Apetit

ANNUAL REPORT 2018

APETIT
NUMBER ONE IN VEGETABLES

Apetit uses vegetables to make easy and delicious frozen and fresh cut products that promote well-being. We refine high-quality vegetable oils and produce expeller meal from rapeseed. In the grain trade, we bring together grain buyers, sellers, growers and industries, in Finland and internationally, by providing reliable long-term partnerships and expertise. In 2018, the company's net sales were EUR 283.1 million. Apetit Plc's shares have been listed on Nasdaq Helsinki Ltd since 1989.

Apetit seeks to understand the impact of its operations on people, society and the environment as comprehensively as possible. In the food chain, our key sustainability themes include sustainable primary production, product safety and the traceability of food, sustainability management within the supply chain, and environmental aspects. Other key aspects in food production include good overall nutrition, transparency and responsible operations in terms of internal and external stakeholders.

This report includes a statement on Apetit's sustainability work in 2018. Apetit reports on its sustainability work in accordance with the Global Reporting Initiative (GRI) guidelines, where applicable. Questions related to the report may be sent to comms@apetit.fi. They will be forwarded to the person responsible for the topic area in question.

APETIT IN 2018

People are increasingly opting for vegetables, and foods with a high vegetable content. As well as being healthy and tasting good, vegetables are a sustainable choice. Today, we are focusing on renewal, international operations and efficiency improvement in all of our business operations.

APETIT IN BRIEF

Apetit leads the way in vegetable-based diets by reinventing itself actively and strengthening its resources in product development and in research and development. In previous years, in addition to launching new products under our Apetit brand, we have been among the front-runners in introducing new product categories, concepts and digital services. Increasing the use of vegetables as a means to improve overall well-being continues to be a growing trend.

Apetit relies on high quality and sustainability in all of its operations. In Finland, our strengths include highly committed contract growers. Our responsible farming practices are based on our systematic cooperation with our contract growers over the long term. These practices include general principles and variety-specific instructions, as well as the management of quality, product safety and environmental aspects. We also apply high quality and sustainability standards to the raw materials we purchase from other sources.

NET SALES
283.1
EUR MILLION

INVESTMENT
6.7
EUR MILLION

OPERATIONAL EBIT
-0.5
EUR MILLION

OPERATIONAL EBITDA
5.3
EUR MILLION

Food solutions

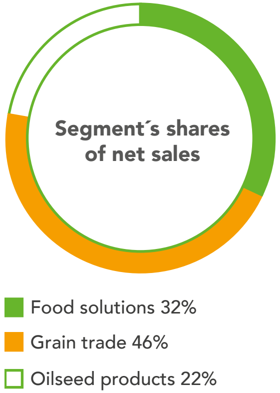
We produce a wide range of tasty frozen vegetable products and frozen ready meals and fresh ready-to-use vegetables that make it easy to increase the use of vegetables. Our aim is to become Finland's leading brand in vegetable-based food solutions. Most of our frozen vegetables are grown on the farms of our contract growers in the Satakunta region of Finland using our unique, responsible farming methods.

Oilseed products

We are Finland's most significant producer of vegetable oils and oilseed-based raw materials for feeds. Our oil milling plant in Kirkkonummi uses 99.9 per cent of the oilseed, producing high-quality products with a high added value for human and animal consumption.

Grain trade

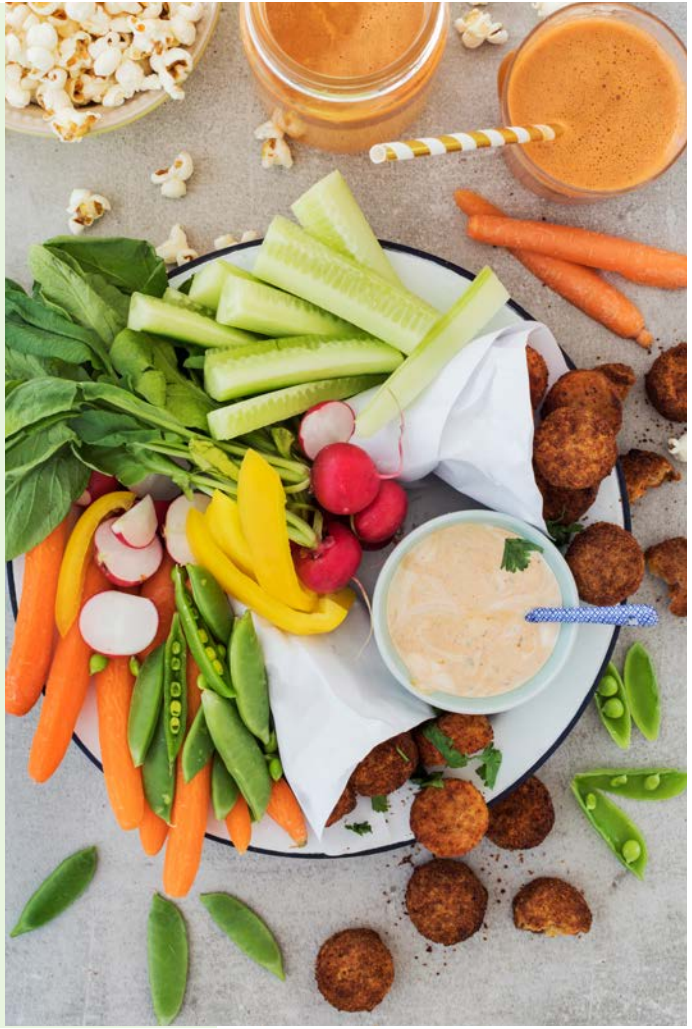
We operate actively in the grain, oilseed and feed raw-material markets. We offer excellent customer service and trading tools for buyers and sellers. Our main areas of supply are Finland and the Baltic countries, but we engage in the international grain trade. Our success is based on our comprehensive expertise and experience and our strong market knowledge.



Apetit

WELL-BEING FROM VEGETABLES

- A Finnish company specialising in vegetable-based diets
- Main product groups: frozen products, fresh cut products, vegetable oils and feed raw materials
- An active partner at your service in the Finnish and international grain, oilseeds and feed raw-materials markets
- Customers: consumers and the retail trade, the professional food service sector, and the food and feed industries
- Founded in 1950
- 594 employees at the end of 2018
- More than 11,000 shareholders
- Listed on the Nasdaq Helsinki
- Apetit's production plants are located in Säkylä, Helsinki, Kirkkonummi and Pudasjärvi.



SELECTED TOPICS FROM 2018

New partnership: Viljelijän Avena Berner

Avena, an Apetit Group company, and Viljelijän Berner combined their purchasing and sales organisations in August in a production input and grain trade deal. The operating model of the new venture, Viljelijän Avena Berner, is based on partnership and a common field organisation.

Under the new operating model, the venture will offer Finnish growers a Finnish-owned partner for grain and oilseed trade and the use and procurement of agricultural production inputs.

Apetit Vegepops Carrot&Mango: Finnish Food of the Year 2018

Apetit Vegepops Carrot&Mango was selected as the Finnish Food of the Year at the Food Day event in May 2018. According to the jury, Vegepops is an entirely new type of Finnish product innovation, a joint project combining the expertise of a vegetable processing company and an ice cream factory. Apetit Vegepops Carrot&Mango can be enjoyed as a treat or a snack. It is a fresh and delicious way to increase the consumption of vegetables. Apetit Vegepops Carrot&Mango contains 41 per cent of vegetables and fruit.

Njam - yum! Apetit has launched an app to promote the use of vegetables.

The Njam mobile app suggests delicious, vegetable-inspired recipes to users based on their preferences. Njam encourages users to add more vegetables to their diet and also creates shopping lists based on their choices.

Apetit's Kasvimaani.fi has been delivering vegetable boxes across Finland for a year

Apetit's Kasvimaani.fi service turned one year old in September 2018. During its first year, its deliveries to customers enthusiastic about eating more vegetables included more than 50 different vegetables and fruits. Kasvimaani.fi is an online service that enables consumers to order vegetables directly from Apetit's contract growers and other partners. The vegetable boxes are delivered to the door during harvest season.

Joy cometh in the form of vegetables

A new type of marketing co-operation brought two Finnish classics together in the spring when the Uusi Iloinen Teatteri (UIT) musical theatre group combined joy and the colourful world of Apetit's vegetables in the Tuhansien ämpärien maa (Land of a thousand buckets) musical. This very descriptive slogan became the theme of the co-operation: Joy cometh in the form of vegetables.

The collaboration gained significant visibility in the media and offered Apetit's stakeholders a fun evening at the theatre. High quality, home-grown content and sparkling joy describe what Apetit and the musical theatre UIT both do. The co-operation will continue on the same them in the spring of 2019.

Apetit acquires shares in Foodwest

In June, Apetit acquired an 18.4 per cent share in the Foodwest Oy development company. Apetit's holding in the company will promote its strategic goals to focus on product development and to renew and lead the way in vegetable-based diets.

Apetit can use Foodwest's services in improving its consumer understanding, in product development and commercialisation. Foodwest's services also includes contract production.

VEGETABLES CONTINUE TO GROW IN POPULARITY

As is Apetit's key goal, consumers have added vegetables and vegetarian alternatives to their diets. This trend is expected to continue and the growing popularity of a vegetable-based diet is very likely to be a permanent change.

When making choices about food, consumers place more and more weight on wellbeing and also on convenience. They want healthy alternatives that also make their hectic lives easier, such as foods that are quick to cook, handy side dishes and ready-prepared or ready-to-eat foods. And while people see vegetables and foods with a high vegetable content as important to improving their own wellbeing, an increasing number feel they are also a choice for sustainable development.

The taste and quality of food are still important factors. We will not compromise on either of them at Apetit. The quality and safety of our products take first place. In fact, professionalism and responsibility, reliability, risk prevention and systematic control are central to everything we do. When we develop products, we feel it is natural to focus on their nutritional characteristics and also on taste because food only nourishes you if you eat it. This way we can ensure that consumers will choose our products again and again.

Responsible business

At Apetit we believe that responsibility is a fixed and natural part of everything we do. When we talk about responsible business, we can stand firm and proud behind everything we say. Apetit's responsible operations cover the entire value chain from raw-material production and procurement to production and the final product and its brand promise, too. When you buy an Apetit product, you can be sure that it has been carefully produced and that it is safe and of high quality and in many ways the result of the sustainable choices that all of us should make more of.

Apetit's mission is to produce wellbeing with vegetables. The mission includes increasing the consumption of healthy products that make it easier to eat more vegetables and a very high standard which we meet in a way that is sustainable for our stakeholders and the environment. As a company with strong ties to primary production, developing sustainable food production is especially important to us. We have defined the areas of corporate responsibility that are most essential to our operations in collaboration with our stakeholders. In this report, we examine the way we operate sustainably.

Renewal, efficiency and international operations

In March 2018, Apetit further specified its strategic goals. Its focus areas are renewal, efficiency improvement and internationalisation. Strategy measures carried out during the year reinforce Apetit's position as number one in vegetables and help in building a foundation for the further development of the business in the long term.

In June, we announced that we will invest nearly EUR 10 million in a new patty and ball production line at our Säkylä plant. The new line will double our production capacity, meet current demand and enable us to produce new products for the Finnish and international markets.

As part of the project to improve efficiency, Apetit is building a bioenergy plant in conjunction with the rapeseed oil milling plant in Kirkkonummi. The bioenergy plant will replace the current energy solution that uses non-renewable fuels and will significantly reduce the carbon dioxide emissions of the entire Group.

Apetit also participated in the share issue of the food business development company Foodwest in May–June. Apetit's holding in the company will promote our strategic goals to focus on product development and to renew and lead the way in vegetable-based diets.

One result of the systematic product development work we have done is the nomination of Apetit Vegepops Porkkana-mango as the Finnish Food of the Year 2018 in May. It is a significant recognition of Apetit's expertise in processing Finnish vegetables. We also continued work on a project to develop a rapeseed ingredient in order to develop a new ingredient with high nutritional content for the international food market. An application for novel food marketing authorisation for the rapeseed ingredient was made at the end of 2018.

Renewal and continuous development of operations took concrete form in Grain Trade when Avena and Viljelijän Berner joined their purchasing and sales organisations in production input and grain trade under a new operating model based on partnership. Business will be conducted under the name Viljelijän Avena Berner and the company will offer Finnish farmers a one-stop-shop for production input and grain trade services.

Increasing the share of food sales abroad has proceeded according to plan. At the end of August, Apetit will launch a new selection for the Swedish market called Free From, which includes five patty and ball products. In Russia we are continuing work on reinforcing our position through local food product chains. We exported record amounts of peas last year, especially to Italy and Asia.

At the end of the year, we announced that we will discontinue the service point business under the Food Solutions business, which is a natural result of the sale of the seafood business in 2017. Discontinuing the service point business will improve our operating efficiency and move the focus in food even closer to strengthening and growing our core business, the frozen foods group, and to the strong improvement of the profitability of the fresh product group.

A year of contrasts

The past year was one of large contrasts. Two consecutive weak harvest seasons have reduced the volumes of Grain Trade significantly, making trading materially more challenging than in seasons with a normal harvest. The significant decrease of opportunities to export Finnish grain and the imbalance in supply and demand in the Baltic market caused profitability to deteriorate. On the other hand, profit improvement and the efficiency improvement measures that helped to bring it about create confidence in finding the right direction in the Food Business.

In 2018 we fell behind our goals in the grain trade due to the poor harvest in 2017. A second consecutive harvest season that was significantly worse than average had a negative impact on the Group's profit-earning capacity in the second half of the year. In the end, the Finnish grain harvest was the weakest of the millennium to date. The field vegetable harvest was also weaker than usual.

We continued to systematically develop the Food Business to achieve profitable growth. In frozen foods, sales were record-breaking with fastest demand growth in the patty and ball segment. To bolster this growth and develop it further, we made a major investment to double production capacity at the Säkylä facility. In fresh cut products there were occasional steps forward but profitability still did not meet targets.

I am, however, very unsatisfied with the company's overall result. We must continue to improve the efficiency of all of our operations and take measures that lead to significant improvement of profitability in the short term. In addition to measures launched earlier, we launched new ones at the very beginning of 2019.

Thank you!

In 2018, we worked on ensuring competitiveness. We proceeded systematically in our focus areas and led the way in vegetable-based diets through renewal and by improving our operating efficiency and taking the first important steps in growing international food sales. I believe that we are now better prepared to meet the expectations that have been placed on our operations and its profitability.

I would like to take this opportunity to thank our customers, shareholders, contract growers as well as everyone at Apetit and other partners for their trust and cooperation in 2018.

Juha Vanhainen
CEO

VALUE CREATION

Apetit's capacity to create value is based on renewal and product development, the continuous development of strong and attractive brands, managing the field-to-table value chain and continuosly improving the profitability and efficiency of operations.

OPERATING ENVIRONMENT

Apetit's operating environment is changing, which calls for the continuous assessment, strengthening and further development of the company's competitive factors. Key aspects also include understanding the nature of and changes in the operating environment, particularly in terms of customers and the competitive environment.

Factors affecting demand

According to studies, consumers want to increase their use of vegetables, and the demand for vegetable-based proteins continues to grow strongly. Healthiness, sustainability, Finnish origin, organic foods and well-being also continue to grow as trends. In addition, consumers appreciate ease of use in their daily lives. As well as being healthy and tasting good, vegetables are a sustainable choice.

The competitive situation

With the demand for vegetables and vegetable-based products increasing, a growing number of operators with new products are entering the markets. Traditional operators in the food industry have also added vegetable-based products to their selections.

In frozen products, the competitive situation is expected to remain unchanged in Finland, with competition mainly coming from foreign private label products. In fresh products, the intense price competition will continue. In the oilseeds business, competition has increased somewhat in terms of selections, and international players are expanding their operations in Finland, which increases competition in the grain trade value chain.

Customers

In Finland, the retail sector has undergone consolidation, and the role of chain operations and wholesalers is also increasing in importance in the professional food service sector. The consolidation process of industry and trade closely linked to primary production has changed the playing field, particularly in the grain trade in Finland.

In the international food trade, Apetit remains a relatively unknown operator. For this reason, new customer relationships require the creation of strong value-added products in the local market. Finnish origin is not a competitive advantage abroad – to be successful in the international trade, Finnish companies need to identify other unique competitive advantages. In the international grain trade, Apetit has established its position in its selected market areas, and the company is recognised as a reliable operator among customers.

Competitive factors

To be successful and create the best possible added value for its customers, Apetit is strengthening its leadership in vegetable-based food solutions by continuously producing new, interesting products and solutions for customers and by strengthening its role as a responsible operator across the value chain. This will be achieved by

- Investing in research and product development
- Developing key strategic capabilities
- Promoting research into Finnish vegetable-based raw materials
- Actively participating in projects intended to improve material efficiency and the circular economy.

STRATEGY

In the 2018–2020 strategy period, Apetit seeks to lead the way in vegetable-based food solutions and be the best-known brand specialising in vegetable-based diets in Finland. Its focus areas are renewal, international operations and efficiency improvement.

Apetit is focusing on continuous renewal by increasing product and service development and on stronger international operations by increasing international food trade and surveying potential new areas of supply in grain trade while reinforcing its footing in the Baltic countries and improving efficiency in all of its business operations.

Strategic focuses of the business areas for 2018–2020

The Food Solutions business seeks to grow profitably and more rapidly than the market in Finland. Its strategic focuses are:

- The strong renewal of frozen foods and fresh cut products and the development of spearhead products for the international markets
- Supporting and increasing the consumption of vegetables among children and young people
- A clear improvement in profitability
- A sustainable value chain as a stronger competitive factor

The Oilseed Products business seeks to improve profitability and create higher added value. Its strategic focuses are:

- Improving the efficiency of oil milling operations
- Further developing the cultivation of rapeseed in Finland
- New innovations and their commercialisation
- Developing self-sufficiency in vegetable-based proteins in Finland

The Grain Trade business seeks to increase its trading volumes in its main areas of supply and to efficiently manage its working capital. Its strategic focuses are:

- Increasing its market share in the area of supply consisting of the Baltic countries
- Creating strong value chain partnerships in Finland
- Developing the most highly advanced digital services that support logistics and the grain trade
- Identifying potential areas of supply
- A clear improvement of profitability

Apetit

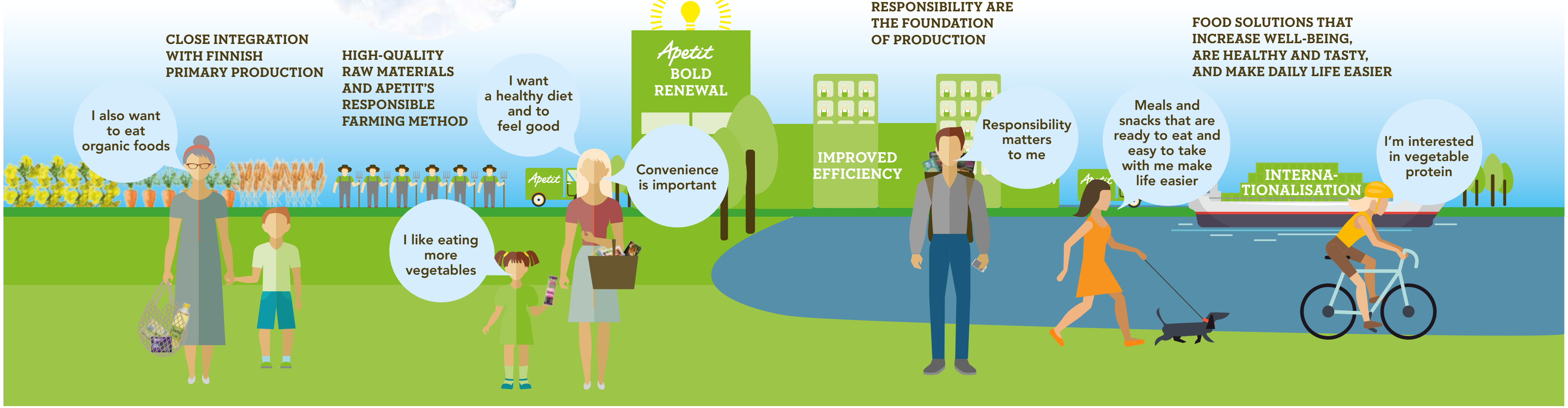
APETIT – NUMBER ONE IN VEGETABLES

Mission

WE CREATE WELL-BEING WITH VEGETABLES

Vision

WE LEAD THE WAY IN VEGETABLE-BASED FOOD SOLUTIONS



Values

RESPONSIBLE OPERATIONS

BOLD RENEWAL

SUCCESS THROUGH COOPERATION

Strategic measures in 2018

NEW PRODUCTS AND PRODUCT GROUPS

- New products represent almost 20% of net sales
- Further development of the product offering in line with nutritional commitments

NEW PARTNERSHIP: FARMERS' AVENA BERNER

- Production input and grain trade services for Finnish farmers under a new operating model
- One-stop-shop principle to create added value for customers

NEW INNOVATIONS

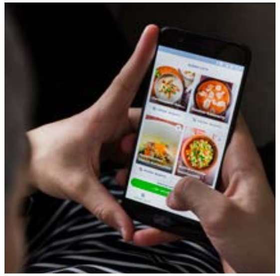
- Development of a food-quality rapeseed ingredient for the international food market
- Several applications in selected product categories
- Commercialisation planned for 2020

AN INVESTMENT OF NEARLY EUR 10 MILLION IN A NEW PATTY AND BALL PRODUCTION LINE IN SÄKYLÄ

- Doubling production capacity
- Production of new products for the domestic and international markets

STRENGTHENING INTER-NATIONAL FOOD TRADE

- More than doubling international trade
- High demand for Finnish peas in Asia and Italy; increasing interest in patties and balls in market areas near Finland



DEVELOPMENT OF DIGITAL SERVICES

- Kasvimaani.fi – vegetables delivered to the door
- Njam – a mobile app for vegetable-based recipes
- Avenakauppa.fi – an online service for selling grains and oilseeds

SHAREHOLDING IN THE DEVELOPMENT COMPANY FOODWEST

- Opportunity to strengthen R&D resources if needed
- Opportunity to manufacture selected products

INVESTMENT DECISION OF A BIOENERGY PLANT

- To build a bioenergy plant in conjunction with a rapeseed oil milling plant in Kirkkonummi to improve energy efficiency
- It will significantly reduce the carbon dioxide emissions

DIVESTMENT OF SERVICE SALES OPERATIONS

- A gradual divestment of service sales operations in early 2019
- A natural continuation of the seafood business divestment in 2017

THE CHANGING WORLD IS SHAPING OPERATING MODELS

The globally changing operating environment and the related expectations and requirements also guide Apetit's business operations and sustainability work. Taking megatrends into account and responding to them are aspects that extensively develop the company's operations. Apetit also assesses the environmental effects and risks of its operations throughout its value chain. For Apetit, the most significant megatrends are those related to climate change, sustainable operations and digitalisation.

