations acquired late in the summer of 2014 form a single group of cash-flow generating units.

The impairment tests on 31 December 2017 and 31 December 2016 did not indicate a need for impairment of goodwill or non-competition agreements.

The assumptions used in calculating utility value, by testing date:

	31/12/2017		31/12/2016	
	Restaurants	Labour hire	Restaurants	Labour hire
Turnover growth, first year	17.9%	40.7%	-0.9%	-9.8%
Turnover growth, other years	0.0%	0.0%	0.0%	0.0%
EBITDA	15.1%	11.5%	15.0%	10.4%
Terminal growth assumption	0.0%	0.0%	0.0%	0.0%
Discount rate before taxes	9.4%	9.5%	6.8%	6.8%
Change in net working capital	0.0%	0.0%	0.0%	0.0%

Based on the sensitivity analysis, the following changes in the key items of the calculations may occur at testing time without creating a need to impair the existing goodwill or non-competition agreements (assuming that no changes occur in the other key assumptions of the calculations):

	31/12/2017		31/12/2016	
	Restaurants	Labour hire	Restaurants	Labour hire
Annual turnover reduction	1.5%	1.8%	1.3%	1.9%
Annual increase in operating costs	1.6%	2.2%	1.4%	2.0%
EBITDA	7.8%	2.8%	7.8%	1.7%

The company's utility value is not particularly sensitive to changes in the discount rates used in the calculations. According to the assessment of the management, when estimated conservatively, no reasonably possible change in any of the assumptions of the Restaurants and Labour Hire segment will lead to a situation where the recoverable amount might fall below the book value of the cash-flow generating units.

However, maintaining the levels of utility value calculated requires that, in accordance with the company strategy, turnover and EBITDA are kept at an acceptable level, competitiveness is retained, new restaurant concepts are developed, the customer base of labour hire operations is expanded and competitive pricing and reasonable cost management are maintained through constant supervision.

10 PROPERTY, PLANT AND EQUIPMENT

31/12/2017 EUR thousand	Note	Machines and equipment	Improvement costs for rental premises	Buildings	Civil engineering areas	Prepayments and incomplete acquisitions	Total
Acquisition cost 1 January 2017		22,277.9	40,235.4	2,447.4	0.0	147.1	65,108.2
Additions		3,605.5	6,836.1	10.0	6.0	135.3	10,593.0
Business combination		936.6	40.9	250.0	150.0	0.0	1,377.4
Deductions		-143.1	-152.9	0.0	0.0	0.0	-296.0
Transfers between items		0.0	-369.0	0.0	0.0	0.0	-369.0
Acquisition cost 31 January 2017		**26,676.9**	**46,590.4**	**2,707.4**	**156.0**	**282.4**	**76,413.6**
Accumulated depreciations and impairments 1 January 2017		-12,768.6	-23,319.1	-186.3	0.0	0.0	-36,274.0
Impairments		0.0	0.0	0.0		0.0	0.0
Depreciations		-2,629.0	-5,032.3	-86.8		0.0	-7,748.1
Accumulated depreciations and impairments 31 December 2017		-15,397.6	-28,351.4	-273.1	0.0	0.0	-44,022.1
Book value 31 December 2017		**11,279.3**	**18,239.0**	**2,434.4**	**156.1**	**282.4**	**32,391.4**
Book value 1 January 2017		9,509.3	16,916.3	2,261.1	0.0	147.1	28,834.3
31/12/2016 EUR thousand	**Note**	**Machines and equipment**	**Improvement costs for rental premises**	**Buildings**	**Civil engineering areas**	**Prepayments and incomplete acquisitions**	**Total**
Acquisition cost 1 January 2016		19,266.6	35,946.4	2,421.6	0.0	49.7	57,684.7
Additions		2,072.7	4,299.7	25.8	0.0	97.4	6,495.6
Business combination		1,098.9	46.0	0.0	0.0	0.0	1,144.9
Deductions		-160.2	-56.7	0.0	0.0	0.0	-216.9
Acquisition cost 31 January 2016		**22,277.9**	**40,235.4**	**2,447.4**	**0.0**	**147.1**	**65,108.3**
Accumulated depreciations and impairments 1 January 2016		-10,264.7	-18,336.9	-79.8	0.0	0.0	-28,681.4
Impairments		0.0	-11.3	0.0	0.0	0.0	-11.3
Depreciations		-2,503.9	-4,970.9	-106.5	0.0	0.0	-7,581.3
Accumulated depreciations and impairments 31 December 2016		-12,768.6	-23,319.1	-186.3	0.0	0.0	-36,274.0
Book value 31 December 2016		**9,509.3**	**16,916.3**	**2,261.1**	**0.0**	**147.1**	**28,834.3**
Book value 1 January 2016		9,001.9	17,609.5	2,341.8	0.0	49.7	29,003.3

Finance lease agreements

Property, plant and equipment includes commodities leased with finance lease agreements as follows:

EUR thousand	2017	2016
Acquisition cost entered on the basis of finance lease agreements	487.5	707.3
Addition	0.0	132.3
Deduction	0.0	-352.1
Accumulated depreciations and impairments	-376.3	-301.1
Book value	111.3	186.5

11 SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES

EUR thousand	Note	2017	2016
Book value 1 Jan		1,178.8	1 330.0
Additions	31	1,690.8	0.0
Share of the income of the financial period		172.3	-47.2
Intangible depreciation		-104.0	-104.0
Book value on 31 December		2,938.0	1,178.8

The financial year of the associated company is 1 June–31 May. The result of the associated company has been combined with the Group for the period 1 January–31 December 2017.

EUR thousand	2017	2016
Undepreciated goodwill in the associated company	749.0	749.0
Intangible rights in the associated company	520.0	520.0
– intangible depreciations with its tax effects	-208.0	-104.0
	1,061.0	1,165.0

Financial information about the associated company

EUR thousand	Assets	Liabilities	Turnover	Profit/ loss	Share of ownership %
1 June 2017–31 December 2017					
Superpark Oy, domicile Sotkamo	18,612.4	15,096.2	8,379.2	112.9	30.29
Total	18,612.4	15,096.2	8,379.2	112.9	

1 June 2016–31 May 2017					
Superpark Oy, kotipaikka Sotkamo	16,267.6	13,305.5	10,588.6	0.4	19.96 *
Total	16,267.6	13,305.5	10,588.6	0.4	

* average

Restamax Plc’s previous holding in the company was 19.0% and, as a result of the transaction of 28 April 2017, 30.29%. The company is consolidated as an associated company into Restamax’s consolidated financial statements, even though the Group has less than 20% of the shares and votes, as the Group has considerable influence in the company through a contractual right to appoint one of the five Board members.

12 INVENTORIES

EUR thousand	2017	2016
Restaurant goods inventory	2,831.1	2,317.6
Labour hire goods inventory	140.8	0.0
Total	2,971.8	2,317.6

During the reporting period, TEUR 32,005.0 was recorded in the income statement for materials and supplies and through stock value changes (TEUR 27,398.8 in 2016). In addition, TEUR 280.0 was recorded as expenses in the reporting period (TEUR 221.6 in 2016), which was used to reduce the book value of inventories.

13 RECEIVABLES

EUR thousand	2017	2016
Loans and other receivables (non-current)		
Interest-bearing loans receivable	125.3	168.2
Non-interest-bearing other receivables	717.2	1,030.7
Loans and other receivables (non-current), total	**842.5**	**1,198.9**

Trade and other receivables (current)		
Loans and other receivables (current)		
Trade receivables	17,302.0	9,417.3
Interest-bearing other receivables	0.0	30.0
Loans and other receivables (current), total	17,302.0	9,447.2

Prepayments and accrued income	4,510.6	3,364.1
Other non-interest-bearing receivables	2,034.6	1,255.8
	6,545.2	4,619.9

Trade and other receivables (current), total	23,847.2	14,067.2

Trade receivables		
EUR thousand	**2017**	**2016**
Trade receivables	17,302.0	9,417.3
	17,302.0	9,417.3

Age distribution of trade receivables		
Not due	13,546.4	6,662.2
due, less than 3 months	1,982.9	1,390.9
due, more than 3 months	1,772.6	1,364.2
Total	17,302.0	9,417.3

The most significant accrued income items consist of pension insurance, income tax, discount amortisation and advance items.

The book value of trade and other receivables corresponds to their fair value. As concerns certain big labour hire customers, significant credit risk concentrations for the Group are related to receivables. The balance sheet values correspond to the monetary amount that is the maximum credit risk if the counterparties cannot fulfil their obligations related to the receivables. The fair values of receivables are presented in note 37.

14 FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets include shares and other investments. At present, all investments have been classified as available for sale.

Financial assets available for sale

EUR thousand	Note	2017	2016
Value at the beginning of the financial period		620.1	622.1
Business combination		0.0	0.0
Additions		65.0	0.1
Deductions		-0.1	-2.0
Changes in fair value recorded in equity		0.0	0.0
Value at the end of the financial period		**685.1**	**620.1**
Non-current portion		**685.1**	**620.1**

The available-for-sale financial assets are non-current and they consist of unquoted shares and holdings in euros that are measured at fair value, or at acquisition cost whenever the fair value cannot be reliably determined.

The fair values of available-for-sale financial assets are presented in note 36. No financial assets are due. Impairments targeting financial assets totalling EUR 0.0 have been recorded (0.0 in 2016).