Climate change

Climate change poses a global risk for the food chain. The changing climate creates challenges in securing food production, and sets a new level of requirements for developing sustainable operations. In addition to having contract growers in Finland, Apetit purchases vegetables from Finland and abroad. In Finland, Apetit is involved in developing sustainable growing methods, and it expects its purchases of raw materials from other sources to meet the standards that apply to its own Finnish contract growers.

Sustainable operations

Consumers' awareness and level of expectations concerning sustainability continue to increase. Apetit continuously assesses the effects and sustainability of its own operations. Apetit seeks to develop its operations through sustainable operating principles and transparent operations, as well as through efficiency improvements and the continuous improvement of its sustainable value chain, which are included in its strategic focuses.

Digitalisation

Digitalisation creates opportunities in Apetit's business processes and customer interface. For example, in contract growing in Finland, Apetit has been using the ViRe cultivation management system for years. The system makes it possible to view variety and soil information retrospectively and develop operations based on this data. At the customer interface, Avena has improved its services for growers through the renewed Avenakauppa online service. Apetit has launched an online vegetable store and a mobile recipe app for consumers.

SUSTAINABLE FINNISH CONTRACT GROWING

Climate change is having a marked effect on Apetit's current operating environment while also being a significant factor for the company's business development. Globally changing conditions have already caused the weather to vary strongly during the most recent harvest seasons. The development of sustainable growing is an increasingly important part of securing and strengthening food production.

Apetit studies and develops sustainable growing methods on its experimental farm. Methods are put into practice extensively on its contract growers' fields. The development and use of mechanical control methods to be used instead of chemical pesticides is an important aspect of research into growing.

Because of the changing weather conditions, the experimental farm also studies and tests plant varieties to ensure a good yield. Efficiency and the quality of the crop reduce the environmental effects of contract growing: the higher the yield and quality per hectare, the smaller the carbon footprint per kilo of finished product.

How we create value

Pleasure from food • Food from Finland • Meaning of price • Responsibility • Well-being • Digitality • Convenience

RESOURCES AND INVESTMENTS

Raw materials and materials: Vegetables, oilseed plants, grain, packing materials
Production: 4 production facilities **Natural resources:** Energy, water **Personnel:** 594 skilled workers
Investments: EUR 6.7 million **Financing:** Total equity and net debts combined EUR 164.6 million

PRODUCED VALUE

Customers: Sales proceeds and the share of profit of the associated companies EUR 285.0 million
Personnel: Wages and remunerations EUR 23.8 million
Growers and partners: Raw materials, items and services combined EUR 256.8 million
Owners and investors: Dividends EUR 5.0 million and financing costs EUR 0.5 million **Society:** EUR 5.2 million

Close integration with finnish primary production

Growth with higher added value products

Strenghtening responsibility

Investments in services and international sales

Improved agility and efficiency

Visionary in digitalisation

PRIMARY PRODUCTION Each year, around 100 Finnish contract growers provide Apetit with around 34 million kilos of pure, responsibly grown vegetables: potatoes, carrots, peas, swedes, spinach, celery, parsnip, leeks and beetroot. We use around 90 per cent of the annual production of rapeseed in Finland for our oilseed products.

PRODUCT DEVELOPMENT We work to increase the consumption of vegetables by developing tasty food solutions that make daily life easier. With the vegetable trend continuing to grow, we have increased our investment in research and development, which is reflected in the significant increase in the number of our new products, as well as our expansion into new product categories. In oilseed products, we work to strengthen research and product development related to vegetable oils and create more added value.

PRODUCTION Ensuring the high quality and safety of products is particularly important in the production chain. We clean and chop vegetables and produce tasty food solutions and ready-to-use foods, in addition to producing healthy vegetable oils, with a strong commitment to Finnish primary production because of its safety, high quality and purity. Our production plants are located in Säkylä, Kivikko, Kirkkonummi and Pudasjärvi.

CUSTOMERS Our customers include the professional food service sector, the food industry, the retail trade and consumers. Among consumers, we are best-known for our Apetit-brand fresh and frozen products and for our Apetit and Neito rapeseed oils. Most of our fresh products and oilseed products are sold to the professional food service sector and the food industry. The share of international sales of food have grown. We also use oilseeds to produce raw materials for the feed industry.

OUR BUSINESS

Apetit is a food company with its roots firmly in primary food production. We produce food solutions based on vegetables and oilseeds mainly for the Finnish market, and we are an active player in the Finnish and international grain, oilseed and feedstuff markets.

FOOD SOLUTIONS

Apetit's Food Solutions business produces frozen vegetables, frozen ready meals and ready-to-use fresh vegetable and fruit products. In addition to its own well-known brands, Apetit manufactures products for private labels.

The customer base for frozen products consists of operators in retail, the food industry and the hotel, restaurant and catering sector. Frozen vegetables and frozen ready meals are produced in Säkylä and frozen pizzas in Pudasjärvi.

Fresh cut products are sold primarily to the professional food service sector and also to the retail trade. Fresh cut products are manufactured in Kivikko in Helsinki.

NET SALES:

97.4

EUR MILLION

INVESTMENTS:

5.6

EUR MILLION

OPERATIONAL EBIT:

-0.1

EUR MILLION

More vegetables on the plate

The popularity of vegetables is growing strongly in Finland. Apetit seeks to further promote the consumption of vegetables by developing tasty, healthy and easy-to-use products made from sustainably grown raw materials. The company renews and develops its product offering in line with demand and changing consumption habits. In product development, the company also invests in the development of entirely new food solutions and services to improve the availability of healthy foods and make their preparation easier.

Apetit is Finland's largest procurer of contract-grown field vegetables. Most of its vegetables come from its around 100 contract growers. Through its long-term cooperation with its contract growers, Apetit ensures the availability of high-quality Finnish field vegetables to be used as raw materials, as well as affecting the entire food production value chain.

Year 2018

The harvest season was hot and dry in 2018. The weather conditions created challenges in growing peas and carrots, for example. In 2018, Apetit decided to invest in a new patty and ball production line in Säkylä. Patties and balls were the most rapidly growing product group for Food Solutions in 2018. The new production line will be started gradually in summer 2019.

ANU ORA, SENIOR VICE PRESIDENT, FOOD SOLUTIONS:

In our opinion, good food is made from pure, sustainably produced, high-quality raw materials. Product safety and the traceability of food are important for us, and Apetit's longtime strengths include strong integration into primary production. To ensure a better future, Apetit, along with other companies, must pay even more attention to responsible and sustainable operations.

Our operating environment is changing globally, so the Finnish food industry must continuously assess and develop its operating methods. Apetit's most significant environmental effects arise from contract growing, food production and the distribution chain. We continuously develop our contract growing operations and sustainable growing methods on our experimental farm.

Apetit wants to boldly keep reinventing itself and improving its efficiency. Our production plants pay special attention to the efficient use of water and energy to further reduce the environmental effects of our products. Packaging solutions also play an important part in our operations. Packaging solutions that extend shelf life are essential, as food waste creates the most significant environmental effects. To further develop packaging solutions, we are studying the use of new packaging materials to improve recyclability.

OILSEED PRODUCTS

Avena is responsible for Apetit's Oilseed Products Business. The company is Finland's most significant producer of vegetable oils and oilseed-based raw materials for feeds. Its oilseed products are manufactured in its oil milling plant in Kirkkonummi, where rapeseed is processed into high-quality products with a very high added value for human and animal consumption.

The main markets for oilseed products are Finland and the other Nordic countries. Avena's best-known consumer products are the Apetit and Neito rapeseed oils. In terms of volume, the company sells most of its vegetable oil products to the professional food service sector and the food industry.

Healthy vegetable oils from Finland

Avena uses around 90 per cent of the rapeseed grown in Finland in its oil milling plant in Kirkkonummi. The plant's annual need for rapeseed is nearly 1.5 times higher than the harvest in Finland. For this reason, Avena is systematically seeking to increase rapeseed production in Finland in cooperation with growers and other operators over the long term.

Only a fraction of the health benefits of rapeseed have been tapped into: Avena's research and development operations focus on creating new products that are rich in antioxidants and protein. In the future, the company aims to strengthen research and product development related to vegetable oils and create more added value for oilseed products.

NET SALES:

66.7

EUR MILLION

INVESTMENTS:

1.0

EUR MILLION

OPERATIONAL EBIT:

2.2

EUR MILLION

In 2018, the company continued its extensive project to develop a more advanced vegetable-based protein from rapeseed. The project is supported by the Finnish Funding Agency for Technology and Innovation, now known as Business Finland. If the project is successful, it will enable the more versatile use of rapeseed.

Year 2018

Production volumes at the Kantvik oil milling plant were higher than ever before thanks to strong demand for refined vegetable oil products and minimized interruptions in production. Despite the difficult harvest season, the plant's rapeseed raw material management was successful thanks to a well-planned and well-timed procurement process.

ANTTI SNELLMAN, DIRECTOR, OILSEED PRODUCTS:

Promoting the cultivation of Finnish rapeseed plays an important role in Avena's sustainability work. Avena is Finland's leading producer of vegetable oils and a significant partner for Finnish growers.

We promote the cultivation of Finnish rapeseed in cooperation with growers. Avena organises training events, carries out surveys of growers and holds meetings with growers and experts to increase the level of Finnish origin in rapeseed. This increase reduces the need for imports, decreases our environmental impact and improves domestic self-sufficiency in proteins.

The efficiency of the Kantvik vegetable oil milling plant is being improved continuously, and its environmental effects are being reduced for example through process automation systems. We have also explored new opportunities created by the circular economy for plant side streams, such as the bleaching clay used for vegetable oil purification.

Avena is also developing packaging solutions for vegetable oils. In 2018, we introduced new vegetable oil packaging for the professional food service sector. Our new solution uses almost 80% less plastic than the previous packaging. Read more about packaging from page 36.

GRAIN TRADE

Avena is responsible for Apetit's Grain Trade business. The company operates actively in the market for grains, oilseeds and raw materials for feeds. Avena is an internationally significant marketer of Finnish grains. Its main office is located in Helsinki, with other locations around Finland. The company also operates in Baltics, Russia, Kazakhstan and Ukraine.

NET SALES:
137.4
EUR MILLION

INVESTMENTS:
0.1
EUR MILLION

OPERATIONAL EBIT:
-2.6
EUR MILLION

A reliable partner

Avena works to be the best and most reliable partner for growers and the food and feed industries. The company has a significant market share in Finland, but it also operates actively in the Baltic countries, exporting grains to third countries. Avena's key areas of supply are Finland and the Baltic countries. It engages in the grain trade globally.

As a strong international, highly networked operator, Avena has the ability to find the best options for buyers and sellers alike. For its grower customers, Avena offers a wide range of digital tools, in addition to real-time market information and personal expert services.

From Finland and abroad

Avena is committed to further developing cultivation and the value chain in Finland. In international trade, we follow established trading practices in our field. Avena has Coceral GTP and ISO 9001 certification.

Avena buys grains mainly directly from farmers and in accordance with current purchase and quality conditions. From the harvest season 2018, Avena has not allowed the use of fertilizer products containing colony cleaners and waste during the same growing season in Finland. Avena aims to increase its market share in the grain and oilseed trade, particularly in Finland and the Baltic countries.

Year 2018

The grain crop in Finland was the weakest since 2000. The hot and dry weather also had a significant adverse effect on the grain crop in the Baltic countries. In cooperation with Farmers' Berner, Avena introduced a new type of partnership, Farmers' Avena Berner, for Finnish growers. The partnership offers services for the grain and oilseed trade and the use and procurement of agricultural production inputs under a one-stop-shop service model.

ANTTI SNELLMAN, DIRECTOR, GRAIN TRADE:

We are committed to further developing cultivation and the value chain in Finland. In recent years, extreme weather has had an adverse effect on cultivation in Finland.

Two consecutive exceptionally weak harvest seasons in Finland have reduced the volumes of Grain Trade significantly, making trading materially more challenging than in seasons with a normal harvest. The significant decrease of opportunities to export Finnish grain and the imbalance of supply and demand in the Baltic market have reduced profitability.

The year 2018 was significant in terms of cultivation in Finland, as Avena and Farmers' Berner joined their purchasing and sales organisations in a production input and grain trade deal. The new service model enables better services for Finnish growers, with a high level of expertise, under the one-stop-shop principle.

In addition to promoting cultivation in Finland, we have invested in international operations in recent years. Quality management systems are important for ensuring the sustainability of our operations: we have further developed value chain management across the chain, as well as improving risk identification methods. Transport arrangements are important in minimising environmental effects, particularly in international trade. For this reason, we are investing in efficient logistics.

CORPORATE RESPONSIBILITY

For us, a responsible food chain means nutritious and safe food products made from ingredients that are grown and procured sustainably. Apetit seeks to understand the impact of its operations on people, society and the environment as comprehensively as possible. Apetit strengthens its responsible actions through material aspects.

IN COOPERATION WITH OUR STAKEHOLDERS

Apetit is developing more sustainable food production by promoting the increased use of vegetables. Apetit operates sustainably and responsibly throughout the value chain, from contract growing and production to customers and end consumers.

Apetit seeks to treat all of its stakeholders equally. Continuous interaction with stakeholders, as well as an attentiveness to their needs and wishes, is one of the cornerstones of the company's sustainable operations.

Apetit seeks to understand the impact of its operations on people, society and the environment as comprehensively as possible. Apetit has carried out an extensive process to determine the content of its corporate responsibility. In cooperation with its key stakeholders, Apetit determined the material aspects of its corporate responsibility for the systematic collection of key figures and information to continuously develop sustainable operations.

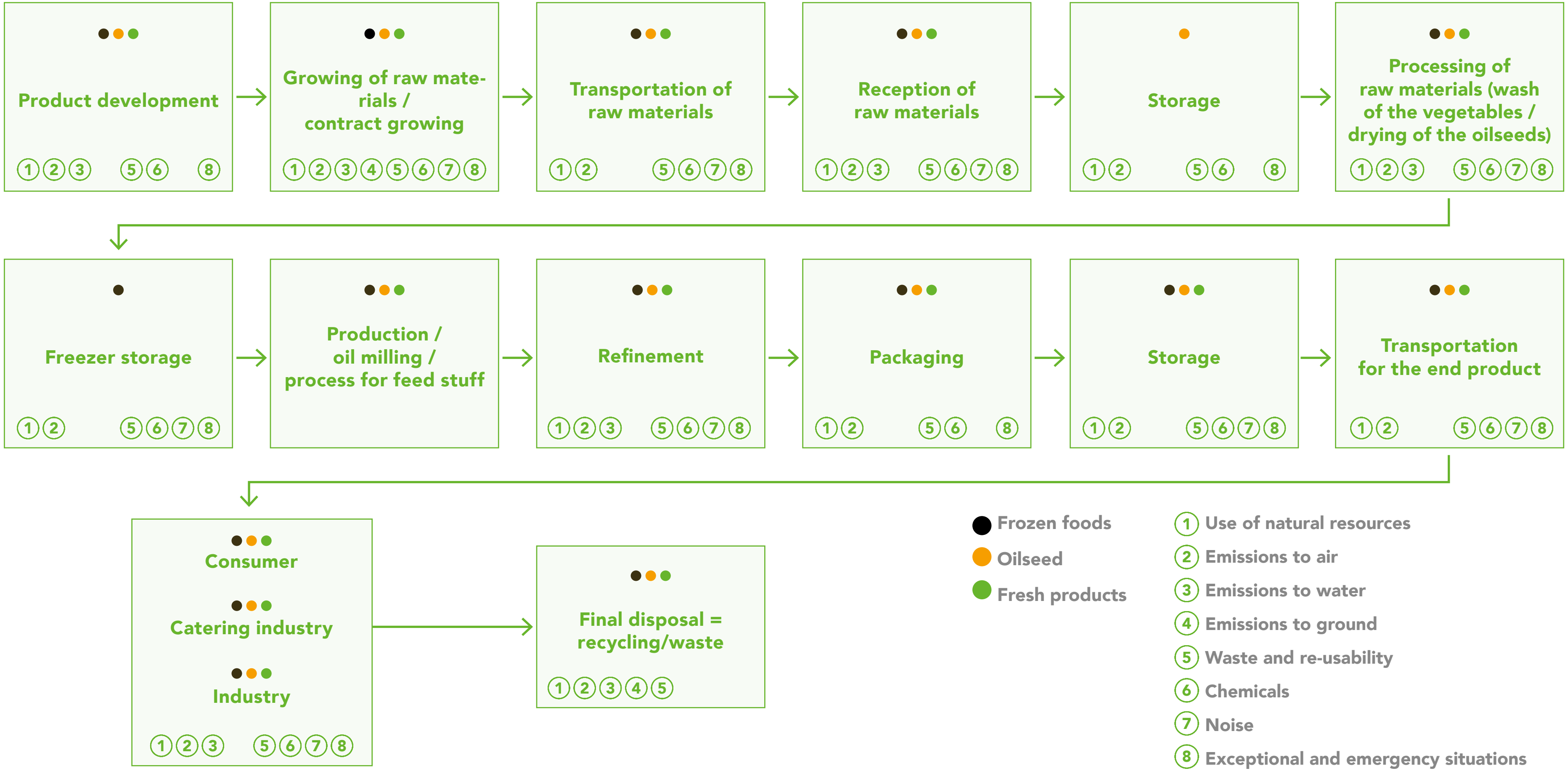
Apetit's operations are based on the company values, vision and mission. Its sustainability work is guided by its strategy, operating policy and Code of Conduct, as well as its procurement principles. The Board of Directors and the Corporate Management manage for the development of corporate responsibility. Apetit or its subsidiaries are members of key industry and interest organisations, such as the Finnish Food and Drink Industries' Federation, COCERAL, Gafta, FEDIOL and the Finnish Cereal Committee.

Apetit is committed to external initiatives that are important for its industry, such as Nutrition Commitments and the national energy efficiency action plan.

Customers	Personnel	Farmers	Owners	Partners	Media	Society
• Retail, hotel, restaurant and catering sector, food industry • Customers	• 594 employees (at the end of 2018) in four production facilities, in eight offices in Finland and in subsidiaries in Russia, Baltics, Kazakhstan and in Ukraine	• Contract growers for vegetables • Oilseed plant growers • Growers and producers of grain and feedstuff	• Over 11,000 owners, of which approximately 50 per cent domestic households	• Suppliers and service providers • Investors	• Domestic and foreign medias • Social media	• Public authorities, educational institutes, research facilities, organizations, local communities

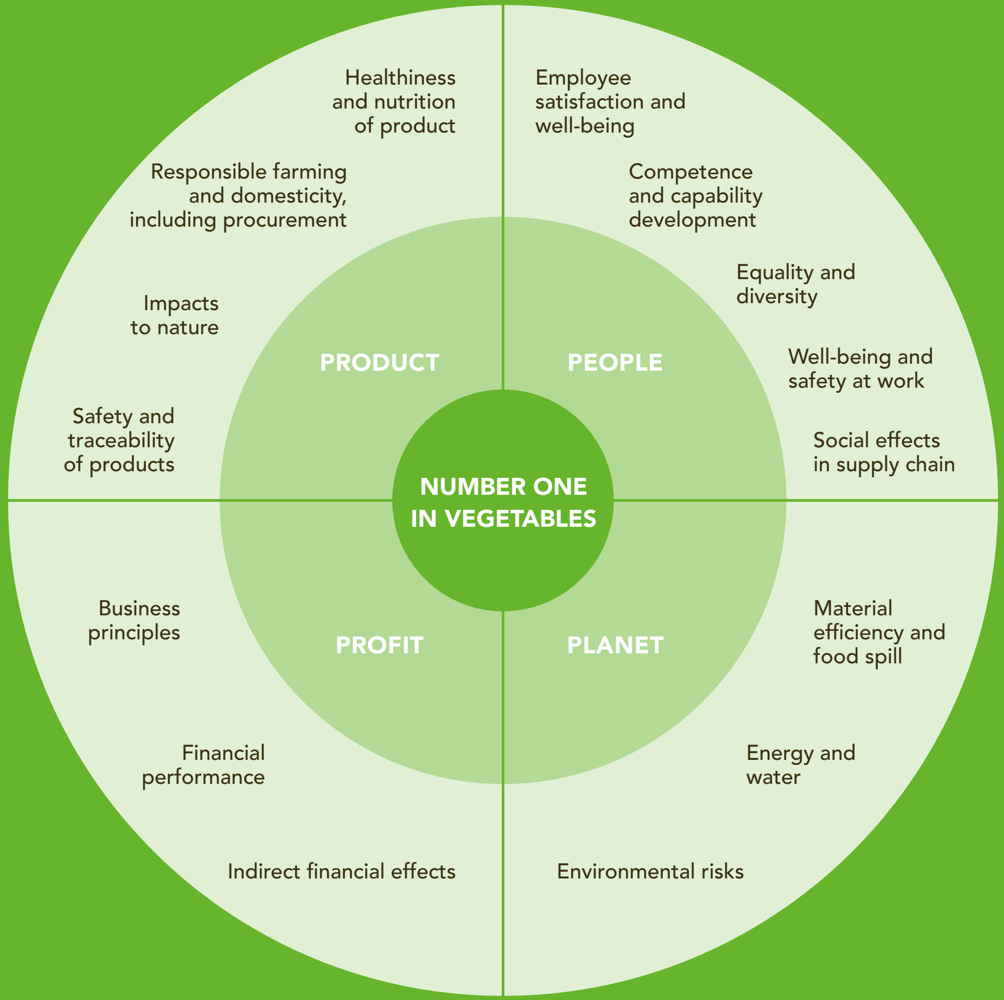
Environmental impacts and life cycle

Apetit has estimated environmental impacts and risks of all of its refinement products in their life cycle.



MATERIAL THEMES OF CORPORATE RESPONSIBILITY

Apetit has carried out an extensive process to determine the content of its corporate responsibility and key sustainability themes with regard to its operations. As part of the process, Apetit also identified key information and figures for the assessment of sustainability development. In the diagram here, Apetit's operations are divided into four areas: Product, Planet, People and Profit. The related key material aspects are presented on the outer ring.



NUTRITIOUS, HEALTHY AND SAFE

Good food is made from carefully selected, sustainably produced raw materials and their hygienic preparation and processing that is limited to only the necessary phases. This ensures that the natural nutrient density of these raw materials – frozen products, fresh products or vegetable oils – remains high all the way to the plate.

All Apetit products are based on its R&D strategy to develop healthy and easy-to-use products that help people to increase their use of vegetables. Apetit develops its products in line with general nutritional recommendations, and the company monitors and makes use of reliable studies and nutritional information published by research institutes in its field. Apetit has made a nutrition commitment in seven content areas determined by the Finnish Food Safety Authority. The purpose of the commitment is to improve the nutritional quality of Finnish diets and support sustainable food choices.

In addition to increasing the consumption of vegetables, the commitments promote to make Finnish diets healthier by reducing the consumption of salt and sugar and increasing the supply of healthy snacks. The commitment also improves the quality of the fats consumed by Finns. Vegetable-based oils are an integral part of a healthy diet, as they contain soft and unsaturated fats. Rapeseed oil contains omega-6 and omega-3 fatty acids.

Quality and product safety are key

Product quality and safety are of primary importance to Apetit and require expertise and responsibility from the people working in the food chain, in addition to reliable production and the prevention and management of risks. Harvesting begins when the vegetables are at their best and is scheduled to ensure freshness in production.

The production chain for Finnish frozen products, fresh products and vegetable oils is monitored closely from beginning to end, all the way from the field to the table. This ensures that the qualities of the raw materials and products, such as the temperature, meet the process requirements and that the end products meet strict quality requirements. Apetit's frozen vegetables and fresh products are not chemically treated. Frozen vegetables are chopped, washed, blanched and frozen. Fresh products are also washed before they are packed. The quality of the production process is monitored actively in every stage to

prevent defective products from being supplied to customers.

A production process of vegetable oils is based on physical minimal processing methods which use 99.9 per cent of the rapeseed to produce oil and rapeseed expellers. This pure and natural method is chemical-free. Through gentle heating, all of the valuable components – such as antioxidants, sterols and vitamins – are extracted more effectively than in cold pressing. The protein ingredient created in the refining process is one of the most significant domestic sources of vegetable-based protein for farm animal feed. Avena has a laboratory at the Kantvik vegetable oil milling plant, which inspects the raw materials that arrive at the plant to ensure that they are suitable for food use and meet terms of purchase, and to monitor the quality of intermediate products during the production process. A procedure is also in place for final products to be inspected before releasing them on the market. Expeller sold for feed raw material is also subject to a salmonella quarantine before it is released for sale.

Accurate labelling on packaging is an essential part of product safety. Information about raw materials is provided clearly on the labelling in accordance with the EU Food Information Regulation. Apetit's food production plants in Säkylä, Kantvik, Kivikko and Pudasjärvi have food safety systems certified in accordance with the FSSC 22 000 standard. In addition, Kantvik has a system certified to the ISO 22 000 standard for feeding stuffs.

Finnish vegetables from contract growers

Apetit is Finland's largest procurer of contract-grown field vegetables. Most of its vegetables come from its around 100 contract growers. Contract growers' farms are located near the Säkylä production plant, which keeps the time from field to production short, in addition to keeping environmental impacts of transportation reasonable.

The contract growers apply jointly agreed principles and methods to ensure the high quality of end products, responsible farming practices and full traceability. In fact, all contract growers apply Apetit's contract growing method, which is continually developed by the company's experimental farm in the Satakunta province.

The contract growers are provided with variety-specific training with regard to general farming principles, cultivation instructions and the management of quality, product safety and environmental aspects. These include for example the choice of varieties, soil surveys and the monitoring of growth. Apetit's experts monitor the cultivation conditions and methods, as well as plant protection and harvesting measures. Plant protection measures are only implemented according to need, and all measures are documented. Principles of responsible farming are also applied in the cultivation of the organic vegetables Apetit uses.

Apetit cooperates closely with growers over the long term. In addition to an event held together with growers to mark the beginning of the growing season, co-operation and transfer of knowledge are maintained with events that deal with specific varieties, practice-oriented events in the field and visits with growers during the season. The variety-specific events often include external specialists. Many contract growers have cooperated with Apetit for decades and over generations.

The demand for organic food is increasing rapidly in Finland, and organic food products also offer significant export opportunities. In summer 2017, Apetit started an organic food programme to significantly increase the proportion of organic products in its offering over the coming years. It includes a training programme for growers, as well as the testing of varieties and growing methods on Apetit's experimental farm, where one of the field sections is being prepared for organic cultivation. The first organic crop will be harvested in the 2019 season.

During 2018, contract growers supplied around 34 million kilos of potatoes, carrots, yellow carrots, peas, swedes, spinach, celery, parsnip, leeks and beetroot to Apetit. The weather was challenging during the harvest season in 2018 due to heat and drought.

Withdrawals, pcs	2018	2017
Fresh cut products	0	2**
Frozen food products	1*	1**
Service sales	0	0
Oilseed products	0	0
Apetit combined	1	3

* Weak product quality

**Allergen risk in product

Organic frozen foods, share of total sales, per cent	2018	2017
Frozen foods and vegetables	0.6	0.2

Frozen organic vegetables, kg	2018	2017
Frozen foods	730,176	404,180

Purchases of raw materials from Finnish suppliers, per cent	2018	2017
Fresh cut products	49	57
Frozen products	82	83
Oilseed products	50	56

APETIT MADE SEVEN NUTRITIONAL COMMITMENTS TO PROMOTE A MORE SUSTAINABLE DIET

In accordance with the nutritional commitments it has made, Apetit has set a goal to increase the use of vegetables, to reduce the intake of salt and sugar and to promote the use of soft fats. To achieve to goals Apetit introduces new main course and snack products to the market and developes recipes. Apetit has also committed to increase the number of products based on fish-stock management.

NUTRITION COMMITMENTS	Situation in 31.12.2018	Commitment for 2020
Increasing the use of vegetables		
New products for the fresh product sections of retail stores	+5 pcs	+5 pcs
Vegetable-based main course products	+10 pcs	+10 pcs
Solutions that make it easier to increase the use of vegetables	+50%	+50%
Lunch and meals		
Offering of snack products in line with nutrition recommendations for schools	+200%	+100%
Training and recipes for the professional food service sector	+200%	+50%
Recipes		
Recipes for consumers and the professional food service sector to increase the use of vegetables	+127pcs	+100 pcs
Sugar intake		
New products containing no added sugar for categories with a limited supply of such products	75%	+100 pcs
Quality of fat		
Heart Symbol products for the retail trade and the professional food service sector to reduce the use of saturated fats	+3 pcs	+4 pcs
Collections of recipes to support the use of rapeseed oil	+ 23 pcs	+20 pcs
Salt intake		
Heart Symbol products	+35%	+20%
Products for children		
New vegetable-based snack products	+3 pcs	+3 pcs
Commitment: Sustainable food choices		
Fish products based on fish-stock management	+50%	+30%

Commitments on development of product selection by 2020. Reference level is the situation in 2017.

EXPERIMENTAL FARM

Apetit's experimental farm in Köyliö in the Satakunta region of Finland actively contributes to research that promotes the contract growing of plants. With a history of more than 60 years, the experimental farm cooperates with contract growers, universities and research institutes. It develops cultivation methods and varieties that support sustainable cultivation ecosystems.

Tests are carried out to identify the best, tastiest varieties that are suitable for outdoor growing and the manufacture of frozen products. The experimental farm invests in new methods and technologies, such as a cultivator that makes use of satellite locationing and machine vision to enable weeding as close to the surfaces of the plants as possible. In addition, protective nets for carrots have been tested to prevent pests. The experiences have been good: protective nets have long useful lives, and their use considerably reduces or eliminates the need for chemical pesticides.

One of the field sections on the experimental farm is dedicated to organic cultivation. In the future, the experimental farm will develop organic cultivation methods to enable industrial-scale organic cultivation.

Active development of contract growing

Apetit and the growers develop cultivation methods and share expertise in close cooperation. Apetit seeks in cooperation with contract growers to find alternatives to chemicals in plant protection, in addition to further developing organic farming and making use of the newest technologies in cultivation. Chemicals are usually more cost-effective than other plant protection methods; however, many growers are willing to invest in more sustainable methods, such as mechanical prevention.

In 2018 the experimental farm studied ways to control the carrot phyllid with insect nets. Nets have been tested at the farm for many years to control the carrot phyllid and now the contract growers are also able to use them thanks to the test results and financial support. The nets make it possible to control the carrot phyllid without spraying, which on occasion has been required over ten times during a single growing season. The experimental farm's development of mechanical control methods also supports Apetit's organic growing project which provides training to growers that have already gone organic or are considering it.

Carefully selected suppliers

Apetit is committed to promoting Finnish primary production because of its safety, purity and high quality. For this reason, the company mainly purchases vegetables from its contract growers and other Finnish producers. Apetit's goal is to always observe the principles of responsible growing when procuring raw materials from abroad. Suppliers are evaluated in every growing season to ensure that the raw material procured from them meets Apetit's quality criteria.

The degree of Finnish origin is usually around 80 per cent for frozen vegetable products and 34 per cent for fresh cut products, depending on the season and the availability of Finnish vegetables.

Most of Apetit's imported raw materials are from Europe. Like in contract growing in Finland, long-term partners are preferred in procurement from abroad. From outside Europe, Apetit procures mainly broccoli from Ecuador, because thanks to the country's optimal growing conditions, the quality of broccoli is high all year round even with limited pesticide sprayings.

Apetit conducts a supplier evaluation on all of its foreign suppliers. The supplier and quality requirements are based on the company's Code of Conduct and operating guidelines. In addition to the supplier itself, they are applied to its value chain. The evaluations are based on the suppliers' self-evaluation, quality certificates and customer references, and they include an inspection of the suppliers' facilities, social practices, packaging plant and financial status.

Based on the evaluation, Apetit may also conduct an audit of the supplier, during which time it will often meet the suppliers' growers. The traceability of raw materials is also verified in audits.

Avena uses around 90 per cent of the rapeseed grown in Finland in its oil milling plant in Kirkkonummi. The plant's annual need for rapeseed is nearly 1.5 times higher than the harvest in Finland. In 2018 the import of oilseeds increased somewhat on 2017 due to a smaller Finnish crop and increased seed demand.

Most of the imported oilseeds were procured from the Baltic countries. Imported oilseeds are procured through Avena's own organisation and the quality of each imported consignment is assessed based on the same basic quality requirements that are applied in procurement in Finland. The supplier requirements applied in procurement are based on the purchase and quality terms used in Finnish procurement. Regulations on the use of pesticides are harmonised on the EU level.

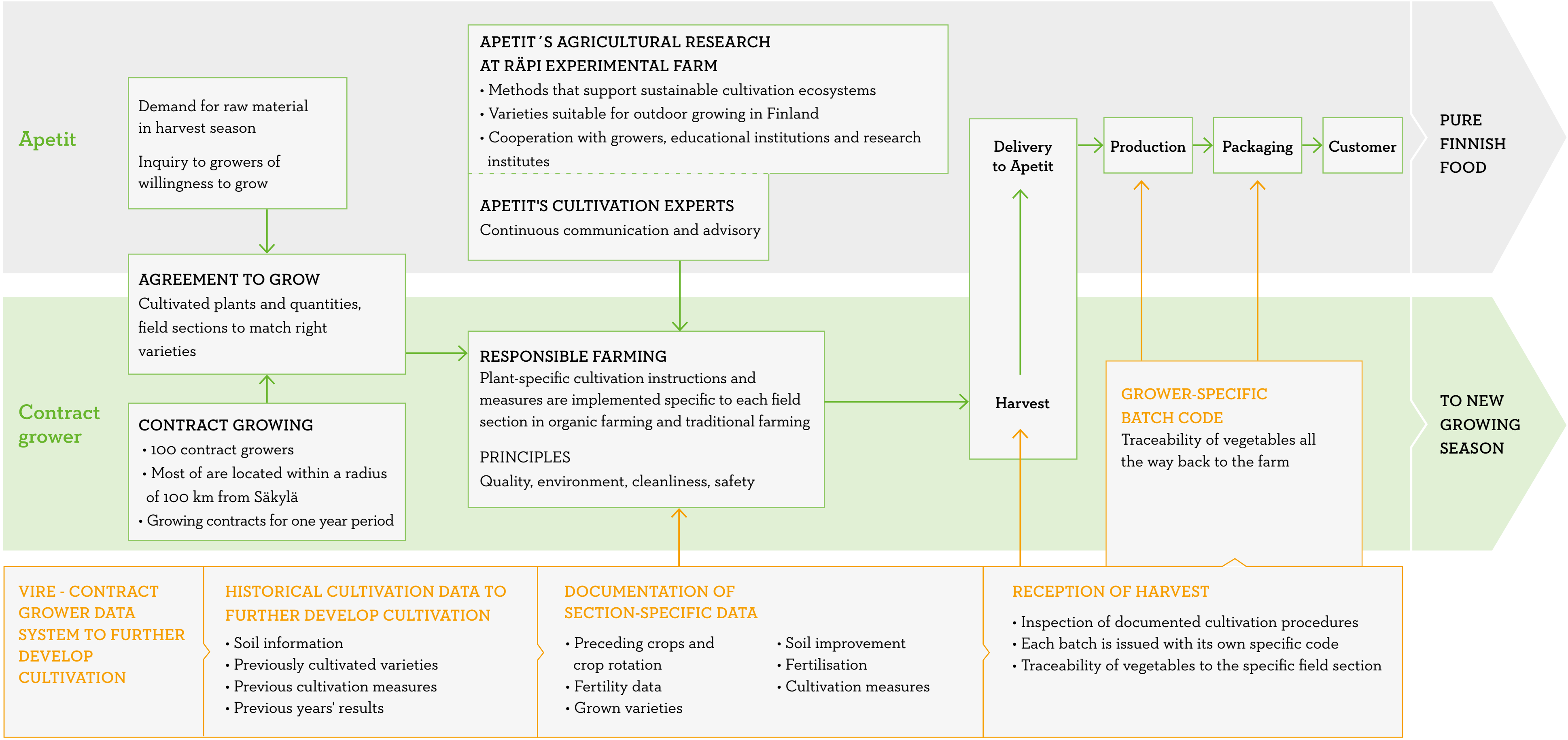
Coverage of standards in Apetit Group

Green color=Standard is covered. Orange color=Standard not covered

	ISO 9001 (2015)	ISO 14001 (2015)	FSSC 22000 (version 4)
Säkylä (frozen vegetables and food)			
Pudasjärvi (frozen pizzas)			
Kivikko (fresh cut products)			
Kalasatama (sales, marketing, R&D)			
Kantvik (oilseed products)			*

*Stuff feed products complies with the ISO 22000 standard

Pure Finnish food



APETIT TO TAKE A PROACTIVE ENVIRONMENTAL ROLE

Food production has environmental impacts in all stages of the value chain, from the production and processing of raw materials to distribution, storage and consumption. The key environmental aspects of Apetit's operations include material efficiency and the consumption of energy and water. The most significant indirect effects arise from the cultivation of vegetables, grains and oilseeds and from food waste and transportation.

Apetit is committed to the principles of sustainable development and has determined an operating policy and a Code of Conduct for the entire Group. Environmental management is based on environmental legislation, current environmental permits and, for frozen and fresh cut products, on an environmental system certified in accordance with the ISO 14 001 standard, The Pudasjärvi plant is certified according to ISO 9001 management system.

Some of Apetit's production operations require an environmental permit. The production plants in Säkylä, Kivikko and Kantvik have environmental management systems, with targets and indicators for environmental impacts. Apetit seeks to cooperate closely and openly with the authorities and other stakeholders.

The principal environmental risks at Apetit's production plants concern wastewater and vegetable oil leaks into the environment and refrigerant leaks. No environmental accidents occurred in Apetit's production operations in 2018.

Apetit has invested in determining material corporate responsibility themes, setting goals and creating metrics. An extensive stakeholder survey, operational assessments and a materiality analysis lay the foundation for continuous improvement with regard to environmental aspects.

APETIT BUILDS BIOENERGY PLANT

Apetit builds a bioenergy plant in conjunction with the Avena Kantvik Oy rapeseed oil milling plant in Kirkkonummi, Finland. The planned bioenergy plant would replace the current energy solution that uses non-renewable fuels and would significantly reduce the carbon dioxide emissions of the entire Group.

The bioenergy plant's primary fuels would be forest chips and recycled wood and other fibre waste from forests and fields in the area. Apetit would also be able to use vegetable oil production side streams, such as rapeseed screenings, vegetable oil sludge and, when possible, the bentonite clay used in the rapeseed oil bleaching process, in its energy production.

The project is conditional for an environmental permit.

REDUCING FOOD WASTE HAS A SUBSTANTIAL POSITIVE ENVIRONMENTAL IMPACT

Food waste – that is, food or raw materials ending up as waste – is an ecological and economic problem. The annual food waste of the Finnish food chain as a whole is estimated to be 400 to 500 million kg. Food causes around one-third of the environmental impact generated by households.

Reducing food waste is an important way to decrease the environmental impact of the food product chain. The environmental impact of food waste is markedly more significant than that of packaging production and waste management, for example. Freezing large amounts at a time and carefully maintaining the cold chain also make the food product chain more efficient and reduce waste.

Reducing waste in production is a part of Apetit's focus on continuous improvement of efficiency. Careful planning of production and development of sales forecasts play an important role in reducing waste.

Apetit co-operates with WeFood to cut down its food waste

Apetit and the WeFood shop for food waste run by Finn Church Aid are now working together and Apetit supplies fresh products that would otherwise become waste to WeFood.

The Apetit products supplied to WeFood include various vegetable and salad mixes near their best before date or with errors on their packaging or that do not meet all quality criteria. The proceeds of WeFood are used for Finn Church Aid's development aid.

Apetit also finds new possibilities to reduce food waste with other food industry actors in Urban Food project, which aims to get surplus raw materials from food industry to the dining tables. Apetit also cooperates in Yhteinen Pöytä to reduce food waste.

Environmental considerations are an important part of Apetit's corporate responsibility, and the goal is to introduce a more active and proactive approach to environmental responsibility in the near future.

Energy used for freezing and heating

In its production operations, Apetit needs energy especially for heating, cooling and freezing raw materials and products, for milling and processing oilseeds and for heating, cooling and lighting its facilities.

CO_2 emissions, $kgCO_2$ per produced tonne (Scope 1, based on energy consumption)	2018	2017
Fresh products	230.5	267.0
Frozen vegetables and foods	265.6	267.1
Frozen pizzas	303.3	324.4
Oilseed products	97.8	100.5
Apetit total, average	132.9	134.5

Apetit Group's carbon footprint, CO_2, tonne (Scope 1, based on energy consumption)	2018	2017
	22,272	21,317

Energy consumption, MWh per produced ton	2018	2017
Fresh products	1.1	1.3
Frozen vegetables and foods	0.9	0.9
Frozen pizzas	1.4	1.5
Oilseed products	0.3	0.3
Apetit total, average	0.4	0.4

At the Apetit frozen foods plant in Säkylä and the Pudasjärvi frozen pizza plant energy is consumed especially in the production of frozen foods and the freezing of seasonal vegetables and ready-made frozen food and frozen storage. At the Kivikko fresh cut products plant energy is needed especially to maintain a cold temperature on the production lines.

At the Kantvik vegetable oil milling plant, the production process is the greatest consumer of energy. The heating and crushing of oilseeds where seeds are dried and heated to approximately 100 degrees Celsius is one of the most energy-intensive stages of the process. Temperatures are high also in the expeller roasting and oil raffination or purification stages.

Apetit is committed to complying with the national energy efficiency action plan and improving its energy efficiency by 7.5 per cent from 2017 to 2025. The related measures are reported annually, and energy efficiency is monitored by the production plant. In 2018, Apetit's total energy consumption was 70,865 MWh, or 0,4 per tonne produced/sold.