15 CASH AND CASH EQUIVALENTS

EUR thousand	Note	2017	2016
Cash in hand and bank accounts (Financial assets in the funds statement)		2,570.0	1,871.1

There is no significant credit risk accumulation related to cash and cash equivalent. The balance sheet values correspond to the monetary amount that is the maximum credit risk if the counterparties cannot fulfil their obligations related to the receivables.

16 EQUITY

Restamax Plc has one series of shares where all shares are equally entitled to dividends. One share equals one vote at the general meeting. Restamax Plc has 16,619,620 shares. A share has no nominal value.

EUR thousand	Shares, 1,000 pcs	Share capital	Invested unrestricted equity fund	Fair value fund	Equity convertible loan	Own shares	Retained earnings	Share of minority shareholders	Equity, total
01/01/2016	16,380.0	150.0	33,937.3	-13.3	220.0	-972.6	6,293.1	428.9	40,043.4
31/12/2016	16,620.0	150.0	36,586.1	-13.3	220.0	-191.4	6,541.4	669.0	43,961.8
01/01/2017	16,620.0	150.0	36,586.1	-13.3	220.0	-191.4	6,541.4	669.0	43,961.8
31/12/2017	16,619.6	150.0	40,510.2	-4.5	220.0	-191.4	4,237.5	1,971.2	46,892.9

All of the issued shares have been paid for.

Outstanding shares

pcs	2017	2016
1/1	16,576,120	16,136,120
Own shares acquired	-	-
Share issue	-	440,000
31/12		16,576,120

Invested unrestricted equity fund

The invested unrestricted equity fund includes other equity convertible investments and the portion of the share subscription price that is not recorded in the share capital according to a specific decision.

EUR thousand	2017	2016
1/1	36,586.1	33,937.3
Share issue	3,924.0	2,648.8
31/12	40,510.1	36,586.1

Fair value fund

The value changes of the available-for-sale financial assets from the moment of acquisition are recorded in the fair value fund, deducted by deferred taxes.

EUR thousand	2017	2016
Fair value fund	-4.5	-13.3

Own shares

Own shares include the acquisition cost of own shares in possession of the Group. Smile Huippu Oy, a company under the control of the Group, owns the own shares presented as deducted in the Group's equity.

	2017 pcs	2017 TEUR	2016 pcs	2016 TEUR
1/1	43,500	-191.4	243,500	-972.6
Nullification of own shares	-	-	200,000	781.2
31/12	43,500	-191.4	43,500	-191.4

Equity loan

Equity convertible loans include the interest-free capital loans with no maturity that the owners have granted to the Group. Equity convertible loans have no due date, but the Group has the right (not an obligation) to redeem the loan if so desired.

Dividends

In 2017, dividends were distributed at EUR 0.30 per share, totalling TEUR 4,985.9 (in 2016, EUR 0.27 per share, totalling TEUR 4,356.8). After the end of the reporting period, the Board of Directors has proposed a dividend of EUR 0.33 per share, totalling TEUR 5,484.5 be distributed. The debt from the dividend proposed has not been entered into these financial statements.

17 DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes have been recorded for all temporary differences. The changes in deferred taxes during 2017 are as follows:

EUR thousand	01/01/2017	Entered in income statement	Entered in other items of comprehensive income statement	Business operations bought/sold	31/12/2017
Deferred tax assets:					
Temporary differences					
From confirmed losses	465.4	21.4			486.8
From consolidated eliminations	174.3	118.6			292.9
From launch marketing expenses	37.5	28.1			65.6
From intangible rights	462.4	165.2			627.6
From finance lease liabilities	0.9	0.7			1.6
Other items	70.8	12.0			82.8
Netting from deferred tax liabilities	-1,069.0				-962.2
Deferred tax assets, total	**142.1**	**346.0**	**0.0**	**0.0**	**595.0**

EUR thousand	01/01/2017	Entered in income statement	Entered in other items of comprehensive income statement	Business operations bought/sold	31/12/2017
Deferred tax liabilities:					
Temporary differences					
Amortisation of loan expenses using the effective interest method	3,8	4,8			8,6
From reversal of goodwill depreciation	725,0	231,5			956,5
From intangible rights	783,1	-449,4		1,294,4	1,628,1
From combination of business operations	115,5	0,6			116,1
Financial leasing	7,1	-2,0			5,1
Other items	137,3	38,9			176,2
Adjustment		-26,5			
Netting from deferred tax assets	-1,069,0				-962,2
Deferred tax liabilities, total	**703,0**	**-202,1**	**0,0**	**1,294,4**	**1,928,5**

EUR thousand	01/01/2016	Entered in income statement	Entered in other items of compre-hensive income statement	Business operations bought/sold	31/12/2016
Deferred tax assets:					
Temporary differences					
From confirmed losses	821.0	-355.6			465.4
From consolidated eliminations	160.9	13.4			174.3
From launch marketing expenses	45.1	-7.6			37.5
From intangible rights	225.3	237.1			462.4
From finance lease liabilities	2.3	-1.4			0.9
Other items	66.1	4.7			70.8
Netting from deferred tax liabilities	-752.4				-1,069.0
Deferred tax assets, total	568.1	-109.4	0.0	0.0	142.1

EUR thousand	01/01/2016	Entered in income statement	Entered in other items of compre-hensive income statement	Business operations bought/sold	31/12/2016
Deferred tax liabilities:					
Temporary differences					
Amortisation of loan expenses using the effective interest method	10.6	-6.8			3.8
From reversal of goodwill depreciation	502.9	222.1			725.0
Reconstruction of destroyed restaurant	22.8	-22.8			0.0
From intangible rights	813.4	-252.3		222.0	783.1
From combination of business operations	114.8	0.7			115.5
Financial leasing	9.5	-2.4			7.1
Other items	89.5	47.8			137.3
Netting from deferred tax assets	-752.4				-1,069.0
Laskennalliset verovelat yhteensä	811.2	-13.6	0.0	222.0	703.0

Deferred tax assets and liabilities have been given as net amounts whenever the entity has a legally enforceable right to mutually offset the items recorded, and the deferred tax assets are related to the same tax recipient.

On 31 December 2017, the Group had TEUR 4,868.5 in confirmed losses (TEUR 3,129.31 on 31 December 2016) for which a deferred tax asset has not been recorded, since the realisation of the tax benefit included in them is not probable in the near future. These losses will expire in 2019–2026.

Deferred tax assets

EUR thousand	2017	2016
Deferred tax assets due in over 12 months	566.6	114.8
Deferred tax assets due in 12 months	28.3	27.3
Total	595.0	142.1

Deferred tax liabilities

EUR thousand	2017	2016
Deferred tax liabilities due in over 12 months	1 914.8	691.7
Deferred tax liabilities due in 12 months	13.6	11.2
Total	1 928.5	703.0

18 PROVISIONS

EUR thousand	2017	2016
Value at the beginning of the financial period	183.2	93.2
Additions	0.0	183.2
Provisions used	-68.7	-93.2
Cancellations of unused provisions	-114.5	0.0
Value at the end of the financial period	0.0	183.2
Of which current	0.0	91.6
Non-current portion	0	91.6

The provisions include the rent of the still leased premises.

19 FINANCIAL LIABILITIES

EUR thousand	2017	2016
Non-current financial liabilities measured at amortised acquisition cost		
Loans from financial institutions, non-current portion	34,566.2	24,200.8
Subordinated loans	41.9	77.0
Finance lease liabilities	34.8	92.2
Total	34,643.0	24,369.9
Current financial liabilities measured at amortised acquisition cost		
Loans from financial institutions, current portion	11,625.2	8,130.6
Finance lease liabilities	57.4	62.4
Total	11,682.5	8,193.0

The Group's assets (listed in note 33) are lodged as security for the loans from financial institutions.

Maturity of non-current financial liabilities

EUR thousand	2017	2016
less than 1 year	12,044.0	7,797.7
1 to less than 2 years	10,572.0	7,280.7
2-5 years	21,912.5	13,763.1
Over 5 years	1,797.1	3,721.4
Total	46,325.5	32,562.9

The Group's loans from financial institutions have a variable interest rate, and the loans are priced every 1–6 months.

Average interest rates for the Group's loans from financial institutions (including current loans from financial institutions)

	2017	2016
	%	%
Loans from financial institutions	2.0	2.3

The book value of interest-bearing loans corresponds to their fair value, since the loans are re-priced on the closing date. The Group's interest-bearing liabilities are in euros.

Maturity of finance lease liabilities

EUR thousand	2017	2016
Gross amount of finance lease liabilities – minimum lease payments by maturity time		
less than 1 year	60.7	67.9
2-5 years	35.4	96.1
Total	96.1	164.0
Future finance costs	3.9	9.4
Present value of finance lease liabilities	92.2	154.6

The present value of finance lease liabilities will be due as follows		
less than 1 year	57.4	62.4
2-5 years	34.8	92.2
Total	92.2	154.6

Finance lease liabilities consist of restaurant furnishing leased from a financing company.

20 TRADE PAYABLES AND OTHER LIABILITIES

EUR thousand	2017	2016
Non-current		
Advances received	80.6	136.3
Other non-interest-bearing liabilities	3,594.2	660.2
Non-current trade and other payables, total	3,674.8	796.4
Current		
Accounts payable	10,894.0	7,563.5
Advances received	91.7	254.9
Accruals and deferred income		
Salary debt	2,887.1	1,596.7
Holiday salary liabilities	4,532.9	2,689.9
Pension insurance	1,460.3	910.8
Taxes based on the taxable income from the financial period	1,237.7	706.6
Other accruals and deferred income	7,511.1	2,463.6
Accrued expenses, total	17,629.1	8,367.5
Other non-interest-bearing liabilities	5,624.1	3,272.8
Current trade and other payables, total	34,238.9	19,458.7

The fair values of trade and other payables are presented in note 37.

21 TURNOVER

EUR thousand	2017	2016
Sale of goods	105,203.2	92,083.5
Sale of services	80,653.0	37,988.3
Total	185,856.2	130,071.9

The sale of goods includes restaurant sales.

The sale of services includes restaurant service sales and labour hire sales, see note 8.

22 OTHER OPERATING INCOME

EUR thousand	2017	2016
Sales profit	4.6	0.0
Insurance compensation	100.0	882.0
Rental income	803.8	860.4
Other operating income	901.3	791.5
Total	1,809.7	2,533.9

Rental income includes the rental of flats. Other operating income mainly comprised income from hired personnel in the restaurant segment, payments received from employment and apprenticeships and negative goodwill that has been entered as income.

23 MATERIALS AND SERVICES

EUR thousand	2017	2016
Acquisitions	31,760.6	27,272.5
External services	4,013.9	2,798.2
Total	35,774.4	30,070.7

External services consist of hired restaurant employees.

24 COSTS RELATED TO EMPLOYMENT BENEFITS

EUR thousand	2017	2016
Salaries	67,869.4	36,851.9
Pension costs – defined contribution plans	12,778.7	6,901.7
Social security costs	2,318.0	1,558.1
Total	82,966.1	45,311.7

The management's employment benefits are presented in note 29, Events of related entities.

	2017	2016
Group personnel on average over financial period	2,261	1,130

25 DEPRECIATIONS, AMORTISATIONS AND IMPAIRMENT

EUR thousand	2017	2016
Depreciations by commodity group		
Intangible assets		
Non-competition agreements	590.4	246.1
Beneficial lease agreement	51.0	171.0
Right to use a name	1,740.5	1,025.7
IT software	73.9	84.0
Agreements	1,408.8	1,266.6
Yhteensä	**3,864.6**	**2,793.4**
Tangible assets		
Improvement costs of rental premises	5,032.3	4,970.9
Buildings	86.8	106.5
Machines and equipment	2,629.0	2,503.9
Total	**7,748.1**	**7,581.3**
Impairment by commodity group		
Goodwill	24.7	15.0
Agreements	0.0	0.0
Improvement costs of rental premises	0.0	11.3
Fixed assets	0.0	0.0
Total	**24.7**	**26.2**
Depreciations, amortisations and impairment total	**11,637.4**	**10,400.9**

26 OTHER OPERATING EXPENSES

EUR thousand	2017	2016
Voluntary indirect employee costs	935.0	744.2
Costs for business premises	20,771.8	17,927.3
Costs for machinery and equipment	5,490.3	4,374.0
Travel expenses	1,669.6	475.8
Marketing, performer and entertainment expenses	10,980.4	9,858.0
Other costs*	6,674.0	4,445.2
Total	46,521.2	37,824.6

* Other costs consist of several items that are not relevant individually.

27 FINANCIAL INCOME AND EXPENSES

EUR thousand	2017	2016
Financial income		
Other financial income	42.9	186.6
Total	**42.9**	**186.6**

Items recorded through profit or loss		
Impairment of shares in associated companies	0.0	-2.0
Impairment of receivables	-73.5	-78.0
Interest expense from financial liabilities measured at amortised acquisition cost	-1,002.1	-948.4
Other finance costs *	-1,777.6	-111.0
Total	**-2,853.2**	**-1,139.4**
Finance costs – net	**-2,810.3**	**-952.8**

Other comprehensive income items		
Financial assets available for sale	2.9	0.0
Total	**2.9**	**0.0**

* In the financial period 1 January–31 December 2017, an adjustment of TEUR 1711.1 on the estimated additional sales price related to the share acquisition of Smile Job Services One Oy (formerly Job Services One Oy) was recorded as a non-recurring item under other financing costs.

28 INCOME TAXES

Tax constituents

EUR thousand	2017	2016
Tax based on the taxable income from the financial period	3,081.3	1,933.8
Change in deferred taxes	-548.2	95.7
Total	**2,533.1**	**2,029.5**

Tax cost balancing calculation

EUR thousand	2017	2016
Profit/loss before taxes	8,024.8	7,893.9
Tax calculated at the rate of 20%	1,605.0	1,578.8
Non-deductible expenses	382.6	225.0
Use of tax losses not recorded previously	-43.8	-22.9
Recorded deferred tax assets from confirmed losses of previous years	24.0	0.0
Non-recorded deferred tax assets from tax losses	575.1	335.7
Share of associated company's profits, deducted by taxes	13.7	-30.2
Tax-free income	-26.0	-72.5
Goodwill impairment	4.9	3.0
Taxes from earlier financial periods	-2.3	12.7
Tax expenses in income statement	2,533.1	2,029.5

Deferred tax assets and tax liabilities have been calculated using the Finnish tax rate of 20.0 per cent.

Taxes related to other items in the comprehensive income statement

	2017			2016		
EUR thousand	Before taxes	Effect of tax	After taxes	Before taxes	Effect of tax	After taxes
Assets available for sale	0.0	0.0	0.0	0.0	0.0	0.0

29 EVENTS OF RELATED ENTITIES

Parties are considered to be related when one party can exercise control, shared control or significant influence over the other in decision-making involving its economy and operating activities. The Group's related entities are the parent company, subsidiaries, associated company, the parent company's subsidiaries and the key management personnel. Key management personnel covers the members of the Board of Directors, the Group's Executive Team and the Chief Executive Officer and his/her deputy, as well as their close family members. Furthermore, Restamax's related entities include any owners who can exercise control or significant influence in Restamax, the companies where the said owners have a controlling interest, and companies where a person exercising control over Restamax exercises significant influence or works in the management of the company or its parent company.

Management's employee benefits

The management's employee benefits have been presented on a cash basis.		
EUR thousand	**2017**	**2016**
Salaries to the Executive Team (incl. CEO) with associated costs and other short-term employee benefits	983.2	841.4
Fees for the Board of Directors	85.0	83.8

Fees and benefits for Chief Executive Officer and other Executive Team members

EUR thousand	2017	2017	2017	2016	2016	2016
Salaries and fees	**Salary with benefits**	**Attendance allowances for the Board of Directors**	**Total**	**Salary with benefits**	**Attendance allowances for the Board of Directors**	**Total**
*CEO Markku Virtanen, up to 22 May	109.8	0.0	109.8	156.1	0.0	156.1
Acting CEO Jarno Suominen, 22 May –	36.7	0.0	36.7	0.0	0.0	0.0
CEO Juha Helminen, 1 September –	52.9	0.0	52.9	0.0	0.0	0.0
Other Executive Team members	600.2	0.0	600.2	518.8	0.0	518.8
Total	799.6	0.0	799.6	674.9	0.0	674.9

The Chief Executive Officer is covered by the Employees Pensions Act that offers pension security based on the time of service and earnings in the manner defined in the Act. No separate retirement age provisions are included in the Chief Executive Officer's contract. The Chief Executive Officers' accrued pension costs for the financial period were TEUR 37.8.

For the company, the CEO's term of notice is six (6) months; for the CEO, it is three (3) months. In addition to the pay for the term of notice, the Chief Executive Officer is not entitled to any separate termination compensation.

Fees for the Board of Directors

EUR thousand	2017	2016
Attendance allowances		
Timo Laine, Chairman of the Board of Directors	25.0	23.8
Mikko Aartio, member of the Board of Directors	10.0	10.0
Jarmo Viitala, member of the Board of Directors	10.0	10.0
Petri Olkinuora, member of the Board of Directors	20.0	20.0
Mika Niemi, member of the Board of Directors (from 23 April 2014)	10.0	10.0
Timo Everi, member of the Board of Directors (from 22 April 2015)	10.0	10.0
Total	85.0	83.8

Transactions with associated companies

EUR thousand	Sales	Interest expenses	Rental expenses	Acquisitions	Rental income	Receivables	Liabilities
2017	1,732.8	0.9	1,167.9	3,791.1	1.4	479.4	522.3
2016	827.0	0.0	1,194.8	1,210.6	5.1	385.1	161.1

Transactions with associates have been completed applying the same terms as transactions with independent parties.