Wastewater purification in focus

Water plays an important role in Apetit's production process. Water is used to purify raw materials, in production processes and for cleaning production facilities and equipment. Of Apetit's production plants, Säkylä and Kivikko consume the largest amount of water, as they use water to wash vegetables. In 2018, 5,1 liters of water was consumed per tonne of finished product. The company seeks to reduce its need for water through measures and investments that enable the quality or hygiene level of products to remain unchanged. New water flow meters provide automatic alerts when water consumption exceeds parameters, which simplifies process optimisation.

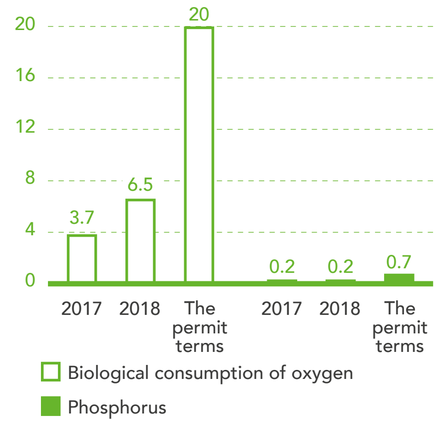
Emissions to water, Säkylä mg/l	2018	2017	The permit terms
Cleaned waste water m^3	850,397	676,998	
Biological consumption of oxygen	10.2	5.6	30.0
Phosphorus	0.3	0.2	0.8
Nitrogen	6.7	11.3	15.0
Ammonium-nitrogen	0.1	6.1	5.0
Solids	18.7	14.9	35.0

Of the water used by the Säkylä production plant, around 60 per cent is household water from municipal waterworks, and the rest is taken from Lake Pyhäjärvi. Lake water is used to wash vegetables and cool compressors. At the Kivikko fresh product plant, household water is used for washing. The vegetable oil milling plant in Kantvik uses seawater to cool the closed-circulation cooling water system and then pumps it back into the sea.

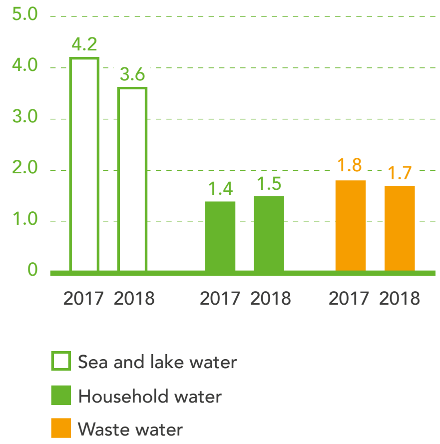
The wastewater generated by the Säkylä and Kivikko plants is mostly water that has been used to clean vegetables and contains peeling waste and solids. Thanks to the new waste compactors that will be installed in Kivikko and the new vibrating screen in Säkylä, installed in 2018, the plants' wastewater is now cleaner and contain less nutrients.

Apetit runs a wastewater treatment plant in the Länsi-Säkylä industrial area. Purified water from the treatment plant is directed to the Eura River, which runs into the Bothnian Sea. The sludge from the wastewater treatment plant is used to produce energy and fertilisers. The plant also treats wastewater from other factories in the area. To minimise its environmental impacts, Apetit actively cooperates with water protection organisations, in addition to the authorities. In 2018 the waste-

Apetit´s wastewater treatment plant, quality of purified water, ton



Used sea and lake water / household water / waste water m^3 per produced ton



water treatment plant's reliability was improved by dredging its wastewater basin.

In 2018, the wastewater treatment plant processed 850,397 cubic metres of water (2017: 676,998 m^3). The amount and quality of wastewater are monitored continuously and reported to the authorities on a monthly basis.

Shipping optimisation plays an important role in managing environmental impacts

Logistics plays an important role in all of Apetit's business operations and especially in the shipping of raw materials. All of Apetit's contract growers are within a 100-km radius of the frozen products plant in Säkylä, which significantly limits the environmental impact of frozen vegetable transportation. Frozen products shipped to the plant from elsewhere come in full loads organised by Apetit. Raw material is also brought to the Kivikko fresh cut products plant in shipments that are not full to ensure the freshness of the products.

In general, oilseeds are brought to the Kantvik vegetable oil milling plant in large batches from several growers at the same time. Oilseed growers in southern Finland can also bring their harvest directly to the Kantvik milling plant. In other areas of Finland, smaller batches of seeds are first stored in centralised warehouses and then shipped to the milling plant. Most of the imported raw materials come from the Baltic countries. Imported raw materials are brought by ship either directly to Kantvik or Avena's warehouse in Inkoo in large consignments.

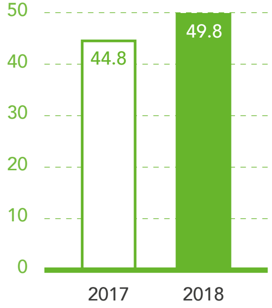
In the Grain Trade, logistics is the principal source of environmental impact. We minimise the impact of shipping by optimising costs with loads that are a large as possible to reduce the number of shipments. Avena also co-operates with other operators in logistics in large marine shipments, for example.

Waste stream optimization with reforms

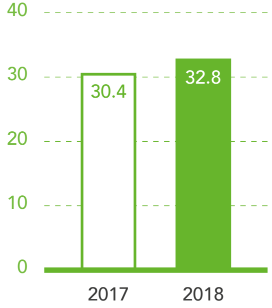
Each year, Apetit processes around 34 million kilos of vegetables in Säkylä. The company mainly purchases this raw material from its contract growers in the Satakunta region. Through its choice of varieties, timing of harvesting and selection of harvesting methods, Apetit seeks to ensure the high quality of vegetables purchased for production and thereby reduce production side streams – that is, waste. In addition to the vegetables acquired from contract growers, Apetit purchases raw materials from other growers in Finland and abroad. The high quality of raw materials is the most important aspect of ensuring material efficiency.

Vegetables and fruit are washed, peeled, chopped and processed in many ways in Apetit's production operations. Peel, as well as vegetables or parts of vegetables removed through quality assurance, are composted or used to produce animal feed. The production process is continuously improved by means of

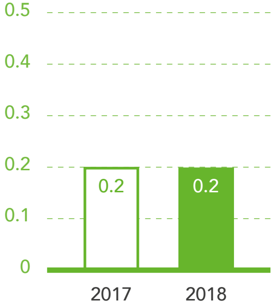
Waste combined, kg per produced ton



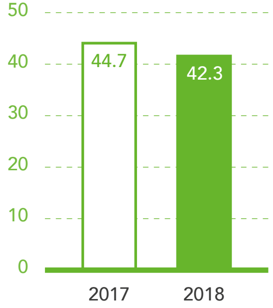
Organic waste, kg per produced ton



Refuse dump waste, kg per produced ton

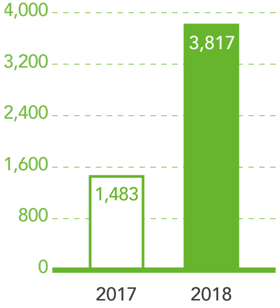


Utilisation waste, kg per produced ton



Including organic waste, incinerated waste and recyclabe waste

Hazardous waste, kg (kg per produced ton is 0)



new methods and equipment, for example, to increase operational efficiency, ensure high quality and reduce waste. Apetit is also participating in a project to investigate the use of biowaste in ways other than composting at the Säkylä production plant.

Apetit seeks to reduce the amount of landfill waste generated by its production operations towards zero. We are conducting a waste management survey, based on which sorting practices will be optimised at the Kantvik vegetable oil milling plant. A survey has already been conducted in Säkylä. The environmental impact of the waste generated by the Kivikko fresh cut products plant has been reduced with new waste compactors. The biowaste compactors remove water and reduce the volume of biowaste, which means that fewer instances of waste transport are needed. Kivikko has stopped using mixed-waste bins to enhance sorting and to reduce landfill waste.

Apetit cooperates closely on energy and waste management with the other companies located in the Säkylä industrial area. Apetit purchases heat, steam and compressed air from the Sucros power plant in the Säkylä industrial area, and steam and service water from the Suomen Sokeri power plant in Kantvik. Correspondingly, Apetit sells methane from its wastewater treatment plant to Sucros in Säkylä.

Packaging plays an important role

The packaging of a food product is primarily intended to protect the shelf-life of the product and to ensure product safety. Packaging plays an important role in reducing waste, and packaging materials are studied carefully during the packaging design process with regard to size, logistics and consumers' needs.

Apetit uses various packaging materials, such as paperboard and plastic. The company seeks to choose recyclable materials with the smallest environmental impact and to favor recycled materials in packaging. With regard to transport and product display, reusable boxes and containers are preferred for products for the professional food service sector, for example. Apetit reports the amounts of packaging material it puts out into the market in accordance with the EU Packaging Directive and pays recovery fees for the organisation of material recycling.

In 2018 Apetit used a total of 38.7 kg of packaging material per produced tonne, of which 24 per cent were fibre-based, 21 per cent plastic, 40 per cent wood and the rest glass and metal. Half of the plastic is suitable for recycling.

Apetit seeks to reduce the environmental footprint of households by providing healthy products that make daily life easier. Besides frozen products, Apetit has released products such as ready-to-use fresh vegetables and fruit mixes packaged for a diverse range of uses. Apetit has also developed in co-operation with its suppliers a packaging solution that keeps fruit and vegetables fresh by means of a breathable protective film that increases shelf life.

Packaging materials, kilos per produced ton	2018	2017
Paper fibers	9.1	11.6
Plastics	8.1	8.4
Metals	5.7	5.9
Glass	0.3	0.4
Wood	15.5	18.0
Packaging materials combined	38.7	44.2

PACKAGING PROTECTS THE PRODUCT

The main purpose of food packaging is to protect the product. Good packaging makes processing easier in the distribution chain, keeps the product fresh, ensures product safety and protects the product, thus preventing food waste. Good packaging also tells the consumer about the product's content and properties.

Plastic is used for food packaging because it is such a versatile material. It is light and durable, which is good for logistics, and it provides excellent protection for many types of products.

Around 20 per cent of the packaging material used by Apetit is currently plastic. Roughly half of this material can be reused if it is recycled. For instance, the Apetit Tuorekset containers are recyclable plastic. 70 per cent of their raw material is recycled.

Apetit continually improves its packaging to eco-friendlier. Apetit has the following goals for packaging materials made from plastic:

- to use recyclable packaging materials where possible
- to increase use of packaging materials made from renewable raw materials where possible
- to reduce the amount of packaging materials used by making them thinner where possible

New handy bag-in-box packaging for rapeseed oil

In the summer Apetit launched a new, handy and easy-to-use bag-in-box rapeseed oil packaging of for professional kitchens. Thanks to a tap, the packaging is easy to use unlike heavy dispensers. The tap also prevents spillage. The packaging is also hygienic and protects the oil from sunlight and oxidation.

Its environmentally-friendly corrugated cardboard box is made of 100 per cent recyclable raw material. When empty, the cardboard packaging can be recycled and the bag can be used as energy waste. Compared to conventional plastic dispensers the manufacturing of the bags requires almost 80 per cent lower amount of plastic.

APETIT – RESPONSIBILITY, RENEWAL AND SHARED SUCCESS

Corporate social responsibility at Apetit is based on a common operating policy and on shared values: responsible operations, bold renewal and success through cooperation. Apetit ensures the fair and equal treatment of employees by operating in line with the principles of its equality plan.

Apetit's personnel strategy focuses on creating a safe and encouraging work atmosphere, enabling inspiring and goal-oriented leadership, developing competence, creating a bold corporate culture that enables experiments and improving the company's employer image.

Each employee should be familiar with the goals of their work, and should be able to make use of their strengths and skills in their job. In addition, it is important that Apetit's employees can engage in rewarding cooperation in line with its strategy, in an encouraging and inspiring atmosphere.

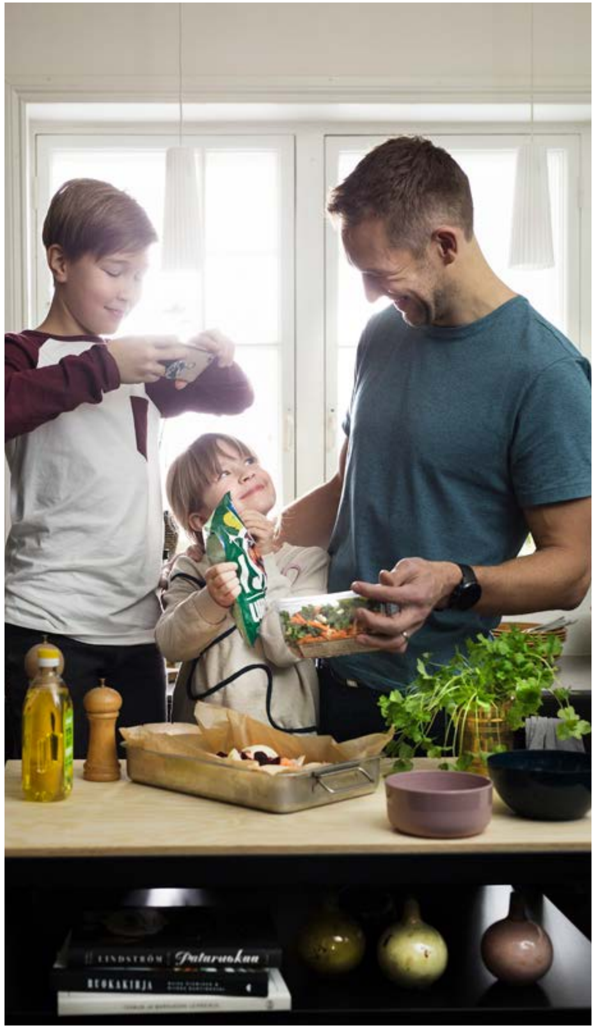
Apetit's new values – responsible operations, bold renewal and success through cooperation – were determined during a joint process that started in summer 2017. Value discussions were held throughout the Group in 2018, which dealt with implementing the values and examining their essential link with Apetit's strategy.

Apetit had 594 (642) employees at the end of 2018. The average number of employees converted to full-time was 564 (697).

A safe working environment

Safety at work plays a significant role at Apetit and is one of the key themes of its personnel strategy. The goal is to reduce occupational accidents to zero and to reduce sickness absences. Key measures include increasing communication about occupational safety, in addition to more systematic safety observation practices and the further development and harmonisation of location-specific occupational health and safety committees.

In order to prevent occupational accidents, Apetit regularly updates occupational safety guidelines. In addition, we have improved our know-how in risk evaluation and incident investigation and systematically conducted risk assessments re-



garding production tasks. We have also given supervisors training on occupational safety management in an extensive training programme that lasted for a year and covered 20 topics. Maintenance staff has been provided with training in machine safety. In 2018, Apetit started to offer a reward for days without any incidents at each location.

Key indicators of occupational safety – the accident frequency rate and the number of safety observations, occupational accidents and sickness absences – are monitored on a monthly basis. Apetit has a slightly better level of accidents compared with the average for the food industry.

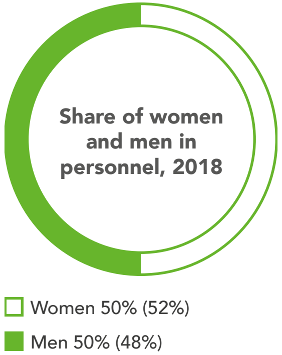
Production work involves repetitive movements that may cause musculoskeletal disorders. In addition, cold-storage facilities and humid production facilities, as well as the use of machines and knives, increase the risk of illnesses and accidents. Apetit seeks to reduce this risk primarily through job-specific instructions and appropriate personal protective equipment and by improving machine safety and ensuring appropriate work clothing for the circumstances.

Apetit has activated working capacity management during 2018 and invested in prevention by training managers and increasing co-operation with external partners. All Apetit's employees are covered by collective agreements (upper staff have a basic agreement).

Developing expertise

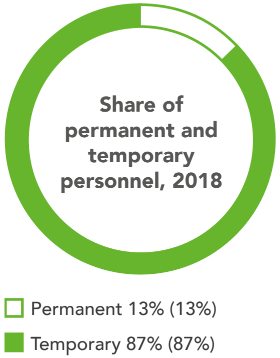
One of the most important goals of personnel development is ensuring sufficient and optimal talent. Key skills for Apetit's employees include a customer-focused approach, production and product development skills, project management capabilities and the ability to achieve actual results. Apetit encourages all of its employees to develop their skills and the company's operations.

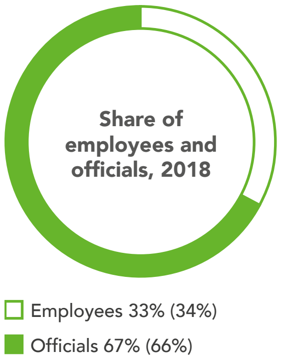
SAFETY AT WORK PLAYS A SIGNIFICANT ROLE AT APETIT AND IS ONE OF THE KEY THEMES OF ITS PERSONNEL STRATEGY."



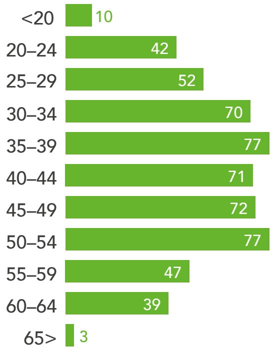
Percentage of women, 31st of December 2018, %	2018	2017
Corporate management	43	43
Board of directors	20	17
Supervisory board	23	18

New personnel and turnover rate	2018	2017
New personnel, permanent	76	107
New personnel, temporary	142	123
Personnel turnover rate, %	18	20

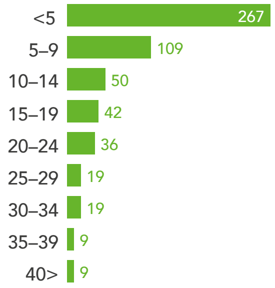




Age structure of personnel, 31.12.2018



Service years of personnel, 31.12.2018



In 2018 Apetit began work community training sessions and will continue these in 2019. A new development model was created for supervisors that consists of supervisor sessions in which they are provided training on topical issues concerning HR practices and processes. The Apetit Suunta supervisor training programme continued in 2018. Its goal is to strengthen supervisors' managerial and interaction skills, harmonise management styles and practices and support supervisors in change management. All Group supervisors take part in the training. Apetit also introduced an online learning environment. The first course was about Apetit's values.

All office employees are covered by personal development appraisals. In 2018, 91 per cent of appraisals were conducted. Also a large share of employees had personal development appraisals as a individual or in a group.

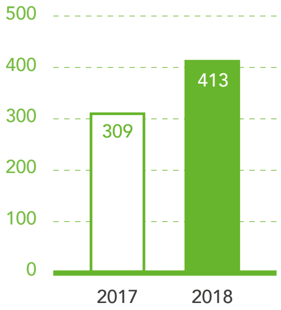
Ensuring well-being at work

Apetit monitors well-being at work by means of an annual Group-wide survey, for example. In the survey, employees assess their experiences of personal well-being, the work atmosphere, safety at work, social support, leadership and supervisory work.

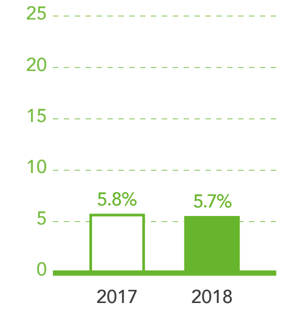
The average result of the Työvire survey conducted in 2018 at Apetit was 3.9 (2017: 3.55) on a scale of 1 to 5. The survey for 2018 was carried out shorter, and its results were not fully comparable with those of the earlier survey.

The areas requiring development were decided on the basis of the results in each business segment and for the Group as a whole. The best results in survey came from areas which tell that Apetit employees know what is expected of them in their work and feel that the work that the company does is meaningful and that their health will not prevent them from working in their current duties also in three years' time. Based on the results of

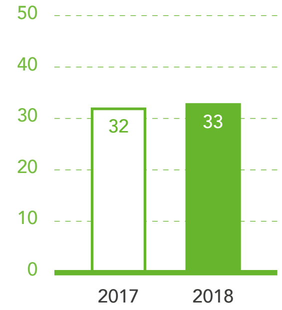
Work safety observations, pcs



Employee sickness absences of regular working time

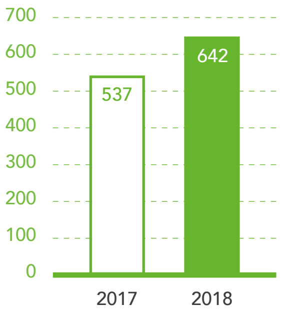


Occupational accidents, pcs



Occupational accidents and accidents on way to work that cause sickness absence of at least one day

Training days for personnel, pcs



SHARING KNOWLEDGE IN AN ONLINE LEARNING ENVIRONMENT

Apetit has introduced an online learning environment intended for its entire personnel to be used in work induction and in personnel development.

The courses offered in the environment deal with occupational safety, data security and privacy, Apetit's Code of Conduct and operating policies and Apetit's values. There are also courses for supervisors to help them develop their skills.

Apetit's online learning environment plays an important role in personnel development. It enhances the studying and internalising of matters that are important to Apetit employees.

the survey, areas requiring development are regular feedback, creating a caring atmosphere and the employer's genuine interest in employees' wellbeing. Giving feedback received the lowest average (3.3), which is satisfactory on the scale used. The response rate was 72 per cent in the 2018 survey and 67 in the 2017 survey.

Regular occupational health surveys are part of Apetit's normal working capacity activities. To improve health management, the company increased cooperation between supervisors, the occupational health service and the insurance company with regard to problems related to working capacity, and provided additional training for supervisors on discussions and further measures related to active support.