30 AUDITOR'S FEES

EUR thousand	2017	2016
Deloitte Oy, Authorised Public Accountants		
Audit	215.9	204.4
Other services	54.4	56.2
Total	270.3	260.6

31 SHARES IN SUBSIDIARIES AND ASSOCIATED COMPANIES 31 DECEMBER 2017

Subsidiaries consolidated into the consolidated financial statements	Share of ownership	Domicile
Beaniemax Oy	60.0%	Tampere
Dinnermax Oy	70.0%	Tampere
Gastromax Oy (Group)	70.0%	Tampere
Pyynikin Brewery Restaurants Oy	85.0%	Tampere
Harry's Ravintolat Oy	90.0%	Helsinki
Hernesaaren Ranta Oy	80.0%	Helsinki
Italpal Oy	100.0%	Tampere
Kampin Sirkus Oy (Group)	90.0%	Tampere
Markkinointitoimisto Aito Finland Oy	100.0%	Tampere
Koskimax Oy	59.6%	Tampere
Levin Ravintolakatu Oy	100.0%	Helsinki
Max Consulting Oy (Group)	100.0%	Tampere
Suomen Ravintolatoimi Oy (Group)	42.1%	Jyväskylä
Bistromax oy	70.0%	Tampere
Mikonkadun keidas Oy	90.0%	Tampere
Northmax Oy	70.0%	Tampere
Poolmax Oy	80.0%	Tampere
Priima Ravintolat Oy (Group)	63.8%	Tampere
Rock Hard Catering Oy	88.0%	Tampere
Tampereen Satamaravintolat Oy	100.0%	Tampere
Purmax Oy	60.0%	Tampere
Rengasravintolat Oy	100.0%	Tampere
Restala Oy (Group)	100.0%	Helsinki
Unioninkadun keidas Oy	82.0%	Helsinki
Rivermax Oy (Group)	72.0%	Tampere
Tillikka Oy	80.0%	Tampere
Roska Yhtiöt Oy	100.0%	Tampere
Skohan Oy	75.0%	Tampere
Somax Oy	70.0%	Tampere
Soolo Max Oy	70.0%	Tampere
SRMax Oy	85.0%	Tampere
Suomen Diner Ravintolat Oy	80.0%	Tampere
Suomen Ravintolatoimi Oy	57.9%	Jyväskylä
Suomen Siipiravintolat Oy	70.0%	Tampere
Thai Papaya Oy	60.0%	Helsinki
Tunturimax Oy	76.0%	Tampere
Unioninkadun keidas Oy	18.0%	Helsinki
Urban Group Oy (Group)	80.0%	Helsinki
Cholo Oy	100.0%	Helsinki
Sabor a México Oy	100.0%	Helsinki

Subsidiaries consolidated into the consolidated financial statements	Share of ownership	Domicile
Smile Henkilöstöpalvelut Oy (Group)	78.4%	Tampere
Happy Henkilöstöpalvelut Oy	100.0%	Tampere
Job Services One Oy	100.0%	Tampere
Max Henkilöstöpalvelut Oy	100.0%	Tampere
Resta Henkilöstöpalvelut Oy	100.0%	Tampere
RM Henkilöstöpalvelut Oy	100.0%	Tampere
Smile Botnia Oy	90.0%	Tampere
Smile Doctors Oy	71.3%	Tampere
Smile Education Oy	51.0%	Tampere
Smile Events & Promotions Oy	100.0%	Tampere
Smile Huippu Oy (Group)	75.0%	Kuopio
Smile Pavelut Jyväskylä Oy	100.0%	Tampere
Smile ICT Oy	55.0%	Tampere
Smile MMS Oy (Group)	100.0%	Kuortane
Smile Industries Oy (Group)	100.0%	Kuortane
Smile Industries Jyväskylä Oy	100.0%	Tampere
Smile Industries Kuopio Oy	90.0%	Tampere
Smile Industries Tampere Oy (Group)	76.5%	Tampere
Smile Industries Manse Oy	100.0%	Tampere
Smile MMS Työllistamispalvelut Oy	70.0%	Kuortane
Smile Pohjanmaa Oy	72.0%	Kuortane
Smile Palvelut Helsinki Oy	100.0%	Tampere
Smile Palvelut Hämeenlinna Oy	100.0%	Hämeenlinna
Smile Palvelut Pohjoinen Oy	100.0%	Tampere
Smile Palvelut Ilo Oy	100.0%	Tampere
Smile Palvelut Turku Oy	100.0%	Tampere
Smile Railways Oy	100.0%	Tampere
Smile Services Oy	100.0%	Tampere
Smile Super Oy	100.0%	Tampere
Smile Tampere Oy	100.0%	Tampere
Smile Banssi Oy (Group)	100.0%	Tampere
Smile Banssi Etelä Oy	90.9%	Espoo
Smile Banssi Pohjoinen Oy	100.0%	Espoo
Smile Banssi Häme Oy	100.0%	Espoo
Smile Banssi Uusimaa Oy	90.9%	Vantaa
Smile Banssi Itä Oy	100.0%	Joensuu
Smile Banssi Länsi Oy	100.0%	Turku
Smile Banssi Keski Oy	90.0%	Jyväskylä
Smile Banssi Lappi Oy	90.0%	Rovaniemi
Smile Banssi Helsinki Oy	100.0%	Helsinki
Smile Banssi Safety Oy	100.0%	Espoo
Smile Banssi Kaakko Oy	90.0%	Lappeenranta
Smile Hoiva Oy	100.0%	Espoo
Talous Bandora Oy	100.0%	Espoo

Associated companies consolidated into the consolidated financial statements		
SuperPark Oy	30.3%	Sotkamo

Share of the most significant minority shareholders:

EUR thousand	Minority shareholders' share		Minority shareholders' share of profit from the financial period		Minority shareholders' share of capital	
Company and domicile	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Priima-Ravintolat Oy Tampere	36.2%	36.2%	-50.5	-40.9	64.7	115.1
Gastromax Oy Tampere	30.0%	30.0%	-378.2	-359.9	1325.1	-946.8
Tunturimax Oy Tampere	24.0%	35.0%	48.6	18.7	92.5	63.0
Smile Henkilöstöpalvelut Oy – Group	78.4%	93.0%	568.4	224.1	2,391.5	484.5

Financial information:

EUR thousand		
Priima-Ravintolat Oy	**2017**	**2016**
Turnover	3,305.9	4,322.3
Profit for the financial period	-139.3	-112.8
Non-current assets	1,949.7	2,351.1
Current assets	374.6	471.2
Non-current liabilities	1,026.3	1,323.6
Current liabilities	1,119.4	1,180.7
Operating cash flow	513.1	329.3
Investment cash flow	-87.9	-72.0
Financial cash flow	-454.6	-266.1
Gastromax Oy	**2017**	**2016**
Turnover	3,953.1	3,710.8
Profit for the financial period	-1,260.7	-1,199.7
Non-current assets	2,014.1	3,356.0
Current assets	1,483.1	317.6
Non-current liabilities	4,416.9	3,812.9
Current liabilities	3,497.2	3,016.8
Operating cash flow	-330.7	-697.5
Investment cash flow	-621.1	-188.2
Financial cash flow	950.2	880.5
Tunturimax Oy	**2017**	**2016**
Turnover	4,110.4	4,954.5
Profit for the financial period	202.7	78.0
Non-current assets	855.2	923.8
Current assets	817.8	743.6
Non-current liabilities	229.2	187.1
Current liabilities	1,058.4	1,217.7
Operating cash flow	351.5	462.0
Investment cash flow	-142.5	-41.3
Financial cash flow	-211.5	-442.4
Smile Henkilöstöpalvelut Oy – Group	**2017**	**2016**
Turnover	75,612.2	34,129.4
Profit for the financial period	392.8	833.9
Non-current assets	27,828.5	10,896.6
Current assets	16,900.0	7,348.0
Non-current liabilities	14,932.3	7,205.6
Current liabilities	24,420.8	11,250.5
Operating cash flow	4,543.6	1,176.6
Investment cash flow	-8,505.3	-1,363.6
Financial cash flow	3,803.5	366.7

32 OTHER LEASE AGREEMENTS

The Group has leased many of the restaurant and office premises that it uses. The lease terms are on average between two to fifteen years, and often include the option of continuing the agreement past the original termination date. The lease agreements often have a fixed lease with an index condition or are turnover-based. Some of the lease agreements are valid until further notice, with a notice period of 2 months.

Minimum lease payments to be made based on other rental agreements that cannot be annulled:

EUR thousand	2017	2016
In one year	15,987.8	13,271.1
In over one year and within five years maximum	41,559.9	32,893.9
In over five years	15,709.4	14,016.6
Total	**73,257.1**	**60,181.6**

In 2017, lease expenses of TEUR 15,951.0 (TEUR 14,002.6 in 2016) paid based on lease agreements were recorded through profit or loss.

The Group has sublet 15 restaurant premises. Lease expenses of TEUR 699.3 in 2017 (TEUR 945.4 in 2016) were recorded for these premises. Based on the sublease agreements, the future minimum lease payments will amount to TEUR 1,334.1 at the end of 2017 (TEUR 1,699.4 at the end of 2016).

The Group as a lessor

Minimum deferred lease payments to be made based on other rental agreements that cannot be annulled:

EUR thousand	2017	2016
In one year	678.8	990.6
In over one year and within five years maximum	1,022.5	1,516.7
In over five years	138.2	38.6
Total	**1,839.5**	**2,546.0**

33 CONDITIONAL LIABILITIES AND ASSETS AND COMMITMENTS

EUR thousand	2017	2016
Liabilities with guarantees included on the balance sheet		
Loans from financial institutions, non-current	34,168.1	24,010.5
Loans from financial institutions, current	11,634.4	8,139.8
Total	**45,802.5**	**32,150.3**

Guarantees given on behalf of the Group		
Collateral notes secured by a mortgage	54,350.0	34,150.0
Real estate mortgage	4,096.8	4,096.8
Subsidiary shares	37,613.1	31,596.6
Other shares	164.8	164.8
Bank guarantees	3,414.9	3,717.8
Other guarantees	7,000.0	1,000.0
Total	**106,639.5**	**74,726.0**

EUR thousand	2017	2016
Commitments:		
Purchase commitment	600.0	200.0

Restamax Plc has committed to financing, when necessary, an associated company with a subordinated loan of a maximum of TEUR 2,000. After the end of the financial period, TEUR 500 of the loan is drawn.

With a deed of sale dated 1 July 2017, Restamax Plc's subsidiary engaging in the labour hire business purchased 100% of the shares in Smile Job Services One Oy (formerly Job Services One Oy). A part of the sale price has been paid with Restamax Plc subsidiary's shares involving a fixed-term repurchase obligation.

34 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

31/12/2017 EUR thousand	Measured at fair value through profit or loss	Available for sale	Loans and receivables	Into amortised acquisition cost	Fair value
Financial assets					
Interest-bearing loans receivable			125.3		125.3
Non-interest-bearing other receivables			1,222.0		1,222.0
Trade and other receivables			23,342.4		23,342.4
Unquoted shares		685.1			685.1
Cash and cash equivalents			2,570.0		2,570.0
Total		**685.1**	**27,259.7**		**27,944.8**
Book value, total		**685.1**	**27,259.7**		**27,944.8**
Financial liabilities					
Non-current financial liabilities				34,643.0	34,643.0
Non-current trade payables and other liabilities				3,674.8	3,674.8
Current financial liabilities				11,682.5	11,682.5
Current trade payables and other liabilities				34,238.9	34,238.9
Fair value, total				**84,239.2**	**84,239.2**
Book value, total				**84,239.2**	**84,239.2**

31/12/2016 EUR thousand	Measured at fair value through profit or loss	Available for sale	Loans and receivables	Into amortised acquisition cost	Fair value
Financial assets					
Interest-bearing loans receivable			198.2		198.2
Non-interest-bearing other receivables			1,095.7		1,095.7
Trade and other receivables			13,972.2		13,972.2
Unquoted shares		620.2			620.2
Cash and cash equivalents			1,871.1		1,871.1
Total		**620.2**	**17,137.2**		**17,757.4**
Book value, total		**620.2**	**17,137.2**		**17,757.4**
Financial liabilities					
Non-current financial liabilities				24,369.9	24,369.9
Non-current trade payables and other liabilities				796.4	796.4
Current financial liabilities				8,193.0	8,193.0
Current trade payables and other liabilities				19,458.8	19,458.8
Fair value, total				**52,818.1**	**52,818.1**
Book value, total	**0.0**	**0.0**	**0.0**	**52,818.1**	**52,818.1**

35 ADJUSTMENTS TO OPERATING CASH FLOWS

EUR thousand	2017	2016
Non-cash transactions		
Recognition of advertising space sales and contract compensation	-218.9	-232.2
Changes in provisions	-183.2	89.9
Accounts receivable write-off	430.0	22.2
Sale of fixed assets	-6.4	0.0
Other adjustments	-212.2	-312.8
Total	**-190.6**	**-432.9**

36 NET LIABILITIES BALANCING CALCULATION

Net liabilities	
EUR thousand	**2017**
Cash and cash equivalents	2,570.0
Liquid investments	0.0
Loans - repayable within one year (incl. credit accounts)	-12,044.0
Loans - repayable within more than one year (incl.	-34,281.5
Net liabilities	-43,755.5
Cash and cash equivalents and liquid investments	2,570.0
Gross liabilities and variable-interest	-46,325.5
Net liabilities	-43,755.5

EUR thousand		Other assets	Liabilities related to financing		
	Cash and cash equivalents/ credit Accounts	Liquid investments	Loans within one year	Loans in more than one year	Total
Net liabilities 31 December 2016	1,871.1		-7,797.7	-24,765.2	-30,691.8
Cash flows	698.9		-4,246.2	-9,254.8	-12,802.1
Acquisitions of subsidiaries - loans				-261.6	-261.6
Net liabilities 31 December 2017	2,570.0	0.0	-12,044.0	-34,281.5	-43,755.5

37 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value definition principles used by the Group for all financial instruments are presented below. The table also presents in detail the values and book values for each item; these correspond to the values in the consolidated balance sheet.

		2017		2016	
MEUR	**Note**	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial assets					
Financial assets available for sale	14	685.1	685.1	620.2	620.2
Interest-bearing loans receivable	13	125.3	125.3	198.2	198.2
Trade and other receivables	13	24,564.4	24,564.4	15,067.9	15,067.9
Cash and cash equivalents	15	2,570.0	2,570.0	1,871.1	1,871.1
Financial liabilities					
Non-current financial liabilities	19	34,643.0	34,643.0	24,369.9	24,369.9
Non-current trade payables and other liabilities	20	3,674.8	3,674.8	796.4	796.4
Current financial liabilities	19	11,682.5	11,682.5	8,193.0	8,193.0
Current trade payables and other liabilities	20	34,238.9	34,238.9	19,458.8	19,458.8

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

Financial assets available for sale

Financial assets available for sale mostly consist of Finnish holdings and Finnish unquoted shares. Unquoted share investments have been measured at fair value or acquisition cost, since it has been impossible to measure them at fair value using measurement techniques. It has been impossible to determine the fair value of investments and the estimate varies greatly, or the probabilities of different estimates within the range of variation cannot be reasonably determined and used to determine the fair value. Financial assets measured at fair value are either sellable on the secondary market or their measurement uses the bid price on the counterparty's closing date.

Trade and other receivables

The original book value of the receivables corresponds to their fair value, since the effect of discounting is not relevant when considering the maturity of the receivables.

Financial assets recorded at fair value through profit or loss

Financial assets recorded at fair value through profit or loss include financial asset items that have been acquired to be held for trading or that are classified to be recorded at fair value through profit or loss upon original recording.

Financial liabilities

The fair values of liabilities are based on discounted cash flows. The discount rate used has been the rate at which the Group could take out a similar external loan on the closing date. The total interest consists of the risk-free interest and a company-specific risk premium. The re-pricing date for the loans is 31 December, which means that the book values for the loans correspond to their market values.

Trade payables and other liabilities

The original book value of the trade and other receivables corresponds to their fair value, since the effect of discounting is not relevant when considering the maturity of the receivables.

Fair value hierarchy for financial assets measured at fair value

31/12/2017				
EUR thousand	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets available for sale				
- equity securities	0.0	0.0	0.0	0.0
Assets in total	**0.0**	**0.0**	**0.0**	**0.0**

31/12/2016				
EUR thousand	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets available for sale				
- equity securities	0.0	0.0	0.0	0.0
Assets in total	**0.0**	**0.0**	**0.0**	**0.0**

During the financial period which has ended, there were no transfers between the fair value hierarchy levels 1, 2 or 3.

The fair values at hierarchy level 1 are based on the quoted prices of similar asset items or liabilities on the market. The shares and holdings of the Group consist of unquoted items.

The fair values for instruments at level 2 are based on significantly different input information than the quoted prices at level 1, but are nevertheless based on information (i.e. prices) or indirect information (i.e. derived from prices). In determining the fair value of these instruments, the Group uses generally accepted measurement models whose input information is largely based on verifiable market data.

The fair values of instruments at level 3 are based on input information concerning the asset item or liability that is not based on verifiable market data; instead, they are largely based on the management’s estimates and their use in generally accepted measurement models.

Other available-for-sale financial assets have been measured at acquisition cost, since the fair value cannot be reliably determined.

38 KEY EVENTS OCCURRING AFTER THE CLOSING DATE

Restamax Plc's subsidiary engaging in the labour hire business purchased the entire shareholding of Kymppi Service Oy with a deed of sale dated 18 January 2018. The right of ownership and management was transferred on 1 February 2018.

On 22 January 2018, Restamax announced plans to revamp its organisation and the structure of its Executive Team. Restamax's operational organisation was divided into three business units: Nightclubs, Food restaurants, and Pubs&Entertainment, each with their own responsible director. The position of Chief Procurement Officer (CPO) was established to strengthen purchasing operations and the efficiency thereof. The roles of sales and marketing strategy were increased in the organisation and, for that purpose, the position of Chief Commercial Officer (CCO) will be established.

On 13 March 2018, Restamax communicated that the Board of Directors has decided to review and evaluate the listing of the labour hire business comprising its subsidiary Smile Henkilöstöpalvelut Oy and its subgroup on the Nasdaq Helsinki Ltd Stock Exchange. The evaluation process will be carried out during spring 2018.

Restamax Plc's subsidiary engaging in the labour hire business, Smile Henkilöstöpalvelut Oy, bought 80% of the share capital of Adicio Oy. The right of ownership and management will transferred on 3 April 2018.

On 23 March 2018, Restamax communicated that it will expand its restaurant business operations to Denmark, where it will operate through its subsidiary Restamax Operations Denmark. The company will buy over 90% of the Danish Cock's & Cows and The Bird companies. Ownership will be transferred on 4 April 2018.

39 CALCULATION FORMULAS FOR KEY FIGURES

Profitability

Return on equity %

$$\frac{\text{Profit (profit belonging to owners of parent company + profit belonging to minority shareholders)}}{\text{Equity on average (belonging to owners of parent company and minority shareholders)}} *100$$

Return on investment %

$$\frac{\text{Net profit/loss + finance costs + taxes (12 months)}}{\text{Invested capital on average (belonging to owners of parent company and minority shareholders)}} *100$$

Material margin

Turnover - acquisitions +- change in inventories

Staff expense %

$$\frac{\text{Staff expenses + External services}}{\text{Turnover}} *100$$

EBITDA

Earnings + depreciations and impairment

Financial position

Equity ratio %

$$\frac{\text{Equity}}{\text{Total assets - Advances received}} *100$$

Gearing ratio %

$$\frac{\text{Interest-bearing net financial liabilities}}{\text{Equity (belonging to owners of parent company and minority shareholders)}} *100$$

Key figures per share

Dividends per share

$$\frac{\text{Distribution of dividends for financial period}}{\text{Undiluted number of shares on closing date}}$$

Earnings per share

$$\frac{\text{Net income for financial period - non-controlling interests}}{\text{Number of shares, excluding shares controlled by company itself, on average over financial period}}$$

Dividend/earnings per share %

$$\frac{\text{Dividend}}{\text{Earnings per share}} * 100$$

Equity per share, EUR

$$\frac{\text{Equity attributable to parent company shareholders}}{\text{Number of shares at the of financial period, excluding shares controlled by company itself}}$$