Further improving the employer image

Apetit seeks to be a popular employer and to lead the way in renewing its industry, with interesting jobs and opportunities for professional development. As a workplace community, the company invests in a good work atmosphere and a common culture.

Apetit cooperates with selected universities and other educational institutions that provide education in its field. Apetit has focused increasingly on co-operation with educational institutions through summer internships, final projects, apprenticeships and company visits. In summer 2018 there were summer interns at Apetit for example in marketing, production supervision, product development and procurement.

Apetit also takes part in student job fairs that are relevant to its sector. Students and recent graduates – that is, potential Apetit employees – are an important target group and they are offered opportunities to learn more about Apetit and its industry.

APETIT IS A PARTNER OF THE YRITYSKYLÄ LEARNING ENVIRONMENT FOR YOUNG PEOPLE

Apetit will continue as an Yrityskylä partner over the period 2018- 2021. Apetit has been involved in the Yrityskylä project since 2015. Yrityskylä offers school students an opportunity to learn about how companies and the society works by working in miniature companies.

The job descriptions of the employees in Apetit's miniature company are like a scale-model of the real Apetit. The students negotiate with other miniature companies in Yrityskylä on contract growing and make Responsible Growing contracts, engage in product development and design new products, plan marketing and organise tastings to collect customer experiences and sell products to customers.

PROFIT

VALUE FOR ALL STAKEHOLDERS

Apetit's ability to create value for its stakeholders is based on renewal, product development, the continuous development of strong and attractive brands and the management of its sustainable value chain from the field to the table, as well as the continuous development of its profitability and efficiency.

Apetit's strengths include its expertise and employees, unique integration into primary production, strong brands for consumers and professionals, and strong financial position.

Apetit further develops its competitiveness in line with the principles of continuous improvement. Apetit requires all of its businesses to operate profitably over the long term. The company is open to corporate transactions that are in line with its strategy.

Specific business principles

Apetit develops its business operations and acts responsibly towards all its stakeholders. All its operations comply with the applicable laws and regulations and with good governance practices. The Group's Code of Conduct and ethical principles guide the operations of Apetit and all its employees. The company's employees and third parties can report any violations of its Code of Conduct via a designated whistleblowing channel. In 2018, zero notifications were reported through the channel.

In line with its Code of Conduct, Apetit and its employees may not make direct or indirect bribes or give other benefits that may be construed as bribes to gain or maintain business, nor will they seek official decisions or services that are beneficial to them through illegal means. Apetit's employees must also avoid situations that are in conflict or may be construed to be in conflict with the personal and business interests of the employee.

In the future, Apetit will provide training on the key principles of competition legislation to all office employees to ensure fair and transparent competition on the market. The internal training material for competition legislation was completed in the end of 2018.

Procurement based on quality

In its procurement, Apetit favours sustainable producers of raw materials and service providers. The company's purchasing principles concerning suppliers are based on its Code of Conduct and operating policies. Apetit reports transparently on its operations and financial performance, as well as its direct and indirect financial effects.

Apetit has a very extensive international network of suppliers. Successful procurement and the high quality of the raw materials, products and services purchased are a prerequisite for Apetit's success. Its procurement organisation, operating methods, guidelines and requirements for suppliers are updated regularly and developed continuously. Purchases are made in cooperation with the procurement department to a significant degree, but some purchases are made directly by the businesses in line with predetermined rules.

As far as possible, purchases are centralised in the Group for economies of scale. Direct purchases have already been centralized to a high degree, and procurement is being further developed with regard to indirect purchases. Suppliers are always selected carefully, and they are selected particularly carefully if the products or services are related to Apetit's product safety.

The Apetit Group requires its suppliers to comply with the sustainable operating principles concerning ethical, social and environmental aspects that are described in its requirements for suppliers. The requirements are based on the Apetit Group's Code of Conduct and the guidelines of the UN Global Compact initiative. Supplier requirements emphasise occupational safety, hygiene and environmental matters.

Suppliers are responsible for ensuring that they meet the requirements. Compliance with the requirements is monitored by means of self-assessments and audits carried out by Apetit. Apetit also carries out inspections in its suppliers' facilities to ensure compliance. Such inspections may be carried out by independent third parties, unannounced. If a supplier does not comply with the requirements and fails to make the necessary corrections within the time limit determined by Apetit, the company is entitled to terminate its business relationship with the supplier.

NEW PATTY AND BALL PRODUCTION LINE IN SÄKYLÄ

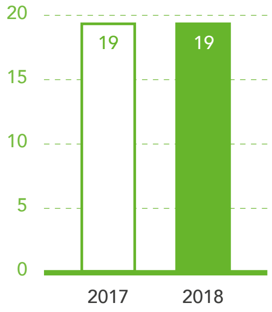
Apetit invested almost EUR 10 million in a new patty and ball production line at the Säkylä plant. The line makes new vegetable and fish-based patties and balls and other new vegetable-based added-value products. Construction of the line commenced in August 2018 and it is expected to gradually start production during summer 2019.

The new patty and ball production line will double our production capacity, meet current demand and enable us to produce new products for the Finnish and international markets. It will also improve production efficiency in several areas.

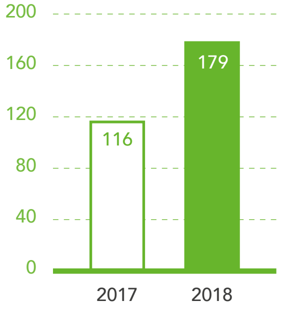
Acquisitions from growers, EUR MILLION	2018	2017
Harvest season vegetables*	4.8	4.5
Oilseeds	9.8	10.3
Apetit in total	14.6	14.8

*Harvest season in total, part of clearances have been made in January next year

Supplier audits, pcs



Suppliers who have accepted and signed ethical supplier demands, pcs



Cash flows

NET SALES
283.1M€

DIVIDENDS FROM ASSOCIATED COMPANY
1.9M€

RAW MATERIALS, ITEMS AND SERVICES
256.8M€

PERSONNEL
23.8M€

SOCIETY
5.2M€

INVESTMENT
6.7M€

DIVIDENDS
5.0M€

FINANCIAL MARKETS
0.5M€

REPORTING PRINCIPLES

Apetit reports material key indicators and themes about its corporate responsibility. Material themes have been identified together with its stakeholders. Reporting is carried out in compliance with the principles and guidelines of the Global Reporting Initiatiave (GRI) system where applicable.

REPORTING PRINCIPLES

Apetit reports on its sustainable operations in accordance with the Global Reporting Initiative (GRI) guidelines and the material aspects identified by the company and where applicable. Apetit has published an annual corporate responsibility report since 2017. Up until 2017, Apetit published separate personnel and environmental reports. Apetit reports on responsibility in conjunction with annual financial reporting.

The responsibility section of Apetit's integrated annual report has been prepared in accordance with the GRI standards. Material aspects are reported with regard to environmental, financial and social responsibility. Material aspects were identified in cooperation with Apetit's key stakeholders.

Corporate responsibility is managed in line with the roles and responsibilities described in Apetit Group's corporate governance statement.

Data on climate impact calculations

Apetit reports on the direct climate impact of its own operations. The calculation is based on the energy consumption of Apetit's production facilities and the way the energy has been generated. 2017 emission coefficients were used to calculate the impacts for 2018 and the comparison year 2017.

Electricity consumption

All electricity used by Apetit's production facilities was procured on the market. Values for 2017 provided by the electricity supplier were used to calculate environmental impacts.

Of all electricity, 43% was generated with fossil sources and peat, 25% with renewables and 32% with nuclear power.

The average specific CO_2 emissions from electricity generation were 223g/kWh.

Heat consumption

Apetit used district heat and steam and, at a single production plant, light fuel oil to heat its production plants.

Values for 2017 provided by suppliers were used to calculate the environmental impacts of district heat.

The steam used was acquired from other production plants operating in the same industrial area. Values for 2017 provided by the supplier were used to calculate environmental impacts.

The 2017 emission coefficient from Statistics Finland was used to calculate the environmental impacts of heating oil.

Other boundaries

The key figures related to the Seafood business have been removed from all key figures related to the Apetit Corporate Responsibility Report 2017, so that the key figures for the Group's continuing operations are comparable. As a result, the corporate responsibility indicators for Apetit Group related to 2017 differ from those published last year.

Environmental indicators cover production plants in Säkylä, Pudasjärvi, Helsinki and Kirkkonummi.

The personnel figures relate to Apetit's personnel in Finland.

GRI INDEX

	GRI disclosure	Included	More information	Location
Organizational profile	GRI 102-1 Name of the organization	X		5
	GRI 102-2 Activities, brands, products, and services	X		18-20
	GRI 102-3 Location of headquarters	X		127
	GRI 102-4 Location of operations	X		18-20
	GRI 102-5 Ownership and legal form	X		110
	GRI 102-6 Markets served	X		18-20
	GRI 102-7 Scale of the organization	X		4-5
	GRI 102-8 Information on employees and other workers	X		38
	GRI 102-9 Supply chain	X		16
	GRI 102-10 Significant changes to the organization and its supply chain	X		51-58
	GRI 102-11 Precautionary Principle or approach	X		51-58
	GRI 102-12 External initiatives	X		22
	GRI 102-13 Membership of associations	X		22
Strategy	GRI 102-14 Statement from senior decision-maker	X		8
	GRI 102-15 Key impacts, risks, and opportunities	X		15, 51-58
Ethics and integrity	GRI 102-16 Values, principles, standards, and norms of behavior	X		apetit.fi > Code of Conduct
	GRI 102-17 Mechanisms for advice and concerns about ethics	X		apetit.fi > Ethical Channel
Governance	GRI 102-18 Governance structure	X		111-116
	GRI 102-19 Delegating authority	X		111-116
	GRI 102-20 Executive-level responsibility for economic, environmental and social topics	X		111-116
	GRI 102-21 Consulting stakeholders on economic, environmental and social topics	X		22

	GRI 102-22 Composition of the highest governance body and its committees	X	111
	GRI 102-23 Chair of the highest governance body	X	111
	GRI 102-24 Nominating and selecting the highest governance body	X	113
	GRI 102-25 Conflicts of interest	X	apetit.fi > Code of Conduct
	GRI 102-26 Role of highest governance body in setting purpose, values, and strategy	X	112
	GRI 102-27 Collective knowledge of highest governance body	X	111
	GRI 102-28 Evaluating the highest governance body's performance	X	111-112
	GRI 102-29 Identifying and managing economic, environmental and social impacts	X	111-112
	GRI 102-30 Effectiveness of risk management processes	X	56
	GRI 102-31 Review of economic, environmental, and social topics	X	56
	GRI 102-32 Highest governance body's role in sustainability reporting	X	45, 56
	GRI 102-33 Communicating critical concerns	X	111-116
	GRI 102-34 Nature and total number of critical concerns	X	53-57
	GRI 102-35 Remuneration policies	X	118
	GRI 102-36 Process for determining remuneration	X	118
	GRI 102-37 Stakeholders' involvement in remuneration	X	118
Stakeholder engagement	GRI 102-40 List of stakeholder groups	X	22
	GRI 102-41 Collective bargaining agreements	X	38
	GRI 102-42 Identifying and selecting stakeholders	X	22
	GRI 102-43 Approach to stakeholder engagement	X	22
	GRI 102-44 Key topics and concerns raised	X	24
Reporting practice	GRI 102-45 Entities included in the consolidated financial statements	X	51
	GRI 102-46 Defining report content and topic Boundaries	X	45
	GRI 102-47 List of material topics	X	24

	GRI 102-48 Restatements of information	X		45
	GRI 102-49 Changes in reporting	X	No significant changes.	
	GRI 102-50 Reporting period	X		45
	GRI 102-51 Date of most recent report	X		apetit.fi > Previous publications
	GRI 102-52 Reporting cycle	X		45
	GRI 102-53 Contact point for questions regarding the report	X		2
	GRI 102-54 Claims of reporting in accordance with the GRI Standards	X		45
	GRI 102-55 GRI content index	X		46
	GRI 102-56 External assurance		No external assurance	
Management approach	GRI 103-1 Explanation of the material topic and its Boundary	X		45
PRODUCT	**GRI disclosure**	**Included**	**More information**	**Location**
	GRI 416-1 Assessment of the health and safety impacts of product and service categories	X		27
	GRI 417-1 Requirements for product and service information and labeling	X		26
	GRI 417-2 Incidents of non-compliance concerning product and service information and labeling	X	No incidents	
	GRI 417-3 Incidents of non-compliance concerning marketing communications	X	No incidents	
PLANET	**GRI disclosure**	**Included**	**More information**	**Location**
	GRI 301-1 Materials used by weight or volume	X		35
	GRI 302-1 Energy consumption within the organization	X		33
	GRI 302-3 Energy intensity	X		32
	GRI 302-4 Reduction of energy consumption	X		32
	GRI 303-1 Water withdrawal by source	X		33
	GRI 304-2 Significant impacts of activities, products, and services on biodiversity	X		26-30

	GRI 305-1 Direct (Scope 1) GHG emissions	X		32
	GRI 305-4 GHG emissions intensity	X		32
	GRI 306-1 Water discharge by quality and destination	X		33
	GRI 306-2 Waste by type and disposal method	X		34
PEOPLE	**GRI disclosure**	**Included**	**More information**	**Location**
	GRI 401-1 New employee hires and employee turnover	X		38
	GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	X		38-39
	GRI 403-3 Occupational health services	X		38
	GRI 404-1 Average hours of training per year per employee	X		39
	GRI 404-2 Programs for upgrading employee skills and transition assistance programs	X		39
	GRI 404–3 Percentage of employees receiving regular performance and career development reviews	X		39
	GRI 405-1 Diversity of governance bodies and employees	X		38
	GRI 414-1 New suppliers that were screened using social criteria	X		43
PROFIT	**GRI disclosure**	**Included**	**More information**	**Location**
	GRI 201-1 Direct economic value generated and distributed	X		43
	GRI 203-2 Significant indirect economic impacts	X		16
	GRI 204-1 Proportion of spending on local suppliers	X		43
	GRI 205-2 Communication and training about anti-corruption policies and procedures	X		apetit.fi > Code of Conduct
	GRI 205-3 Confirmed incidents of corruption and actions taken	X	No incidents.	

BOARD OF DIRECTORS' REPORT, FINANCIAL STATEMENTS 2018 AND OTHER INFORMATION

CONTENTS

BOARD OF DIRECTORS' REPORT 2018

Apetit is a Finnish food industry company firmly rooted in Finnish primary production. Its product groups include frozen vegetables and frozen ready meals, fresh fruit and vegetable products and vegetable oils. The company is active in the Finnish and international grain, oilseeds and feed raw-materials markets. The Group's businesses and reporting segments are Food Solutions, Oilseed Products and Grain Trade. Divested in 2017, Seafood is reported as a discontinued operation in the financial statements. Apetit's shares have been quoted on the Nasdaq Helsinki since 1989, and the company is domiciled in Säkylä.

The Food Solutions segment consists of Apetit Ruoka Oy, Apetit Suomi Oy and Apetit Ruokaratkaisut Oy. Avena Nordic Grain Oy and its subsidiaries are responsible for Grain Trade and Oilseed Products. The expenses of Apetit Plc, the Group's parent company, are divided evenly between the segments of continuing operations. The result of the associated company Sucros Ltd is reported below the operating profit.

Value creation at Apetit

Apetit's ability to create value is based on renewal, product development, the continuous development of strong and attractive brands and a strong link to primary production, as well as the continuous development of efficiency and agility. We seek growth and create added value through higher added value products that combine trends in eating, such as well-being, a sustainable and transparent production chain, Finnish origin and ease of use.

Apetit's value creation model is described in more detail in its annual report.

Strategy

In the 2018–2020 strategy period, Apetit seeks to lead the way in vegetable-based food solutions and be the best-known brand specialising in vegetable-based diets in Finland. Its focus areas are renewal, internationalisation and efficiency improvement.

Apetit is focusing on continuous renewal by increasing product and service development and on stronger internationalisation by increasing international food trade and mapping potential areas of supply in grain trade while strengthening its presence in the Baltics as well as on efficiency improvement in all of its business operations.

STRATEGIC FOCUSES OF THE BUSINESS AREAS FOR 2018–2020:

The Food Solutions business seeks to grow profitably and more rapidly than the market in Finland. Its strategic focus areas are:

- The strong renewal of frozen foods and fresh products and the development of spearhead products for the international markets
- Supporting and increasing the consumption of vegetables among children and young people
- A clear improvement in profitability
- A sustainable value chain as a stronger competitive factor

The Oilseed Products business seeks to improve profitability and create higher added value. Its strategic focus areas are:

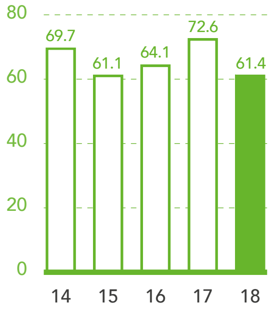
- Improving the efficiency of oil milling operations
- Further developing the cultivation of rapeseed in Finland
- New innovations and their rapid commercialisation
- Developing self-sufficiency in vegetable-based proteins in Finland

KEY INDICATORS

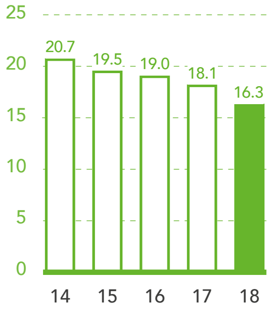
EUR million	2018	2017	Change, %
Continuing operations			
Net sales	**283.1**	311.8	**-9**
Operating profit	**-6.9**	1.1	
Operating profit, %	**-2.4**	0.3	
Operational EBIT	**-0.5**	1.3	
Operational EBIT, %	**-0.2**	0.4	
Profit before taxes	**-8.1**	1.6	
Profit for the period	**-6.6**	2.9	
Profit per share, EUR	**-1.06**	0.46	
Group			
Profit per share, EUR	**-1.21**	-0.10	
Shareholders' equity per share, EUR	**16.29**	18.10	
Equity ratio %	**61.4**	72.6	
Return on equity (ROE), %	**-6.2**	2.5	
Return on capital employed (ROCE), %	**-7.1**	1.9	

Other key indicators and calculation of key indicators are presented in the Annual Report starting from page 107.

Equity ratio, %



Shareholders' equity per share, EUR



The Grain Trade business seeks to increase its trading volumes in its main areas of supply and to efficiently manage its working capital. Its strategic focus areas are:

- Increasing its market share in the area of supply consisting of the Baltic countries
- Creating strong value chain partnerships in Finland
- Developing the most highly advanced digital services that support logistics and the grain trade
- Identifying potential areas of supply
- Clear improvement of profitability

Strategic measures in 2018

Apetit invested almost EUR 10 million in a new patty and ball production line at the Säkylä plant. The construction of the new line has proceeded according to schedule. The new line will double the production capacity in this product group, meet current demand and enable new products to be produced for domestic and international markets.

As a part of its efficiency improvement, Apetit is building a bioenergy plant in conjunction with its rapeseed oil milling plant in Kirkkonummi. The bioenergy plant will replace the current energy solution that uses non-renewable fuels and will significantly reduce the carbon dioxide emissions of the entire Group. Apetit will decide on the investment in the bioenergy plant if its application for an environmental permit is accepted.

Apetit Group's Avena Nordic Grain Ltd and Farmer's Berner merged their purchasing and sales organisations in input and grain trades to create Farmer's Avena Berner. This new type of operating model is based on partnership and offers Finnish farmers a one-stop shop for production input and grain trade services.

Apetit announced that it will divest its remaining service sales operations under the Food Solutions business gradually in early 2019. The divestment of the service sales operations is in line with Apetit's strategy of focusing on its core businesses and a natural continuation of the seafood business divestment in 2017.

Increasing the share of international food sales has proceeded according to plan, with the amount more than doubling in 2018. In autumn 2018, Apetit launched Free From, a new selection for the Swedish market. It includes five patty and ball products. In Russia, we continue to strengthen our position through local food product chains. The export of peas increased significantly, with demand being highest in Italy.

As the number one in vegetables, Apetit has led the way in vegetable-based diets and has invested strongly in product development in recent years. In recognition of its achievements in processing Finnish-grown vegetables, Apetit's Vegepops Carrot&Mango was chosen as the Finnish Food of the Year 2018 in May. Apetit participated in the share issue of the food business development company Foodwest in May–June. This is in line with Apetit's strategic targets to invest in product development.

The project to develop a rapeseed ingredient continued as planned. The purpose is to develop an ingredient with high nutritional content for the international food market. An application for novel food marketing authorisation for the rapeseed ingredient was filed on 31 December 2018.

Net sales and profit of continuing operations

Net sales in January–December were EUR 283.1 (311.8) million. Operational EBIT was EUR -0.5 (1.3) million, and the reported operating profit was EUR -6.9 (1.1) million. The capitalisation of fixed costs arising from harvest-time production and an increase in grain stocks had an effect of EUR 0.7 million on the result in comparison with the previous year. The reported operating profit includes an impairment of EUR -4.7 million resulting from impairment testing in the fresh cut products category and a non-recurring item of EUR -1.6 million arising from a breach of contract by a foreign grain supplier.

The share of the profit of the associated company Sucros was EUR -0.7 (1.0) million in January–December.

Financial income and expenses totalled EUR -0.5 (-0.5) million. Financial expenses included EUR 0.0 (-0.4) million as the share of the Avena Nordic Grain Group's profit attributable to the employee owners of Avena Nordic Grain Oy.

The profit before taxes was EUR -8.1 (1.6) million, and taxes on the profit for the period came to EUR 1.5 (1.2) million. Profit for the period came to EUR -6.6 (2.9) million, and earnings per share amounted to EUR -1.06 (0.46).

Cash flows, financing and balance sheet

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

The full-year cash flow from operating activities after interest and taxes was EUR -23.5 (20.0) million. The impact of the change in working capital was EUR -26.1 (22.5) million. Working capital increased significantly as a result of a substantial increase in the world market prices for grains and a temporary increase in grain stock levels in the Baltic countries due to an imbalance of market supply and demand. The effect of seasonality on the change in working capital is presented below under 'Seasonality of operations'.

The net cash flow from investing activities was EUR -4.8 (8.9) million. The cash flow from financing activities came to EUR 15.2 (-17.8) million, including EUR -4.3 (-4.3) million in dividend payments and EUR 19.5 million in loan withdrawals (-13.6 million in loan repayments).

At the end of the period, the continuing operations had EUR 24.4 (4.9) million in interest-bearing liabilities and EUR 2.6 (15.7) million in liquid assets. Net interest-bearing liabilities totalled EUR 21.8 (-10.8) million.

The consolidated balance sheet total stood at EUR 164.6 (154.7) million. At the end of the review period, equity totalled EUR 101.1 (112.3) million. The equity ratio was 61.4 (72.6) per cent, and gearing was 21.5 (-9.6) per cent. The Group's liquidity is secured with committed credit facilities. During the year, EUR 15 million in credit facilities was cancelled, and EUR 25 (40) million was available in credit at the end of the period. The total of commercial papers issued stood at EUR 21.0 (0.0) million.

Investment

Investment by the Group's continuing operations in non-current assets came to EUR 6.7 (5.2) million and was divided as follows: investment in Food Solutions totalled EUR 5.6 (3.7) million, in Oilseed Products EUR 1.0 (1.1) million and in Grain Trade EUR 0.1 (0.4) million.

Personnel

Apetit's personnel strategy focuses on creating a safe and encouraging work atmosphere, enabling inspiring and goal-oriented leadership, developing competence, creating a bold corporate culture that enables experiments and improving the company's employer image. The key themes for 2018 included strengthening supervisory work and skills and further developing health management and a culture of occupational safety within the company.

The company continued to implement measures to improve safety at work in 2018. Key measures included increasing communication about occupational safety, in addition to more systematic safety observation practices and the further development and harmonisation of location-specific occupational health and safety committees. In 2018, there were 33 (32) occupational accidents that led to at least a one-day absence. Commuting accidents are also included in occupational accidents. Apetit aims for zero accidents. The accident statistics include both blue-collar and white-collar employees. In terms of health management development, cooperation between HR, supervisors, the occupational healthcare unit and the insurance company has been increased, and supervisors have been provided with training in working capacity management. Apetit seeks to reduce sickness absences. In 2018, the company's sickness absence rate was 5.7 (5.8) per cent. The sickness absence rate is the sickness absence time in relation to the theoretical regular working time.

The Apetit Suunta training programme for supervisors continued during 2018. The programme aims to strengthen supervisors' managerial and interaction skills, harmonise management styles and practices and support supervisors in change management. All Group supervisors take part in the training. A Group-wide digital learning environment was introduced in late 2018. It includes various training programmes and modules for all employees.

An annual Group-wide survey on well-being at work was carried out and its results were processed in all of the Group's operations during autumn 2018. In connection with this, development needs were determined for various operations and the Group as a whole. The highest scores in the survey were given to the employee's expectations regarding their job and their ability to promote health in their job and to the significance of the work carried out by the company. The most significant development needs included feedback, a caring workplace atmosphere and the employer's interest in employees' well-being.

Apetit's new values – responsible operations, bold renewal and success through cooperation – were determined during a joint process in 2017. Value discussions were held throughout the Group in 2018. These discussions were related to implementing the company's values and examining their essential link with Apetit's strategy. Values also were the topic of the first training programme in the new learning environment.

The organisational structure of the Apetit Group was streamlined and its management structure was clarified during the year. Major changes were discussed with employee representatives. Changes took place in the Apetit Group's management in 2018. Tero Heikkinen, who had served as temporary CFO, was appointed as Chief Financial Officer as of 1 March 2018.

The Apetit Group had 594 (642) employees at the end of 2018. Its average number of personnel in 2018 was 564 (697) in full-time equivalents.

The salaries and other remuneration paid to the employees in 2018 totalled EUR 23.8 (28.8) million, of which operations discontinued in 2017 represented EUR 5.4 million. Subcontracted work was insourced to a significant degree during 2018.

Aspects related to personnel are discussed in more detail in the Personnel section of Apetit's annual report.

NUMBER OF EMPLOYEES IN THE GROUP ON AVERAGE

	2018	2017	2016
Food Solutions	**455**	451	452
Oilseed Products	**47**	45	42
Grain Trade	**62**	61	55
Seafood, discontinued operations	**-**	140	180
Total	**564**	697	729

Human rights and the prevention of corruption and bribery

Apetit requires its employees and partners to comply with its Code of Conduct. Apetit ensures the fair and equal treatment of employees by operating in line with the principles of its equality plan.

Apetit's Code of Conduct prohibits the acceptance of direct or indirect bribes, as well as other benefits that can be regarded as bribes to acquire or maintain business operations. Apetit's employees are required to familiarise themselves and comply with the Code of Conduct and report any deviations from the Code of Conduct via a designated whistleblowing channel. No reports were submitted via the whistleblowing channel in 2018.

In addition, Apetit's employees must not seek to ensure favourable decisions or services from the authorities through illegal means. Apetit's employees must also avoid situations that are in conflict or may be construed to be in conflict with the personal and business interests of the employee. Apetit provides training on the key principles of competition legislation to all office employees to ensure fair and transparent competition on the market. The internal training material for competition legislation was completed in the end of 2018. No human rights violations or corruption or bribery cases were reported in 2018.

Apetit's operating policy and ethical principles are supplemented by its ethical requirements for suppliers, which cover aspects related to laws and requirements, the environment, business ethics, forced and child labour, discrimination and oppression, the work environment and social conditions.

Overview of operating segments

FOOD SOLUTIONS

Net sales in the Food Solutions segment amounted to EUR 97.4 (100.2) million in January–December. Operational EBIT was EUR -0.1 (-1.3) million, and the reported operating profit was EUR -4.9 (-1.5) million.

Investment totalled EUR 5.6 (3.7) million and was mainly related to production development at the Säkylä frozen vegetables and frozen ready meals plant and the planning and construction of its new patty and ball production line.

OILSEED PRODUCTS

Net sales in the Oilseed Products segment were EUR 66.7 (65.3) million in January–December. Operational EBIT was EUR 2.2 (1.8) million, and the reported operating profit was EUR 2.2 (1.8) million.

Investment totalled EUR 1.0 (1.1) million and was mainly related to maintenance at the Kirkkonummi oil milling plant and the development of the rapeseed protein ingredient.

GRAIN TRADE

Net sales in the Grain Trade segment were EUR 137.4 (162.9) million in January–December. Operational EBIT was EUR -2.6 (0.8) million, and the reported operating profit was EUR -4.2 (0.8) million.

Investment totalled EUR 0.1 (0.4) million.

Research and development

The Group's research and development costs were EUR 1.3 (1.2) million, or 0.4% (0.4%) of net sales. In 2017, the Group implemented the Digital Food Services project funded in part by the Business Finland, which represented EUR 0.7 million of the its research and development costs. In addition, EUR 0.4 (0.1) million in product development costs was capitalised on the balance sheet.

In the Food Solutions business, research and development operations were mainly related to developing new products and services and creating cooperation networks that support operations. By strengthening its expertise and further developing its product develop process, Apetit has introduced a significant number of new products, product groups and concepts at a record pace. In recognition of its achievements in processing Finnish-grown vegetables, Apetit's Vegepops Carrot&Mango was chosen as the Finnish Food of the Year 2018 in May.

During the year, two new vegetable mince pizzas were added to the Kasvisjauhis product family: Original was followed by Vegelover later in the autumn. Vegetable mince pizzas immediately became Apetit's best-selling pizza products. During the year, new vegetable mixes were added to the Tuorekset product family in the fresh and ready-to-use vegetables product group, in addition to quick and healthy vegetable snacks. In patties and balls, Apetit introduced delicious fish and beetroot balls, among other products. Apetit Järvikalapihvit fish cakes, which are made from fish caught from a lake as part of fish-stock management, were made available to consumers through the retail trade, as this product had proved hugely popular with the professional food service sector. Similarly, Apetit's carrot, spinach and cottage cheese nuggets were made available to consumers. In the autumn, Apetit introduced a vegan version of spinach soup, one of its classic products.

Apetit is improving its products and services and is creating brand new products to provide easy, delicious food solutions with a high vegetable content for different meal situations to people who value food that tastes good, is healthy and is produced responsibly. New products are developed to match Finnish preferences and nutritional recommendations, and for convenient everyday meals.

Emphasising the high vegetable content, as well as the source and Finnish origin of food, has become a particularly important factor. Vegetables, vegetable oils and whole grains are an important part of a healthy diet. In foods with a high vegetable content, special attention is paid to attractive appearance and good taste, in addition to nutritional values, as only food that is actually eaten is nourishing. Through its products, Apetit seeks to make a long-term commitment to nutritional work in line with the principles of sustainable development. This is evident in the eight nutrition commitments that the company made in late 2017. The purposes of the commitments include increasing the selection of Heart Symbol products, introducing healthy snacks for children and using Apetit's products and services to make it easier for people to increase the consumption of vegetables in their daily lives.

In the Oilseed Products business, the company focused on increasing in-depth research and development. The project to enhance the added value of rapeseed as a raw material continued in 2018. The project was partly funded by the Business Finland, which merged with Finpro to create Business Finland at the beginning of 2018. The purpose is to develop an ingredient with high nutritional content for the international food market. The project progressed as planned, and an application for novel food marketing authorisation for the rapeseed ingredient was filed on 31 December 2018. The strategic goals of the Oilseed Products business also include increasing the cultivation of oilseeds in Finland. The achievement of this goal was promoted in many ways.

Apetit also continued its projects and programmes related to the development of cultivation practices. These include the Muuvi project coordinated by the Pyhäjärvi Institute and a training programme for organic farmers, to name just two examples. Apetit carries out cultivation research and development operations on its experimental farm in Köyliö, with the aim of securing the outdoor cultivation of vegetables by taking proactive measures to adjust farming methods in response to a changing environment and by providing farmers with the latest information and expertise. Through these operations, Apetit is looking for alternatives to chemical pesticides and seeking ways to improve growing conditions, for example. Research topics include optimised crop rotation, the use of mulch films and insect nets, drip irrigation and drip fertilisation and mechanical weed separation. Apetit's organic farming programme aims to increase the supply of organic food products with a high vegetable content, as consumers' interest in organic products continues to grow. Through this programme, Apetit is seeking to further develop organic cultivation methods and take organic farming to a new level by increasing efficiency and making the transition easier. To further develop organic farming, Apetit's experimental farm will study and develop organic cultivation as part of the company's responsible farming practices. Some of the fields on the experimental farm will be converted to support organic cultivation. Organic cultivation on the experimental farm will begin during the 2019 growing season.

In line with its strategy, Apetit continued to develop new digital food and service solutions. The purpose of the Digital Food Services project, which was implemented in 2016–2017 and was partly funded by the Business Finland, was to create new types of services related to food and eating for consumers who appreciate well-being, ease and sustainability in their daily lives. In addition to promoting digitalisation in general, the outcomes of the project included Apetit's Njam mobile app, which was introduced in 2018. The app suggests delicious, vegetable-inspired recipes to users based on their previous choices. As well as making daily life much easier, Njam encourages and helps users to increase their consumption of vegetables. In 2017, as a result of the project, Apetit introduced an online store at Kasvimaani.fi, which enables customers to order fresh vegetables and have them delivered directly to their door.

Environment

The Apetit Group's operations are guided by policies and ethical principles that include responsible environmental management and the management of environmental effects. The Group's environmental management system complies with the ISO 14001 standard in the frozen foods and fresh products categories of Food Solutions. The goal is efficient and safe production that is in harmony with the environment. The Group's most significant environmental impacts are related to organic waste from its production process and water and energy consumption in production, storage, transportation and buildings. Apetit is committed to continuous improvement with regard to environmental issues.

The environmental impacts of Apetit's food business are related to energy and water consumption in the processes used and the treatment of production side streams and waste. In oilseed processing, the company uses a chemical-free mechanical method for vegetable oil milling. During vegetable oil milling, the environmental effects are mainly related to the combustion of odorous gases and the waste from weed separation at raw material reception and the bleaching clay used in processing. In addition, all operations generate a certain amount of packaging waste.

Apetit has joined the energy efficiency agreement scheme for Finnish industry and is committed to implementing its action programme for the food industry. The target for improving energy use in the food industry is 7.5 per cent for the 2017–2025 agreement period. In 2018, Apetit's energy consumption was 0.4 (0.4) MWh per tonne produced.

As part of improving its energy efficiency and increasing its use of renewable energy, Apetit is planning to build a bioenergy plant in conjunction with its rapeseed oil milling plant in Kirkkonummi. The bioenergy plant will replace the current energy solution that uses non-renewable fuels and will significantly reduce the carbon dioxide emissions of the entire Group. Apetit will decide on the investment in the bioenergy plant if its application for an environmental permit is accepted.

All of Apetit's production plants that are required to have an environmental permit are in possession of a current permit. During the year, there were no interruptions or accidents with significant environmental effects at the production plants. The environmental permit decision from 2014 for the wastewater treatment plant in the Länsi-Säkylä industrial area requires the operator to investigate alternative discharge sites for wastewater, on its own or in cooperation with the other treatment plants in the area. In cooperation with other operators in the area, Apetit submitted a response with regard to alternative discharge sites in 2017. At the request of the authorities, Apetit provided additional information during 2018.

The company is not aware of any significant individual environmental risks on the balance sheet date. The Group's environmental costs in 2018 were EUR 1.2 (1.1) million, or 0.4 (0.3) per cent of net sales.

Environmental aspects are discussed in more detail in the Environment section of Apetit's annual report.

Seasonality of operations

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

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

Net sales in Grain Trade vary from one year and quarter to the next, even quite considerably, being dependent on the demand and supply situation and on the price level in Finland and other markets.

Managing corporate responsibility

Apetit is developing more sustainable food production by promoting the increased use of vegetables. Apetit operates sustainably and responsibly throughout the value chain, from contract growing and production to customers and end consumers.

Apetit's operations are based on the company's values, vision and mission. Its sustainability work is guided by its strategy, operating policy and Code of Conduct, as well as its procurement principles, which are based on the UN Global Compact initiative. Apetit is committed to compliance with the laws and other regulations of its countries of operation.

Apetit seeks to treat all of its stakeholders equally. Continuous interaction with stakeholders, as well as an attentiveness to their needs and wishes, is one of the cornerstones of the company's sustainable operations.

Apetit seeks to understand the impact of its operations on people, society and the environment as comprehensively as possible. In cooperation with its key stakeholders, Apetit implemented an extensive process to determine the content of its corporate responsibility. This includes the most material aspects of its corporate responsibility for the systematic collection of key figures and information to continuously develop sustainable operations.

More information about Apetit's corporate responsibility is available in the Sustainability section of its annual report. Apetit reports on its sustainable operations in accordance with the Global Reporting Initiative (GRI) guidelines, as far as applicable.

Risks, uncertainties and risk management

The Board of Directors of Apetit Plc has confirmed the Group's risk management policy and principles. All Group companies and business units regularly assess and report the risks related to their operations and the adequacy of controls and risk management methods. The risk assessments support the strategy work and decision-making and serve to ensure that sufficient measures are taken to control risks. The risk management framework, policies and principles are regularly assessed and developed as part of the Group's annual planning process. Risk management as a whole is evaluated regularly with the support of external specialists to ensure that its principles and operating models are in line with the best practices in the industry.

The Apetit Group's risks are divided into strategic, operational, financial and hazard risks. The Group's most significant strategic risks are related to the success of the development of its business portfolio in line with its strategy, and to changes in the Group's business sectors and customer relationships.

The main operating risks concern the availability of raw materials, the time lags between purchasing and sale or use, and fluctuations in raw-material prices. Price risk management is particularly important in Grain Trade and Oilseed Products and in the fresh products group in Food Solutions. The prices of grains and oilseeds are determined in the world market. In Grain Trade and Oilseed Products, limits are defined for open price risks.

The Group operates in the international markets and is therefore exposed to exchange rate risks arising from fluctuations in exchange rates. The total amount of currency risks has decreased significantly as a result of the divestment of the Seafood business. Financial risk management is discussed in more detail in Note 23 to the Financial Statements.

Fire, serious process disruptions, and defects in raw materials or final products affecting food safety can lead to major property damage, losses from production interruptions, liabilities and other indirect adverse effects on the company's operations. The Group companies guard against these risks by evaluating their processes through internal control and other systems and by taking corrective action where necessary. Insurance policies are used to cover all risks for which insurance can be justified on financial or other grounds.

Short-term risks

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

Risks related to Apetit's report on non-financial information and their management

The assessment of Apetit's most significant risks also covers significant non-financial risks. In addition, Apetit has identified risks related to the themes presented below, regardless of whether they are significant for Apetit as a whole. A typical effect of the realisation of a non-financial risk would be a negative reputation effect.

The Apetit Group's Code of Conduct guides operations in all Group business segments and all operating countries. Apetit requires that all of its employees and suppliers comply with the Code of Conduct.

ENVIRONMENTAL RISKS

Apetit's operations do not involve significant environmental effects. Environmental risks are managed by means of internal and external inspections and by complying with environmental requirements and monitoring the company's environmental performance. Some of the company's operations have ISO 14001 environmental management systems.

SOCIAL AND EMPLOYEE-RELATED RISKS

Safety at work is vitally important for Apetit, and any occupational accidents are among its most significant social and employee-related risks. The company actively provides information about aspects related to occupational safety, and each supervisor must complete a training programme related to safety at work.

RISKS RELATED TO HUMAN RIGHTS

The most significant risks related to human rights arise from the production chain and are related to working conditions. Apetit is committed to, and requires its suppliers to commit to, its ethical requirements for suppliers, which describe sustainable operating principles concerning ethical, social and environmental aspects.

RISKS RELATED TO CORRUPTION AND BRIBERY

If Apetit's employees or stakeholders engage in unethical operations, this may have a negative effect on Apetit's reputation, in addition to having financial effects. The most important management method to avoid unethical ways of working is to increase awareness of ethical operating methods, for example.

Corporate Governance Statement

The 2018 Corporate Governance Statement for Apetit Plc has been considered by the Apetit Plc Board of Directors and is published separately from the Board of Directors' report.

Corporate governance and auditors

At its organisational meeting on 16 April 2018, Apetit Plc's Supervisory Board appointed Harri Eela as Chair and Marja-Liisa Mikola-Luoto as Vice Chair.

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

At its organisational meeting on 7 May 2018, Apetit Plc's Board of Directors elected members to its Audit Committee from among its members until the end of the Board's term of office. Seppo Laine was elected as Chairman of the Audit Committee, and Lasse Aho and Esa Härmälä were elected as its members.

Veijo Meriläinen, Chair of Apetit Plc's Board of Directors, resigned from the Board for personal reasons on 7 November 2018. The Supervisory Board elected Esa Härmälä as Chair of the Board of Directors and Lasse Aho as Deputy Chair. After this change, Apetit Plc's Board consists of five members.

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

Pasi Karppinen, APA, and PricewaterhouseCoopers Oy, Authorised Public Accountants, with Jari Viljanen, APA, as the auditor with principal responsibility, were appointed as the company's auditors for the period ending at the close of the 2019 Annual General Meeting. Tuomo Korte, APA, replaced Jari Viljanen as principal auditor during the financial year.

Authorisations granted to the Board of Directors

On 27 March 2018, the Annual General Meeting authorised the Board of Directors to decide on share issues. The authorisation includes the right to issue new shares or transfer Apetit Plc shares held by the company. The authorisation covers a maximum total of 626,757 shares, consisting of up to 520,331 new shares and 106,426 Apetit Plc shares held by the company.

The subscription price for each new share will be at least the share's nominal value (EUR 2). The transfer price for Apetit shares held by the company will be at least the market value of the share at the time of transfer, which is determined by the price quoted in public trading on the Nasdaq Helsinki. The Board of Directors will also have the right to issue shares against considerations other than cash. In the implementation of share-based incentive or reward schemes, shares can also be issued without consideration.

The authorisation includes the right to deviate from the shareholders' pre-emptive subscription right (targeted issue) if the company has an important financial reason for doing so, such as the development of the company's capital structure, the financing and implementation of corporate acquisitions or other arrangements, or the implementation of a share-based incentive or reward scheme.

The authorisation is valid until the 2021 Annual General Meeting.

USE OF THE AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

In accordance with a decision made by the Supervisory Board regarding the remuneration of Board members, a total of 5,471 Apetit Plc shares held by the company were transferred to the Board members on 7 December 2018. Based on a share-based incentive system established in 2015, a total of 5,000 Apetit Plc shares were transferred to CEO Juha Vanhainen on 9 March 2018. The transfers were announced by means of stock exchange releases issued on each date of transfer.

Shares, share capital and trading

The shares of Apetit Plc are all in one series. All shares carry the same voting and dividend rights. The Articles of Association specify that the number of votes a shareholder is entitled to exercise cannot exceed one tenth of the votes represented at a general meeting. The nominal value of each of the company's shares is EUR 2. At both the beginning and the end of the financial year, the total number of shares issued by the company stood at 6,317,576, and the registered share capital totalled EUR 12,635,152. The minimum amount of share capital is EUR 10 million, and the maximum amount is EUR 40 million.