Dividend payout ratio, %

$$\frac{\text{(Dividend per share)}}{\text{Earnings per share}} * 100$$

Effective dividend yield, %

$$\frac{\text{Dividends per share}}{\text{Share price on closing date}} * 100$$

Price-to-earnings ratio (P/E)

$$\frac{\text{Share price on closing date}}{\text{Earnings per share}}$$

Average share price

$$\frac{\text{Total trading in share in euros}}{\text{Number of traded shares on average over financial period}}$$

Market value of share capital, EUR

Closing-date share price x number of shares

B. FINANCIAL STATEMENTS FOR PARENT COMPANY (FAS)

INCOME STATEMENT (EUR)	1 January 2017–31 December 2017	1 January 2016–31 December 2016
TURNOVER	**22,506,866.56**	**23,017,768.84**
Other operating income	5,584,396.01	4,820,148.34
Materials and services		
Materials, supplies and goods		
Purchases during the financial period	-5,546,486.20	-5,091,454.88
Addition/reduction of stock	187,038.07	-21,091.66
External services	-3,080,443.24	-3,068,967.09
	-8,439,891.37	-8,181,513.63
Staff expenses		
Salaries and fees	-3,887,630.09	-3,940,485.50
Indirect employee costs		
Pension costs	-743,462.79	-753,365.62
Other indirect employee costs	-157,074.19	-233,531.07
	-4,788,167.07	-4,927,382.19
Depreciations, amortisations and impairment		
Scheduled depreciations	-1,758,255.28	-2,026,739.16
Impairment of non-current assets	0.00	-1,412.78
	-1,758,255.28	-2,028,151.94
Other operating expenses	-12,767,476.92	-11,567,994.40
OPERATING PROFIT (LOSS)	**337,471.93**	**1,132,875.02**
Financial income and expenses		
Income from shares in companies of the same Group	1,161,800.00	636,200.00
From others	1,140.00	
Other interest and financial income		
From companies in the same Group	1,141,485.10	1,002,552.83
From others	3,598.60	5,976.02
Impairments of cash equivalents in current assets	-64,240.00	-78,000.00
Interest expenses and other finance costs		
To companies in the same Group	-148.42	-9,673.19
To others	-773,749.01	-801,888.35
	1,469,886.27	755,167.31
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	**1,807,358.20**	**1,888,042.33**
Appropriations		
Addition/reduction of depreciation difference	-90,825.26	1,230.29
Group contributions received/given	6,140,519.33	6,040,370.00
	6,049,694.07	6,041,600.29
Taxes for financial period	-1,327,952.65	-1,115,300.57
PROFIT (LOSS)	**6,529,099.62**	**6,814,342.05**

BALANCE SHEET (EUR)	31/12/2017	31/12/2016
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	498,304.26	737,052.74
Other long-term expenditure	4,684,222.08	2,562,364.46
Advance payments	139,622.02	36,401.29
	5,322,148.36	3,335,818.49
Tangible assets		
Buildings and structures	2,180,419.08	2,261,139.77
Machines and equipment	2,923,674.73	2,481,730.33
Other tangible assets	1,393.44	1,393.44
Prepayments and incomplete acquisitions	126,529.31	0.00
	5,232,016.56	4,744,263.54
Investments		
Holdings in Group companies	37,613,128.43	34,965,324.91
Holdings in associated companies	3,047,895.23	1,330,000.00
Other shares and holdings	422,658.84	434,342.84
	41,083,682.50	36,729,667.75
NON-CURRENT ASSETS TOTAL	**51,637,847.42**	**44,809,749.78**
CURRENT ASSETS		
Inventories		
Finished goods/Items	569,500.65	382,462.58
	569,500.65	382,462.58
Non-current		
Non-current trade receivables	261,947.37	14,171.60
Receivables from Group companies	24,616,944.12	22,593,553.38
Loan assets	125,325.09	653,925.09
Other receivables	189,038.46	100,000.00
	25,193,255.04	23,361,650.07
Current		
Trade receivables	1,350,905.48	1,085,161.85
Receivables from Group companies	24,016,880.93	20,326,322.85
Loan assets	500,000.00	26,400.00
Other receivables	222,841.79	22,322.27
Prepayments and accrued income	806,264.71	636,046.59
	26,896,892.91	22,096,253.56
Cash and cash in bank	420,531.84	315,152.86
CURRENT ASSETS TOTAL	**53,080,180.44**	**46,155,519.07**
ASSETS TOTAL	**104,718,027.86**	**90,965,268.85**

BALANCE SHEET (EUR)	31/12/2017	31/12/2016
LIABILITIES		
EQUITY		
Share capital	150,000.00	150,000.00
	150,000.00	150,000.00
Other reserves		
Invested unrestricted equity fund	37,541,513.54	37,541,513.54
	37,541,513.54	37,541,513.54
Profit (loss) from previous financial periods	10,498,944.43	8,670,488.38
Profit (loss) from financial period	6,529,099.62	6,814,342.05
EQUITY TOTAL	**54,719,557.59**	**53,176,343.97**
APPROPRIATIONS		
Depreciation difference	224,231.73	133,406.47
TOTAL APPROPRIATIONS	**224,231.73**	**133,406.47**
COMPULSORY PROVISIONS		
Other compulsory provisions	0.00	183,151.52
COMPULSORY PROVISIONS TOTAL	**0.00**	**183,151.52**
CREDIT CAPITAL		
Non-current		
Subordinated loans	0.00	76,954.40
Loans from financial institutions	29,496,450.00	23,981,568.00
Liabilities to companies in the same Group	1,683,786.77	774,501.96
Other payables	0.00	460,164.05
	31,180,236.77	25,293,188.41
Current		
Loans from financial institutions	10,419,872.51	7,461,309.84
Advances received	1,635.51	12,575.31
Accounts payable	2,548,840.73	1,462,816.24
Liabilities to companies in the same Group	3,473,731.00	1,133,786.75
Other payables	596,063.11	413,244.98
Accruals and deferred income	1,553,858.91	1,695,445.36
	18,594,001.77	12,179,178.48
CREDIT CAPITAL TOTAL	**49,774,238.54**	**37,472,366.89**
LIABILITIES TOTAL	**104,718,027.86**	**90,965,268.85**

NOTES CONCERNING THE PREPARATION OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

Restamax Plc's financial period is 1 January–31 December. The financial statements have been prepared in accordance with the Finnish Accounting Act (FAS).

Principles and methods of measurement and recognition

Measurement of non-current assets

Non-current assets are measured at their acquisition cost less the accrued depreciation.
The notes for the non-current assets only present the acquisition costs for those non-current assets whose acquisition costs have not been completely depreciated as scheduled depreciations.

Basis of and changes to scheduled depreciations

Commodity group	Estimated service life	Depreciation percentage	Depreciation method
Buildings	30 years		straight-line depreciation
Goodwill	5-7 years		straight-line depreciation
Other intangible assets	3-10 years		straight-line depreciation
Machines and equipment		25	residue cost depreciation

Measurement of current assets

Inventories are measured at their varying acquisition cost in accordance with the FIFO principle and the lowest value principle defined in Section 6(1) of Chapter 5 of the Accounting Act.

The sale receivables and other receivables marked under non-current assets are measured at their nominal value or their probable value, whichever is lowest.

Pension coverage for personnel

The pension coverage for the company's personnel has been arranged in external pension insurance companies. Pension insurance payments have been recognised to correspond with the accruals-based salaries in the financial statements.

Measurement of credit capital

Liabilities are measured at their nominal value.

Own shares

Own shares purchased are recorded as deductions from the accumulated earnings from previous financial periods.

NOTES TO THE INCOME STATEMENT

	31/12/2017	31/12/2016
Distribution of turnover		
Restaurant business	22,223,676.83	22,662,539.99
Other business	283,189.73	355,228.85
	22,506,866.56	**23,017,768.84**

	31/12/2017	31/12/2016
Other operating income		
Sales profit	376,026.69	0.00
Rental income	251,996.46	161,422.58
Other miscellaneous operating income	145,573.19	835,298.09
Other miscellaneous operating income, Group	4,810,799.67	3,823,427.67
Total	**5,584,396.01**	**4,820,148.34**

	31/12/2017	31/12/2016
Materials and services		
Materials and supplies		
Purchases during the financial period	5,546,486.20	5,091,454.88
Changes in inventories	-187,038.07	21,091.66
External services	3,080,443.24	3,068,967.09
	8,439,891.37	**8,181,513.63**

	31/12/2017	31/12/2016
Staff expenses		
Number of staff		
Average number of staff	104	99
Total number of staff	**104**	**99**
Salaries and fees	3,887,630.09	3,940,485.50
Pension costs	743,462.79	753,365.62
Other indirect employee costs	157,074.19	233,531.07
Total	**4,788,167.07**	**4,927,382.19**
Fringe benefits (taxable value)	76,795.65	58,301.07

	31/12/2017	31/12/2016
Other operating expenses		
Voluntary indirect employee costs	234,773.35	237,781.31
Costs for business premises	7,131,972.97	6,661,586.65
Costs for machinery and equipment	1,068,058.84	906,562.60
Travel expenses	206,351.71	172,490.51
Marketing, performer and entertainment expenses	2,186,431.57	2,131,910.44
Other operating expenses	1,939,888.48	1,457,662.89
	12,767,476.92	**11,567,994.40**

	31/12/2017	31/12/2016
Auditor services		
Auditor's fee	80,850.00	50,750.00
Other services	41,598.28	86,862.00
Total	**122,448.28**	**137,612.00**

	31/12/2017	31/12/2016
Financial income and expenses		
Income from shares		
From companies in the same Group	1,161,800.00	636,200.00
From others	1,140.00	0.00
Impairment of investments in non-current assets		
From others	-64,240.00	-78,000.00
Interest and other financial income		
From companies in the same Group	1,141,485.10	1,002,552.83
From others	3,598.60	5,976.02
Interest and other financing expenses		
To companies in the same Group	-148.42	-9,673.19
To others	-773,749.01	-801,888.35
Total	**1,469,886.27**	**755,167.31**

In 2016, the company received EUR 70,000.00 from Restala Oy as advance dividends.