TREASURY SHARES

At the end of the review period, the company held a total of 100,955 treasury shares acquired during previous years. These treasury shares represent 1.6 per cent of the company's total number of shares and votes. The company's treasury shares carry no voting or dividend rights.

SHARE TURNOVER

The number of Apetit Plc shares traded on the stock exchange during the review period was 634,659 (835,165), representing 10.0 (13.0) per cent of the total number of shares. The highest share price quoted was EUR 15.25 (14.58), and the lowest was EUR 8.86 (12.91). The average price of shares traded was EUR 11.68 (13.67). The share turnover for the year was EUR 7.4 (11.4) million. At the end of the review period, the market capitalisation was EUR 56.9 (89.2) million.

DISTRIBUTION OF SHAREHOLDINGS

The distribution of shareholdings by sector, the major shareholders and the management's ownership are presented in the notes to the financial statements after the financial statements section of the annual report.

Assessment of expected future developments

The Group's full-year operational EBIT is expected to improve year-on-year (EUR -0.5 million in 2018). Due to the seasonal nature of the Group's operations, most of the annual profit is accrued in the second half of the year. The profit outlook for early 2019 is burdened by the weak grain crop of 2018. Opportunities to export Finnish grain are limited, and an imbalance of supply and demand is posing challenges in the grain trade in the Baltic countries.

Board of Directors proposals concerning profit measures and distribution of other unrestricted equity

The Board of Directors of Apetit Plc aims to ensure that the company's shares provide shareholders with a good return on investment and retain their value. In line with its dividend policy, the company will distribute at least 50 per cent of the profit for the financial year in dividends.

On 31 December 2018, the parent company's distributable funds totalled EUR 58,632,855.11, of which EUR 380,714.20 is profit for the financial year. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.40 per share be paid.

The Board of Directors will propose that a total of EUR 2,486,648.40 be distributed in dividends and that EUR 56,146,206.71 be left in equity. No significant changes have taken place in the financial standing of the company since the end of the financial year. The company's liquidity is good, and the Board deems that the company's solvency will not be jeopardised by the proposed distribution of dividends. No dividend will be paid on shares held by the company.

CONSOLIDATED INCOME STATEMENT

EUR million	Note	2018	2017
Net sales	(2,3)	**283.1**	311.8
Other operating income	(4)	**1.8**	0.7
Materials and services	(7)	**-221.4**	-247.5
Employee benefit expenses	(5,26)	**-29.1**	-28.8
Depreciation	(2,8)	**-5.8**	-5.6
Impairments	(2,8)	**-4.8**	0.0
Other operating expenses	(4,6)	**-30.7**	-29.6
Operating profit	(2,3)	**-6.9**	1.1
Share of profits of associated companies	(13)	**-0.7**	1.0
Financial income	(9)	**0.1**	0.2
Financial expenses	(9)	**-0.6**	-0.7
Profit before taxes		**-8.1**	1.6
Income taxes	(10)	**1.5**	1.2
Profit for the period, continuing operations		**-6.6**	2.9
Profit for the period, discontinued operations	(3)	**-0.9**	-3.5
Profit for the period, equity holders of the parent		**-7.5**	-0.6

EUR million	Note	2018	2017
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR	(11)		
Continuing operations		**-1.06**	0.46
Discontinued operations		**-0.14**	-0.56
Equity holders of the parent		**-1.21**	-0.10

STATEMENT OF COMPREHENSIVE INCOME

EUR million	2018	2017
Profit for the period	**-7.5**	-0.6
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges	**0.7**	-1.1
Taxes related to cash flow hedges	**-0.1**	0.2
Translation differences	**0.0**	0.1
Total comprehensive income	**-6.9**	-1.4
Attributable to		
Continuing opeations, equity holders of the parent	**-6.0**	2.0
Discontinued operations, equity holders of the parent	**-0.9**	-3.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Intangible assets	(12)	**3.2**	6.8
Goodwill	(12)	**0.4**	0.4
Tangible assets	(12)	**37.2**	37.5
Investment in associated companies	(13)	**21.0**	23.4
Other investment	(14)	**0.0**	0.1
Receivables	(15)	**0.4**	1.3
Deferred tax assets	(10)	**5.8**	5.3
Total non-current assets		**68.0**	74.7
Current assets			
Inventories	(17)	**80.7**	45.8
Income tax receivable		**0.0**	0.2
Trade receivables and other receivables	(16)	**12.3**	18.3
Cash and cash equivalents	(18)	**2.6**	15.7
Total current assets		**95.7**	80.0
Assets held for sale	(27)	**0.9**	-
Total assets	(2)	**164.6**	154.7

EUR million	Note	31.12.2018	31.12.2017
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent			
Share capital		**12.6**	12.6
Share premium account		**23.4**	23.4
Own shares		**-1.4**	-1.5
Translation differences and other reserves		**7.1**	6.5
Retained earnings		**66.9**	71.9
Net profit for the period		**-7.5**	-0.6
Total equity attributable to the equity holders of the parent	(19)	**101.1**	112.3
Non-current liabilities			
Deferred tax liabilities	(10)	**1.8**	3.1
Long-term financial liabilities	(21)	**2.4**	3.4
Non-current provisions	(20)	**0.2**	0.2
Other non-current liabilities	(22)	**0.2**	0.2
Total non-current liabilities		**4.7**	6.9
Current liabilities			
Short-term financial liabilities	(21)	**22.0**	1.5
Income tax payable		**0.0**	0.0
Trade payables and other liabilities	(22)	**35.0**	34.1
Total current liabilities		**56.9**	35.5
Liabilities directly associated with assets held for sale	(27)	**1.9**	-
Total liabilities	(2)	**63.5**	42.5
Total equity and liabilities		**164.6**	154.7

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	2018	2017
Net profit for the period		**-7.5**	-0.6
Adjustments, total *)		**11.2**	-0.7
Change in net working capital		**-26.1**	22.5
Interests paid		**-1.1**	-1.0
Interests received		**0.1**	0.0
Taxes paid		**0.0**	- 0.2
Net cash flow from operating activities		**-23.5**	20.0
Investments in tangible and intangible assets	(12)	**-6.7**	-5.9
Proceeds from sales of tangible and intangible assets		**0.0**	0.1
Proceeds from sales of business operations		**-**	13.6
Investments in associated companies		**-0.6**	-0.4
Proceeds from sales of associated companies		**0.6**	0.2
Dividends received from investing activities		**1.9**	1.3
Net cash flow from investing activities		**-4.8**	8.9
Proceeds from/repayments of short-term loans		**21.0**	-12.8
Proceeds from long-term loans		**-**	0.1
Repayments from long-term loans		**-1.5**	-0.8
Dividends paid		**-4.3**	-4.3
Cash flows from financing activities		**15.2**	-17.8
Net change in cash and cash equivalents		**-13.0**	11.1
Cash and cash equivalents at the beginning of the period		**15.7**	4.6
Cash and cash equivalents at the end of the period		**2.6**	15.7

EUR million	Note	2018	2017
*) **Adjustments to cash flow from operating activities:**			
Depreciation and impairments	(12)	**10.6**	6.5
Gains and losses on sales of fixed assets and shares		**0.0**	-4.3
Share of profits of associated companies		**0.7**	-1.0
Financial income and expenses	(9)	**1.4**	0.8
Income taxes	(10)	**-1.5**	-1.7
Other adjustments		**0.0**	-1.0
Total		**11.2**	-0.7

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR million	Share capital	Share premium account	Net unrealised gains	Other reserves	Own shares	Translation differences	Retained earnings	Total equity attributable to the equity holders of the parent	Total equity
Shareholders' equity 1 Jan. 2018	**12.6**	**23.4**	**-0.8**	**7.2**	**-1.5**	**-0.2**	**71.4**	**112.3**	**112.3**
Dividend distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-4.3**	**-4.3**	**-4.3**
Other changes	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.0**	**0.1**	**0.1**
Total comprehensive income	**-**	**-**	**0.6**	**-**	**-**	**0.0**	**-7.5**	**-6.9**	**-6.9**
Shareholders' equity 31 Dec. 2018	**12.6**	**23.4**	**-0.2**	**7.2**	**-1.4**	**-0.2**	**59.6**	**101.1**	**101.1**
Shareholders' equity 1 Jan. 2017	12.6	23.4	0.1	7.2	-1.6	-0.3	76.3	117.7	117.7
Dividend distribution	-	-	-	-	-	-	-4.3	-4.3	-4.3
Other changes	-	-	-	-	0.1	-	0.1	0.2	0.2
Total comprehensive income	-	-	-0.8	-	-	0.1	-0.6	-1.4	-1.4
Shareholders' equity 31 Dec. 2017	12.6	23.4	-0.8	7.2	-1.5	-0.2	71.4	112.3	112.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Company details

Apetit plc is a Finnish public limited company established under Finnish law. Its registered office is in Säkylä and the registered address is PO Box 100, FI-27801 Säkylä, Finland. Business ID is 0197395-5. The company's name is Apetit Oyj, in Swedish Apetit Abp and in English Apetit plc.

On 19 February 2019, the Apetit plc Board of Directors approved the financial statements for publication.

Main operations

Apetit plc is a food industry company listed on the Nasdaq Helsinki Ltd. The trading code of the share is APETIT.

Apetit's reportable segments are Food Solutions, Grain Trade and Oilseeds Products. Apetit's primary market is Finland. On 29 June 2017, Apetit Plc signed an agreement on selling its seafood business to the Norwegian Insula AS. The transaction was completed on 31 October 2017. In this financial statements, the transferred business is reported as a discontinued operation.

Operating segments	Products and services
FOOD SOLUTIONS	
Apetit Ruoka Oy	Frozen foods, Fresh produce and sales of fish, fruit and vegetables
Apetit Ruokaratkaisut Oy	Service sales
Kiinteistö Oy Kivikonlaita	Holding company of Kivikko's real estates
Apetit Suomi Oy	Environmental services
GRAINS AND OILSEEDS BUSINESS	
Avena Nordic Grain Oy	Trade in grains, oil seeds and animal feedstuff
OOO Avena St. Petersburg, Russia	Trade in grains, oil seeds and animal feedstuff
UAB Avena Nordic Grain, Lithuania	Trade in grains, oil seeds and animal feedstuff
Avena Nordic Grain OÜ, Estonia	Trade in grains, oil seeds and animal feedstuff
TOO Avena Astana, Kazakhstan	Trade in grains, oil seeds and animal feedstuff
OOO Avena-Ukraine, Ukraine	Trade in grains, oil seeds and animal feedstuff
SIA Avena Nordic Grain, Latvia	Trade in grains, oil seeds and animal feedstuff
OILSEEDS PRODUCTS	
Avena Nordic Grain Oy	Avena Nordic Grain Oy
Avena Kantvik Oy	Manufacture of vegetable oils and protein feed
SEAFOOD, DISCONTINUED OPERATIONS, SOLD 31 OCTOBER 2017	
Escamar Seafood Oy *)	Fish products
Maritim Food AS, Norway	Shellfish and fish products
Maritim Food Sweden AB, Sweden	Shellfish
Sandanger AS, Norway	Fish products

*) previously manufacturing was in Apetit Kala Oy, group holding 31 December 2018 under 20 %.

PARENT COMPANY	
Apetit plc	Group administration, business structure development and holdings of shares and properties. Costs are allocated evenly to operating segments.
Associated companies:	
Sucros group	Manufacture, marketing and sales of sugar
Foison Oy	Holding in Avena Nordic Grain Oy
Foodwest Oy	Food product development company

Accounting principles

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The IAS and IFRS standards and the SIC and IFRIC interpretations complied with are those valid on 31 December 2018. The International Reporting Standards refer to standards and their interpretations approved for adoption within the EU in accordance with the procedure enacted in EC regulation 1606/2002. The notes to the consolidated financial statements are also in accordance with Finnish bookkeeping and company legislation. The consolidated financial statements have been drawn up on the basis of historic acquisition costs, except for those financial assets and liabilities which are recognised in income at fair value and all derivative financial instruments, as they are measured at fair value.

Preparation of the financial statements in accordance with the IFRS standards requires the Group's management to make certain assessments and exercise judgement in applying the accounting principles. Details of the judgements made by the management in applying the accounting principles observed by the Group, and of those aspects which have the greatest impact on the figures reported in the financial statements, are given below under the heading 'Accounting principles requiring executive judgement and the main uncertainties concerning the assessments made'.

CONSOLIDATION PRINCIPLES

Control is created if the Group is exposed to a variable return on the investee or is entitled to its variable return and is also able to exercise its power over the investee and thereby affect the amount of return received. Acquisition of subsidiaries is accounted for using the acquisition cost method. Acquisition cost is the aggregate of the consideration given at fair value at the time of acquisition and the amount of liabilities incurred or liabilities assumed. Identifiable assets and liabilities acquired in a business combination are measured initially at fair value at the time of acquisition, regardless of the amount of any minority interest. The amount by which the acquisition cost exceeds the Group's share of the fair value of the identifiable net assets acquired is recognized as goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary, this difference is recognized directly in the income statement.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and the consolidation ends on the date that control ceases.

Intra-group transactions, receivables and liabilities as well as unrealised gains from intra-group transactions are eliminated in the consolidated financial statements. Unrealised losses are also eliminated unless the transaction indicates that the value of the transferred asset is impaired.

Associates are companies in which the Group has significant influence. Significant influence is exercised when the Group owns more than 20% of the voting rights of the company or otherwise has significant influence, but not control. Associates are consolidated in the consolidated financial statements using the equity method. If the Group's share of the losses of the associate exceeds the carrying amount of the investment, the investment is recorded in the balance sheet at zero value and the excess of the carrying amount is not aggregated unless the Group is committed to meeting the obligations of the associates. Unrealised gains between the Group and the associate have been eliminated in accordance with the Group's shareholding. An associate's investment includes goodwill arising from its acquisition.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and assets and liabilities related to discontinued operations are classified as held for sale if their carrying amounts are expected to be recovered primarily through sale rather than through continuing use. Classification as held for sale requires that the following criteria are met; the sale is highly probable, the asset is available for immediate sale in its present condition subject to usual and customary terms, the management is committed to the sale, and the sale is expected to be completed within one year from the date of classification.

Prior to classification as held for sale, the assets or assets and liabilities related to a disposal group in question are measured according to the respective IFRS standards. From the date of classification, non-current assets held for sale are measured at the lower of the carrying amount and the fair value less costs to sell, and the recognition of depreciation and amortization is discontinued. A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

The result from the discontinued operations is shown separately in the consolidated statement of income and the comparison figures are restated accordingly. Non-current assets held for sale are presented in the statement of financial position separately from other items. The comparison figures for the statement of financial position are not restated.

FOREIGN CURRENCY ITEMS

The figures for the financial performance and standing of each of the Group's units are measured in the currency of the unit's principal operating environment ('functional currency'). The consolidated financial statements are presented in euros, which is the functional and reporting currency of the Group's parent company. Foreign currency transactions are recognised as amounts denominated in the functional currency using the rate prevailing on the transaction date. At the balance sheet date, monetary receivables and payables are translated using the closing rate. Exchange differences arising from translation are recognised in the income statement. Exchange gains and losses from operating activities are included in the corresponding items above the operating profit.

The income statements of foreign subsidiaries have been translated into euros using average rates for the reporting period, and their balance sheets translated using the closing rates. The exchange difference due to the use of average rates in the income statement translations and closing rates in the balance sheet translations is recognised as a separate item under shareholders' equity.

In preparing the consolidated financial statements, the translation difference due to exchange rate fluctuations, in regard to the shareholders' equity of the subsidiaries and associates, is recognised as a separate item in the translation differences for the consolidated shareholders' equity. If a foreign subsidiary or associate is disposed of, the accrued translation difference is recognised in the income statement under profit or loss.

NET SALES AND REVENUE RECOGNITION

Sales are recognised at the value that reflects the compensation the company expects to receive from its customers when control is transferred. The Group's sales in all business segments take place at a single time.

Food Solutions sells frozen vegetables, frozen ready meals and fresh, pre-prepared vegetable and fruit products. In addition, Food Solutions sells vegetable, meat and fish products and various ready meals through shop-in-shop service sales counters in stores. It mainly sells these to Finnish retail food store chains, such as the S and K chains, in addition to food wholesalers.

Grain Trade sells grains, oilseeds and feed raw materials mainly in Finland and within the European Union, but also in other markets. The largest one-off sales are maritime shipments that are recognised as revenue once control has been transferred to the buyer. Foreign grain trade complies with international delivery and trading terms and conditions, with monetary compensation mainly being transferred at the time of revenue recognition. Grain trade in Finland is primarily based on selling on credit in line with regular terms and conditions.

Oilseeds sells vegetable oils and expeller. Sales focus on Finland, but also take place within the European Union, with products being sold to third countries as well.

The Group has factored a significant part of Food Solutions' and Oilseeds' Finnish and international trade receivables to a financial institution, which bears the customer's credit risk, for example. In Grain Trade, a small proportion of sales is subject to factoring. This is due to international trading practices, according to which the goods and money often change owners at the same time. Factored receivables are not included in the consolidated balance sheet. Credit insurance policies have been taken out for part of other trade receivables. Selling receivables to financial institutions and taking out credit insurance policies for part of other trade receivables reduce the Group's counterparty risk.

Customary terms of payment apply to selling on credit. Some sales to customers include customary bonus or marketing support obligations, which are assessed on a case-by-case basis, according to each agreement, as liabilities on the balance sheet and are recognised in the result on an accrual basis. The Group's sales do not involve material guarantees or other liabilities.

Interest income is recorded under the effective interest method and dividend income when the right to the dividend has been created

PENSION LIABILITIES

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

PROVISIONS

A provision is recognised when the Group has a legal or constructive obligation based on a past event and it is probable that the fulfilment of this obligation will require a contribution, and the amount of the obligation can be reliably estimated. Provisions are valued at the present value of the costs required to cover the obligation.

Provisions are made in connection with operational restructuring, onerous contracts, litigation and environmental and tax risks. A restructuring provision is recognised when a detailed and appropriate plan has been drawn up for it, sufficient grounds have been given to expect that the restructuring will occur and information has been issued on it.

INCOME TAXES

Income taxes recognised in the consolidated income statement comprise taxes levied on an accrual basis on the reporting period results of Group companies, based on the taxable profits calculated for each Group company in accordance with the local tax regulations, as well as tax adjustments from previous periods and changes in deferred tax.

Deferred tax assets and liabilities are calculated on the temporary differences between the taxable values and the book values of assets and liabilities, in accordance with the liability method. Deferred taxes are recognised in the financial statements using the tax rates that apply up to the balance sheet date.

The most material temporary differences arise from fixed assets, consolidation, inventories, unused tax losses and revaluation of derivative financial instruments. Deferred tax assets are recognised up to an amount where it is probable that they can be utilized against future taxable profits. Deferred taxes are not recognised on goodwill which is not tax deductible.

In the case of derivative financial instruments covered by hedge accounting and available-for-sale investments, the deferred taxes related to value adjustments recognised directly under the statement of comprehensive income are also recognised directly under the statement of comprehensive income.

BORROWING COSTS

Borrowing costs are recognised under the expenses for the period in which they arose. Directly attributable borrowing costs related to the acquisition, construction or production of a qualifying asset, for example, factory building, are capitalised. Where clearly linked to a specific loan, transaction costs arising directly from loans are included in the loan's original amortised cost and divided into a series of interest expenses using the effective interest method.

Key employees' share holdings in Foison Oy are treated as liability instruments in Apetit's Group balance sheet due to certain terms and conditions of repurchase. Foison Oy owns 10% of Avena Nordic Grain Oy's share capital. Group recognises financial expense related to the key employees' dividend right from Avena Group.

RESEARCH AND DEVELOPMENT COSTS

Research costs is expensed as incurred. Development costs are recognised on the statement of financial position when intangible asset satisfies all the following criteria:

- research and development phases can be separated from each other
- it is technically feasible and it can be used or sold
- it will be completed and either used or sold
- it can be demonstrated that the asset will generate probable future economic benefit and that the company has the adequate resources to use or sell the intangible asset
- its development expenditure can be reliably measured

If the development expenditure does not satisfy all the above capitalisation criteria, it is expensed as incurred.

INTANGIBLE ASSETS

Goodwill

Goodwill corresponds to that part of the cost of acquiring the company which is in excess of the Group's share of the fair value of the acquired company's net assets on the acquisition date. Goodwill is tested annually for impairment and has been allocated to each of the cash-generating units for this purpose. Goodwill is valued at historic acquisition cost less any impairment. In the case of associated company, goodwill is included in their investment value. Goodwill generated through acquisitions of foreign business combinations is measured in the currency of the foreign operations and translated using the period end rates.

Other intangible assets

An intangible asset is recognised in the balance sheet at the original acquisition cost in a case where the cost can be determined reliably and it is likely that an expected financial benefit derived from the asset will turn out to be to the company's benefit.

Patents, trademarks and other intangible assets with a limited useful life are recognised as expenses in the balance sheet and amortised on a straight-line basis over the period of their useful lives. Intangible assets have not included assets with an unlimited useful life.

Depreciation period for intangible assets:

Customer relationships	15 years
Trademarks	15 years
Other intangible assets	5-10 years

Assets whose useful life has not yet expired and fully depreciated fixed assets that are still used in operating activities are included in the acquisition cost of assets. Similar principles apply to accumulated depreciation.

Subsequent expenditure relating to intangible assets is recognised as an asset only if its financial benefit to the company exceeds the originally estimated level of performance. Otherwise the expenditure is recognised as a cost at the time it is incurred.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment have been measured at historic acquisition cost less depreciation and impairment. These assets are subject to straight-line depreciation over the period of their useful lives. Land is not subject to depreciation. The residual value of the assets and their useful lives are reviewed each time the financial statements are prepared and, when necessary, are adjusted to reflect any change in the economic benefits expected.