	31/12/2017	31/12/2016
Appropriations		
Difference of scheduled depreciations and depreciations made in taxation	-90,825.26	1,230.29
Group contributions received	6,140,519.33	6,199,000.00
Group contributions given	0.00	-158,630.00
Total	**6,049,694.07**	**6,041,600.29**

	31/12/2017	31/12/2016
Income taxes		
Income taxes from actual operations	1,327,864.19	1,115,300.57
Taxes from previous financial periods	88.46	0.00
	1,327,952.65	**1,115,300.57**

NOTES CONCERNING ASSETS ON THE BALANCE SHEET

Non-current assets

Intangible assets	Goodwill	Other intangible assets	Total
Book value 1 Jan	737,052.74	2,598,765.74	3,335,818.49
Additions	33,500.00	3,064,851.43	3,098,351.43
Deductions	0.00	-54.89	-54.89
Depreciation during the financial period	-272,248.48	-839,718.19	-1,111,966.67
Book value on 31 December	**498,304.26**	**4,823,844.10**	**5,322,148.36**

Tangible assets	Buildings	Machines and equipment	Other tangible assets	Prepayments and incomplete acquisitions	Total
Book value 1 Jan	2,261,139.77	2,481,730.33	1,393.44	0.00	4,744,263.54
Additions	0.00	1,124,865.24	0.00	126,529.31	1,251,394.55
Deductions	0.00	-117,352.92	0.00	0.00	-117,352.92
Depreciation during the financial period	-80,720.69	-565,567.92	0.00	0.00	-646,288.61
Book value on 31 December	**2,180,419.08**	**2,923,674.73**	**1,393.44**	**126,529.31**	**5,232,016.56**

Investments	Holdings in Group companies	Holdings in associated companies	Other shares and holdings	Total
Book value 1 Jan	34,965,324.91	1,330,000.00	434,342.84	36,729,667.75
Additions	2,649,553.52	1,717,895.23	0.00	4,367,448.75
Deductions	-1,750.00	0.00	-11,684.00	-13,434.00
Book value on 31 December	**37,613,128.43**	**3,047,895.23**	**422,658.84**	**41,083,682.50**

Company’s shares in other companies where its ownership exceeds 20 per cent

Holdings in Group companies

Company name and type	Domicile	Share %
Beaniemax Oy	Tampere	60.0%
Dinnermax Oy	Tampere	70.0%
Gastromax Oy (Group)	Tampere	70.0%
Pyynikin Brewery Restaurants Oy	Tampere	85.0%
Harry's Ravintolat Oy	Helsinki	90.0%
Hernesaaren Ranta Oy	Helsinki	80.0%
Italpal Oy	Tampere	100.0%
Kampin Sirkus Oy (Group)	Tampere	90.0%
Markkinointitoimisto Aito Finland Oy	Tampere	100.0%
Koskimax Oy	Tampere	59.6%
Levin Ravintolakatu Oy	Helsinki	100.0%
Max Consulting Oy (Group)	Tampere	100.0%
Suomen Ravintolatoimi Oy (Group)	Jyväskylä	42.1%
Bistromax oy	Tampere	70.0%
Mikonkadun keidas Oy	Tampere	90.0%
Northmax Oy	Tampere	70.0%
Poolmax Oy	Tampere	80.0%
Priima Ravintolat Oy (Group)	Tampere	63.8%
Rock Hard Catering Oy	Tampere	88.0%
Tampereen Satamaravintolat Oy	Tampere	100.0%
Purmax Oy	Tampere	60.0%
Rengasravintolat Oy	Tampere	100.0%
Restala Oy (Group)	Helsinki	100.0%
Unioninkadun keidas Oy	Helsinki	82.0%
Rivermax Oy (Group)	Tampere	72.0%
Tillikka Oy	Tampere	80.0%
Roska Yhtiöt Oy	Tampere	100.0%
Skohan Oy	Tampere	75.0%
Somax Oy	Tampere	70.0%
Soolo Max Oy	Tampere	70.0%
SRMax Oy	Tampere	85.0%
Suomen Diner Ravintolat Oy	Tampere	80.0%
Suomen Ravintolatoimi Oy	Jyväskylä	57.9%
Suomen Siipiravintolat Oy	Tampere	70.0%
Thai Papaya Oy	Helsinki	60.0%
Tunturimax Oy	Tampere	76.0%
Unioninkadun keidas Oy	Helsinki	18.0%
Urban Group Oy (Group)	Helsinki	80.0%
Cholo Oy	Helsinki	100.0%
Sabor a México Oy	Helsinki	100.0%

Company name and type	Domicile	Share %
Smile Henkilöstöpalvelut Oy (Group)	Tampere	78.4%
Happy Henkilöstöpalvelut Oy	Tampere	100.0%
Job Services One Oy	Tampere	100.0%
Max Henkilöstöpalvelut Oy	Tampere	100.0%
Resta Henkilöstöpalvelut Oy	Tampere	100.0%
RM Henkilöstöpalvelut Oy	Tampere	100.0%
Smile Botnia Oy	Tampere	90.0%
Smile Doctors Oy	Tampere	71.3%
Smile Education Oy	Tampere	51.0%
Smile Events & Promotions Oy	Tampere	100.0%
Smile Huippu Oy (Group)	Kuopio	75.0%
Smile Pavelut Jyväskylä Oy	Tampere	100.0%
Smile ICT Oy	Tampere	55.0%
Smile MMS Oy (Group)	Kuortane	100.0%
Smile Industries Oy (Group)	Kuortane	100.0%
Smile Industries Jyväskylä Oy	Tampere	100.0%
Smile Industries Kuopio Oy	Tampere	90.0%
Smile Industries Tampere Oy (Group)	Tampere	76.5%
Smile Industries Manse Oy	Tampere	100.0%
Smile MMS Työllistamispalvelut Oy	Kuortane	70.0%
Smile Pohjanmaa Oy	Kuortane	72.0%
Smile Palvelut Helsinki Oy	Tampere	100.0%
Smile Palvelut Hämeenlinna Oy	Hämeenlinna	100.0%
Smile Palvelut Pohjoinen Oy	Tampere	100.0%
Smile Palvelut Ilo Oy	Tampere	100.0%
Smile Palvelut Turku Oy	Tampere	100.0%
Smile Railways Oy	Tampere	100.0%
Smile Services Oy	Tampere	100.0%
Smile Super Oy	Tampere	100.0%
Smile Tampere Oy	Tampere	100.0%
Smile Banssi Oy (Group)	Tampere	100.0%
Smile Banssi Etelä Oy	Espoo	90.9%
Smile Banssi Pohjoinen Oy	Espoo	100.0%
Smile Banssi Häme Oy	Espoo	100.0%
Smile Banssi Uusimaa Oy	Vantaa	90.9%
Smile Banssi Itä Oy	Joensuu	100.0%
Smile Banssi Länsi Oy	Turku	100.0%
Smile Banssi Keski Oy	Jyväskylä	90.0%
Smile Banssi Lappi Oy	Rovaniemi	90.0%
Smile Banssi Helsinki Oy	Helsinki	100.0%
Smile Banssi Safety Oy	Espoo	100.0%
Smile Banssi Kaakko Oy	Lappeenranta	90.0%
Smile Hoiva Oy	Espoo	100.0%
Talous Bandora Oy	Espoo	100.0%

Holdings in associated companies

Company name and type	Domicile	Share %
SuperPark Oy	Sotkamo	30.3%

Current assets		
Inventories	**31/12/2017**	**31/12/2016**
Materials and supplies	569,500.65	382,462.58
	569,500.65	382,462.58

Receivables		
Non-current receivables	**31/12/2017**	**31/12/2016**
Trade receivables	261,947.37	14,171.60
Loan assets	125,325.09	653,925.09
Other receivables	189,038.46	100,000.00
	576,310.92	**768,096.69**
Non-current receivables from companies in the same Group		
Loan assets	24,616,944.12	22,593,553.38
	24,616,944.12	22,593,553.38
Non-current receivables total	**25,193,255.04**	**23,361,650.07**

Current receivables	31/12/2017	31/12/2016
Trade receivables	1,350,905.48	1,085,161.85
Loan assets	500,000.00	26,400.00
Other receivables	222,841.79	22,322.27
Prepayments and accrued income	806,264.71	636,046.59
	2,880,011.98	**1,769,930.71**
Current receivables from companies in the same Group		
Trade receivables	707,515.45	340,018.62
Prepayments and accrued income	1,371,115.73	382,139.69
Other receivables	7,800,019.33	6,269,000.00
Loan assets	14,138,230.42	13,335,164.54
	24,016,880.93	**20,326,322.85**
Current receivables total	**26,896,892.91**	**22,096,253.56**

Essential items of prepayments and accrued income		
Amortisations	88,238.65	60,433.47
Income tax receivables	137,270.01	0.00
Other prepayments and accrued income	580,756.05	575,613.12
Total	**806,264.71**	**636,046.59**

NOTES CONCERNING LIABILITIES ON THE BALANCE SHEET

EQUITY	31/12/2017	31/12/2016
Share capital at the beginning of the financial period	150,000.00	150,000.00
Share capital at the end of the financial period	150,000.00	150,000.00
Invested equity at the end of the financial period in total	**150,000.00**	**150,000.00**

Invested unrestricted equity fund at the beginning of the financial period	37,541,513.54	34,892,713.54
Private offering	0.00	2,648,800.00
Invested unrestricted equity fund at the end of the financial period	**37,541,513.54**	**37,541,513.54**

Profit/loss from previous financial periods at the beginning of the financial period	8,670,488.38	7,805,976.94
Transfer of profit/loss from previous financial period	6,814,342.05	5,233,008.84
Dividend distribution	-4,985,886.00	-4,368,497.40
Profit/loss from previous financial periods at the end of the financial period	**10,498,944.43**	**8,670,488.38**

Profit/loss from financial period	**6,529,099.62**	**6,814,342.05**
Unrestricted equity at the end of the financial period in total	**54,569,557.59**	**53,026,343.97**
Equity, total	**54,719,557.59**	**53,176,343.97**

Calculation of distributable funds in equity		31/12/2017		31/12/2016
Profit from previous financial periods		10,498,944.43		8,670,488.38
Net income from financial period (profit + / loss -)	+	6,529,099.62	+	6,814,342.05
Invested unrestricted equity fund	+	37,541,513.54	+	37,541,513.54
Distributable funds total	=	**54,569,557.59**	=	**53,026,343.97**

Appropriations	31/12/2017	31/12/2016
Depreciation difference for buildings	37,924.48	29,374.56
Depreciation difference for machines and equipment	186,307.25	104,031.91
Total appropriations	224,231.73	133,406.47

Compulsory provisions	31/12/2017	31/12/2016
Rental provision	0.00	183,151.52
	0.00	183,151.52

CREDIT CAPITAL	31/12/2017	31/12/2016
Non-current credit capital		
Subordinated loans	0.00	76,954.40
Loans from financial institutions	29,496,450.00	23,981,568.00
Liabilities to companies in the same Group		
Other liabilities to Group companies	1,683,786.77	774,501.96
Advances received	0.00	0.00
	1,683,786.77	774,501.96

Other non-current liabilities	0.00	460,164.05
Non-current credit capital total	**31,180,236.77**	**25,293,188.41**

Liabilities that mature later than within five years	31/12/2017	31/12/2016
Loans from financial institutions	1,755.14	3,721.40

Current credit capital	31/12/2017	31/12/2016
Loans from financial institutions	10,419,872.51	7,461,309.84
Advances received	1,635.51	12,575.31
Accounts payable	2,548,840.73	1,462,816.24
Liabilities to companies in the same Group		
Accounts payable	1,039,282.06	402,094.85
Liabilities	2,422,524.51	674,964.66
Advances received	0.00	43,264.00
Accruals and deferred income	11,924.43	13,463.24
	3,473,731.00	1,133,786.75

Other payables	596,063.11	413,244.98
Accruals and deferred income	1,553,858.91	1,695,445.36
Current credit capital total	**18,594,001.77**	**12,179,178.48**

Essential items of accrued charges and deferred credits	31/12/2017	31/12/2016
Salary debt	256,108.63	266,215.36
Holiday salary debt	628,659.25	596,093.12
Pension insurance	193,945.97	178,441.73
Income tax liabilities	0.00	173,300.57
Other accruals and deferred income	475,145.06	481,394.58
Accrued expenses, total	**1,553,858.91**	**1,695,445.36**

The total balance of the consolidated account is presented in current liabilities. The parent company's receivable or liability is presented as a receivable from Group companies or a liability to Group companies.

NOTES CONCERNING GUARANTEES AND CONTINGENT LIABILITIES

Liabilities and guarantees by balance sheet item and guarantee type

Liabilities with guarantees included on the balance sheet	31/12/2017	31/12/2016
Loans from financial institutions, non-current	29,496,450.00	23,981,568.00
Loans from financial institutions, current	10,419,872.51	7,461,309.84
Total	**39,916,322.51**	**31,442,877.84**

Provided guarantees	31/12/2017	31/12/2016
Corporate mortgages given	34,150,000.00	34,150,000.00
Real estate mortgage	4,096,768.00	4,096,768.00
Bank guarantees	0.00	688,135.63
Mortgaged securities, shares in subsidiaries at book values	37,613,128.41	31,596,562.11
Other guarantees	7,000,000.00	1,000,000.00
Other guarantees given in total	**82,859,896.41**	**71,531,465.74**

Restamax Plc has committed to financing, when necessary, an associated company with a subordinated loan of a maximum of TEUR 2,000. After the end of the financial period, TEUR 500 of the loan is drawn.

Leasing rental agreement liabilities not included on the balance sheet	31/12/2017	31/12/2016
To be paid during the next financial period	1,974.35	5,549.88
To be paid later	503.33	2,480.00
Total	**2,477.68**	**8,029.88**
Total amount of open leasing rental agreements,	2,477.68	8,029.88
due during next financial period	1,974.35	5,549.88
due later	503.33	2,480.00
The agreements can be terminated by paying the residual value for the remaining instalments	2,477.68	8,029.88

Other liabilities		
Other guarantee engagements not included or entered on the balance sheet		

	31/12/2017	31/12/2016
Rental guarantee, VAT 0%	44,946,869.62	32,914,503.36
	44,946,869.62	**32,914,503.36**

	31/12/2017	31/12/2016
Smile Henkilöstöpalvelut Oy, purchase guarantee approx.	0.00	MEUR,2.1
Guarantee liability from purchases	600,000.00	200,000.00

Restamax Plc has provided an absolute guarantee for all of the companies in the Restamax Group as relates to accounts payable to the wholesalers, up to an amount of TEUR 600.

CASH FLOW STATEMENT FOR 1 JANUARY–31 DECEMBER 2017

€ thousand	1 January–31 December 2017	1 January–31 December 2016
Operating cash flow:		
Profit (loss) before appropriations and taxes	1,807	1,888
Adjustments:		
Scheduled depreciations and impairment	1,758	2,028
Other income and expenses that do not incur payments	-54	-889
Financial income and expenses	-1,470	-755
Other adjustments	-307	83
Cash flow before change in working capital	1,734	2,355
Change in working capital:		
Increase (-)/deduction (+) in current interest-free receivables	-1170	319
Increase (-)/deduction (+) in inventories	-187	21
Increase (-)/deduction (+) in current interest-free liabilities	1914	-948
Operating cash flow before financial items and taxes	2,291	1,746
Interest and fees paid for other operating finance costs	-755	-757
Dividends received from business operations	1,233	1,516
Interest received from business operations	151	896
Immediate taxes paid	-1,636	-1,914
Cash flow before extraordinary items	1,285	1,488
Operating cash flow (A)	**1,285**	**1,488**
Investment cash flow:		
Investments in tangible and intangible assets	-4,709	-984
Income from assignment of tangible and intangible assets	55	1,082
Investments in other investments	-4,367	-779
Income from assignment of other investments	199	0
Deduction (+)/increase (-) of non-current loans receivable	-2,826	-2,245
Investment cash flow: (B)	**-11,649**	**-2,926**
Finance cash flow:		
Current loans drawn (+)/repaid (-)	3,565	-1,367
Non-current loans drawn (+)	13,560	21,740
Non-current loans repaid (-)	-7,673	-20,960
Dividends paid and other distribution of profits	-4,986	-4,368
Group contributions received (+)	6,162	6,424
Group contributions given (-)	-159	0
Finance cash flow: (C)	**10,469**	**1,469**
Change in cash and cash equivalents (A+B+C), increase (+)/deduction (-)	**105**	**30**
Cash and cash equivalents at the beginning of the financial period	315	158
Cash and cash equivalents transferred in merger	0	126
Cash and cash equivalents at the end of the financial period	421	315
Cash and cash equivalents at the end of the financial period, excluding the merger	105	30
Change	0	0

SIGNATURES FOR FINANCIAL STATEMENTS AND ANNUAL REPORT 31 DECEMBER 2017

Date and signatures

Tampere, 27 March 2018

Timo Laine
hallituksen puheenjohtaja

Mikko Aartio

Timo Everi

Mika Niemi

Petri Olkinuora

Jarmo Viitala

Juha Helminen
CEO

Auditor's note

An audit report has been provided today.

Date and signature

Tampere, 27 March 2018

Deloitte Oy
Authorised Public Accountants

Hannu Mattila
APA

List of accounting books, receipt types and storage methods

	Storage method
General journal	Electronic archive
Nominal ledger	Electronic archive
Accounts receivable	Electronic archive
Accounts payable	Electronic archive
Payroll accounting	Paper documents/ Electronic archive
Financial statements	Separately bound/ www.restamax.fi
Balance sheet specifications	Separately bound
	Receipt type
Manual entry	80000
Account receipts (TITO)	170000
Sales invoice sums	120001
Payments	70000
Purchase invoices	200000
Payment of the purchase invoice	40000
Kasperi receipts	160000
eAttest amortisation	150000
Allocation receipts	100001
External preliminary systems	300000
Receipt of notes to the accounts	LTT01

RESTAMAX

RESTAURANT COMPANY

RESTAMAX PLC

HATANPÄÄN VALTATIE 1 B, 33100 TAMPERE

WWW.RESTAMAX.FI • WWW.RAVINTOLA.FI