The estimated useful lives are as follows:

Property and plant	10–40 years
Machinery and equipment	5–15 years

Property, plant and equipment are no longer depreciated if they are classified as assets held for sale.

Assets whose useful life has not yet expired and fully depreciated fixed assets that are still used in operating activities are included in the acquisition cost of assets. Similar principles apply to accumulated depreciation. Repair and maintenance costs of tangible assets are recognised as expenses when incurred.

GOVERNMENT GRANTS

Government grants received for the acquisition of fixed assets are recognised as deductions in the book values for property, plant and equipment. The grants are released to profit through smaller depreciations during the use of the asset in question.

LEASES

Leases in which the risks and benefits inherent in an asset are transferred in all essential respects to the company are classified as finance leases. Finance leases are recognised in the balance sheet at the lesser of the fair value at the inception of the leasing period and the present value of the minimum lease payments. The lease obligations of finance lease assets are included in discounted form under interest-bearing liabilities.

Assets acquired with finance leases are depreciated according to plan, and any impairment losses recognised. Depreciation is charged over the shorter of the relevant fixed asset depreciation period and the lease period. Leases to be paid are divided into financial cost and a decrease in debt during the lease term so that the interest on the remaining debt is the same each financial year. Lease obligations are included in interest-bearing liabilities. During the reporting period there were no situations in which the Group would have been categorized as the lessor of a finance lease asset.

Leases in which risks and rewards incident to ownership are not transferred to the lessee are classified as operating leases. Lease payments related to them are recognised in the income statement on a straight-line basis over the lease term.

IMPAIRMENT

The book values for assets are assessed for any signs of impairment. If there are signs of impairment, an estimate is determined for the amount recoverable on the asset. An impairment loss is recognised if the balance sheet value of the asset or the cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the income statement.

The impairment loss of a cash-generating unit is first allocated to reducing the goodwill attributed to the unit, and then to reducing other assets of the unit on a pro rata basis.

The recoverable amount of intangible and tangible assets is determined at the higher of the fair value less costs to sell and the value in use. In determining the value in use, the estimated future cash flows are discounted to their present value on the basis of discount rates applying to the average pre-tax capital costs of the cash-generating unit in question. The discount rates also take into account any special risk associated with the cash-generating units.

Impairment losses on property, plant and equipment and on intangible assets other than goodwill are reversed if a change has occurred in the estimates used in determining the recoverable amount of the asset. The amount by which an impairment loss is reversed is no more than the book value (less depreciation) that would have been determined for the asset if no impairment loss had been recognised on it in previous years. Impairment losses recognised on goodwill are not reversed.

INVENTORIES

Inventories have been measured at the lower of acquisition cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business, after deduction of the estimated costs of completion and the estimated costs necessary to make the sale.

The value of inventories has been determined using the weighted average price method and includes all direct costs of acquisition and other indirect costs to be allocated. The cost of each inventory item produced comprises not only the purchase costs of materials, direct labour costs and other direct costs, but also a proportion of production overheads, but not selling or financing costs. The value of inventories has been reduced for obsolescent assets.

FINANCIAL INSTRUMENTS

The Group's financial assets are classified into the following categories: financial assets measured at amortised cost and financial assets recognised at fair value through the income statement. This classification is based on the business model according to which the financial asset is managed and on agreement-based cash flow properties. Transaction costs are included in the original book value of the financial assets for items not measured at fair value through the income statement. All purchases and sales of financial assets are recognised on the transaction date. Financial assets recognised at fair value through the income statement include derivate receivables not covered by hedge accounting and publicly listed shares. Financial assets recognised at amortised cost include trade receivables, earn-out receivables and certain other receivables.

The Group may sell trade receivables to financing companies. Sold trade receivables are derecognised on the consolidated balance sheet once payment for the trade receivables has been received from the buyer and all material risks and benefits related to ownership have been transferred to the buyer. If the ownership, risk and the right of possession related to the trade receivable have not been transferred, the receivable is re-recognised on the consolidated balance sheet at the end of the period.

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash, bank deposits from which withdrawals can be made and other short-term highly liquid investments. Items classified under cash and cash equivalents have a maximum of three months maturity from the acquisition date.

The Group's financial liabilities are classified as financial liabilities recognised at amortised cost and financial liabilities recognised at fair value through the income statement. Financial liabilities recognised at amortised cost include trade payables and other liabilities and loans, for example. Financial liabilities recognised at fair value through the income statement include derivatives that do not meet the criteria for hedge accounting. Unrealised and realised gains and losses related to changes in the fair values of such derivatives are recognised through the income statement for the period during which they arise.

Financial assets and liabilities values are measured using publicly quoted prices. These instruments are mainly investments to funds and mainly all commodity derivatives. If publicly quoted prices are not available, fair value is measured based on discounted cash flows and price quotation of the counterparty.

Financial liabilities are originally recognised at fair value less transaction costs directly related to the acquisition or issuance of the item in question that is included in financial liabilities. Financial liabilities, excluding derivative liabilities, are later measured at amortised cost using the effective interest method. Financial liabilities are included in non-current and current liabilities, and they may be interest-bearing or non-interest-bearing.

In accordance with IAS 39, the Group estimates whether there is objective proof of impairment of a single item or group of financial assets. The Group recognises an impairment loss when there was objective proof that the receivable could not be collected in full. The impairment loss is reversed if a later addition to the recoverable amount could reliably be combined with an event after the recognition of the impairment loss.

The Group determines impairment of financial assets measured at amortised cost based on expected credit losses. The estimate of a valuation allowance concerning expected credit losses is based on experiences of actual credit losses, considering the financial conditions at the time of examination and an estimate of future expectations. Trade receivables are derecognised on the balance sheet as final credit losses once it is no longer reasonable to expect payment for them. Indications of it no longer being reasonable to expect payment include payments overdue by more than 90 days. If payment is later received for items recognised as final credit losses, the payment is recognised as offset on the same line in the income statement.

Derivative financial instruments are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured at their fair value. The Group applies cash flow hedge accounting to certain interest rate swaps, forward currency and commodity derivative contracts. When hedging is initiated, the financial relationship between hedging instruments and hedged items is documented and whether changes in the cash flows of hedged items are expected to reverse the changes in the cash flows of hedging instruments. In addition, the objectives of risk management and strategies for taking hedging actions are documented. The hedged cash flow must be highly probable, and the cash flow must ultimately affect the income statement.

For hedges that meet the terms for hedge accounting, the effective portion of the change in fair value of a hedge is recognised in the statement of comprehensive income until the hedged transaction affects the income statement. Any residual ineffective portion is recognised for currency derivatives to financial items and for commodity derivatives to other operating income or expenses. The cumulative change in fair value recognised under the statement of comprehensive income is recognised to purchases or sales or financial items based on their nature on the same date that the projected cash flow is recognised in the income statement. When a derivative financial instrument expires, is sold or does not meet the hedge accounting terms, the cumulative change in the fair value of the hedging instrument will remain in the hedge reserve and is recognised in income statement on the same date that the projected cash flow is recognised in the income statement. The cumulative fair values of the hedging instruments are transferred from the hedge reserve to other operating income or expense or financial items based on their nature immediately if the hedged cash flow is no longer expected to occur.

Despite certain hedging relationships fulfil the effective hedging requirements of the Group's risk management policy, the Group does not apply hedge accounting to all transactions done in hedging purpose. These instruments' fair value changes are recognised to other operating income and expense or financial items based on their nature.

EQUITY

Purchases of own shares are deducted from equity attributable to shareholders of the parent company up till the shares are cancelled or transferred back to circulation. Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders.

ACCOUNTING PRINCIPLES REQUIRING EXECUTIVE JUDGEMENT AND THE MAIN UNCERTAINTIES CONCERNING THE ASSESSMENTS MADE

In preparing the consolidated financial statements in accordance with international accounting practices, the company's management has had to make assessments and assumptions that affect the amount of assets, liabilities, income and expenses recognised in the accounts and the contingencies presented. These assessments and assumptions are based on experience and on other reasonable suppositions that are believed to be realistic in the circumstances that constitute the basis for the estimates of items recognised in the financial statements. The outcome may deviate from these estimates.

The Group tests annually goodwill for possible impairment and assesses any indication of impairment. The recoverable amounts of units that generate cash flow are based on value in use calculations. These calculations require the use of estimates.

Determination of the fair value of tangible and intangible assets acquired in business combinations requires estimations by management and is often based on assessment of asset cash flows.

Other assessments including management judgement are mainly related to restructuring plans, the extent of obsolescent inventories, environmental, litigation and tax risks and the use of deferred tax assets against future taxable profits.

APPLICATION OF NEW AND UPDATED IFRS

Apetit applied IFRS 9 Financial Instruments as of 1 January 2018. It replaces IAS 39 Financial Instruments - Recognition and Measurement. The standard includes a revised guidance for the classification and measurement of financial assets and for the measurement of impairment of new financial assets based on expected credit losses and new requirements for general hedge accounting. The adoption of IFRS 9 has not had a material impact on the result or financial position of the financial year.

Apetit applied IFRS 15 Revenue from Customer Contracts as of 1 January 2018. The standard provides a comprehensive framework for determining whether sales revenue can be recognized, how much and when. The standard replaces the existing income recognition guidelines, including IAS 18 Revenue and IAS 11 Construction Contracts. The introduction of the standard did not change the Group's revenue recognition date. Some volume-based adjustment items are treated as net sales adjustments. In the past, items had been recognised as expenses. The change does not affect the operating profit level. As a result of the change, net sales will decrease by about EUR 2 million per year. Comparable net sales for the full year 2017 are EUR 311.8 (314.0) million.

Apetit applies IFRS 16 Leases as of 1 January 2019. According to the standard, all leases are presented in the lessee's balance sheet. The lessee recognizes the asset in the balance sheet based on its right to use the asset and the lease liability on the basis of the obligation to pay rent. The nature of the lease costs changes when the rent expense is replaced by depreciation of the lease cost asset and interest expense on the lease contract, which is reported as part of the finance expense.

Apetit will utilise the concession on recognition allowed by the standard, and will not apply the standard to short-term leases or low value contracts. The aim is to apply a simplified approach to the transition, and the comparable figures for the year preceding adoption will not be adjusted. A. The accounting treatment of the Group's leases includes judgment of the difference between the logistics service and the rent in the Grain Trade Agreement. Other leases do not contain significant management judgment.

The Group's most significant lease agreements, which are recognised in the balance sheet at the time of adoption of IFRS 16, are mainly related to long-term land lease agreements in Food Solutions and long-term grain storage lease agreements in Grain Trade. An estimate of the impact of the adoption of IFRS 16 on 2019 balance sheet is EUR 6.2 million on assets, EUR 5.3 million on non-current liabilities, EUR 1.0 million on current liabilities, EUR 0.0 million on deferred tax assets and EUR -0.1 million in equity. Similarly, other operating expenses in the income statement would decrease by EUR 1.0 million, depreciation would increase by EUR 0.9 million and interest expenses would increase by EUR 0.1 million. The changes have an impact on some key figures.

The Group is investigating the impact of other standard changes to be adopted in 2019 and beyond on the consolidated financial statements.

2. OPERATING SEGMENTS

The Group has three continuing reportable segments. The operating segments offer different products or services and are managed separately. On 29 June 2017, Apetit Plc signed an agreement on selling its seafood business to the Norwegian company Insula AS. The transaction was completed as of 31 October 2017. The transferred business is reported as discontinued operations in this financial statements.

The segment information is based on the Group's organisation and management reporting structure. Reportable segments are:

Food Solutions
Oilseeds Products
Grain Trade
Seafood, discontinued operations

Intra-group sales take place at arm's length prices. The assets and liabilities of a segment are such items of the business operations that the segment uses in its business operations or that can be allocated to a segment on reasonable basis. Tax and financing items together with items common to the whole Group are unallocated assets and liabilities. Reported figures are based on IFRS standards.

OPERATING SEGMENTS 1–12/2018

EUR million	Food Solutions	Oilseed Products	Grain Trade	Continued operations	Total
Total segment sales	97.4	66.7	137.4	301.6	301.6
Intra-group sales	0.0	-0.3	-18.2	-18.5	-18.5
Net sales	97.4	66.5	119.2	283.1	283.1
Operating profit	-4.9	2.2	-4.2	-6.9	-6.9
Assets	48.1	26.5	60.6	135.2	135.2
Unallocated					29.4
Total assets					164.6
Liabilities	14.8	5.7	16.9	37.4	37.4
Unallocated					26.1
Total liabilities					63.5
Gross investments in non-current assets	5.6	1.0	0.1	6.7	6.7
Corporate acquisitions and other share purchases	0.4	-	0.2	0.6	0.6
Depreciations	4.6	0.9	0.4	5.8	5.8
Impairments	4.8	0.0	0.0	4.8	4.8
Personnel	455	47	62	564	564

OPERATING SEGMENTS 1–12/2017

EUR million	Food Solutions	Oilseed Products	Grain Trade	Continued operations	Seafood, discontinued operations	Total
Total segment sales	100.2	65.3	162.9	328.4	63.6	392.0
Intra-group sales	-0.2	-0.3	-16.1	-16.6	-9.5	-26.1
Net sales	100.0	65.0	146.8	311.8	54.1	365.9
Operating profit	-1.5	1.8	0.8	1.1	-3.6	-2.5
Assets	55.3	19.5	35.4	110.2	-	110.2
Unallocated						44.5
Total assets						154.7
Liabilities	20.8	9.3	4.5	34.6	-	34.6
Unallocated						7.9
Total liabilities						42.5
Gross investments in non-current assets	3.7	1.1	0.4	5.2	0.7	5.9
Corporate acquisitions and other share purchases	-	-	0.4	0.4	-	0.4
Depreciations	4.5	0.8	0.3	5.6	0.8	6.5
Impairments	0.0	0.0	0.0	0.0	0.0	0.1
Personnel	451	45	61	557	140	697

GEOGRAPHICAL INFORMATION

EUR million	Revenue 2018	Revenue 2017	Non-current assets 2018	Non-current assets 2017
Finland	**205.4**	195.2	**67.5**	74.5
Norway	**16.5**	14.3	**-**	-
Germany	**14.1**	12.3	**-**	-
Sweden	**4.4**	4.4	**-**	-
Other countries	**42.8**	85.6	**0.2**	0.2
Total	**283.1**	311.8	**67.6**	74.7

Revenues from one customer were EUR 64.9 (69.4) million or 22.9% (22.1%) of the net sales. Revenues from this customer were from all continuing operations segments.

3. DISCONTINUED OPERATIONS, SEAFOOD SEGMENT

Apetit Plc has signed an agreement on selling its seafood business in Finland, Sweden and Norway to Insula AS, a Norwegian company specialising in seafood business operations. The transaction was executed at the end of October 2017 as a business transfer in Finland and as a share transaction of Maritim Food Group in Norway and Sweden. In Finland, Apetit will remain a minority shareholder of the seafood business, with a holding of less than 20 per cent.

Discontinued operations comprises Apetit Kala Oy fish processing business in Finland and Maritim Food Group in Norway and Sweden. Apetit Kala is one of the major manufacturers of salmon and rainbow trout fish products in Finland. Maritim Food Group produces high quality fish and shellfish products in Norway and in Sweden. In 2016, the net sales of Apetit's Seafood segment's operations were EUR 87.8 million and the operational EBIT was EUR 0.1 million. Apetit's Seafood operations employ 82 persons in Finland, 71 in Norway and 15 in Sweden.

EUR million	2018	2017
Income	-	63.6
Expenses	-	-67.3
Operating profit	-	-3.6
Financial income and expense	**-0.9**	-0.3
Profit before taxes	**-0.9**	-4.0
Income taxes	-	0.5
Profit for the period, discontinued operations	**-0.9**	-3.5

The 2018 profit includes an impairment of fish business additional purchase price receivable. The 2017 profit includes a loss from the sale of the seafood business and expert costs related to the transaction and tax effects, totalling EUR -3.7 million. As a result of the transaction, the Group's outlook on the usability of previously unrecognised deferred tax losses improved. EUR 1.3 million was recognized in deferred tax assets under continuing operations. The Group's total profit impact is EUR -2.3 million.

CASH FLOW

EUR million	2017
Net cash flow from operating activities	-1.1
Net cash flow from investing activities	-0.7
Cash flows from financing activities	1.9
Net change in cash and cash equivalents	0.0

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

DETAILS OF THE ASSETS AND LIABILITIES IN DISCONTINUED OPERATIONS CLASSIFIED AS HELD-FOR-SALE

EUR million	31 Oct 2017
Tangible and intangible assets and non-current receivables	5.6
Deferred tax assets	1.1
Inventories	9.2
Trade receivables and other receivables	3.8
Cash and cash equivalents	0.1
Total assets	**19.7**
Non-current liabilities	0.4
Current liabilities	8.7
Total liabilities	**9.1**

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

CASH FLOWS OF DISCONTINUED OPERATIONS SOLD

EUR million	2017
Consideration received	13.7
Cash disposed	0.0
Net cash inflow	**13.6**

4. OTHER OPERATING INCOME AND EXPENSES

EUR million	2018	2017
Other operating income		
Government grants received	0.1	0.2
Gains from sales of non-current assets	0.0	-
Rental income	0.2	0.2
Fair value change based on derivative instruments, no hedge accounting	0.0	-
Other	1.5	0.3
Total	1.8	0.7
Other operating expenses		
Rental expenses	2.8	2.7
Administrative expenses	3.3	3.4
Information technology expenses	2.1	2.1
Marketing expenses	3.0	3.3
Maintenance expenses	5.1	4.8
Other selling expenses	8.9	10.2
Other	3.9	3.0
Non-recurring cost associated with a breach of contract	1.6	-
Total	30.7	29.6

The breakdown of other operating expenses for the comparison year has been changed to correspond to the breakdown of 2018.

AUDIT FEES PAID BY THE GROUP TO ITS INDEPENDENT AUDITOR PRICEWATERHOUSECOOPERS

The audit fees relate to the auditing of the annual accounts and to the statutory and obligatory functions closely attached to them. The non-audit fees are caused by services linked to the audit and aimed to assure the correctness of the financial statements and other advice.

AUDIT FEES AND NON-AUDIT FEES

EUR million	2018	2017
Audit fees	0.1	0.1
Non-audit fees	0.0	0.0
Total	0.2	0.1

PricewaterhouseCoopers Oy has provided non-audit services to entities of Apetit Group in total 45 thousand euros during the financial year 2018. These services included tax services 4 thousand euros and other services 41 thousand euros.

5. EMPLOYEE BENEFITS EXPENSE

EUR million	2018	2017
Wages and salaries	23.8	23.4
Termination benefits	0.0	0.0
Pensions, defined contribution plans	3.9	3.6
Other personnel costs	1.3	1.8
Total	29.1	28.8

Information on the remuneration and loans granted to the management is presented in Note 26 "Related party transactions". Information on the defined benefit plans is presented in Note 20 "Provisions".

Post employment benefits

Pension coverage in the Group companies is provided in accordance with the rules and practices in the respective countries. The disability component of Finnish statutory pension system ("TyEL") is recognised in Finland as defined contribution plan.

Apetit Oyj and Apetit Ruoka Oy have defined contribution plans.

6. R & D EXPENSES

R & D expenses of the Group amounted to EUR 1.3 (1.2) million, representing 0.4% (0.4%) of the net sales. In the comparison year 2017, in addition to research and development expenditure, a food digital services project partly funded by Business Finland totalling EUR 0.7 million was implemented. In addition, product development costs have been activated in the balance sheet a total of EUR 0.4 (0.1) million.

7. MATERIALS AND SERVICES

EUR million	2018	2017
Raw materials and consumables	**242.6**	225.3
Change in stocks	**-37.2**	8.7
External services	**16.1**	13.5
Total	**221.4**	247.5

Materials and services include foreign currency gains and losses a total of EUR 0.0 (0.1) million.

Net sales include foreign currency losses and gains a total of EUR -0.1 (-0.1) million.

The ineffective portion of the change in fair value of hedge instruments totalled EUR 0.0 (0.0) million.

8. DEPRECIATIONS AND IMPAIRMENTS

EUR million	2018	2017
Depreciations		
Intangible assets	**1.3**	1.1
Buildings	**1.9**	2.0
Machinery and equipment	**2.5**	2.3
Other tangible assets	**0.2**	0.2
Total	**5.8**	5.6
Impairments		
Intangible assets	**3.5**	-
Tangible assets	**1.3**	0.0
Total	**4.8**	0.0

9. FINANCIAL INCOME AND EXPENSES

EUR million	2018	2017
Financial income		
Interest income	**0.0**	0.2
Foreign currency gains	**0.0**	0.0
Other financial income	**0.0**	0.0
Total	**0.1**	0.2
Financial expenses		
Interest expenses	**-0.1**	-0.2
Foreign currency losses	**0.0**	0.0
Avena Nordic Grain minority dividend	**-**	-0.4
Fair value change based on interest rate swaps, no hedge accounting	**-0.1**	0.0
Other financial expenses	**-0.4**	0.0
Total	**-0.6**	-0.7

10. INCOME TAXES

EUR million	2018	2017
Current period taxes	**-0.2**	-0.2
Previous periods’ taxes	**0.0**	0.0
Deferred taxes	**1.7**	1.4
Total	**1.5**	1.2
Reconciliation of income taxes		
Profit before taxes	**-9.0**	1.6
Tax calculated at the tax rate of the parent company 20.0%	**1.8**	-0.3
Effect of Avena Nordic Grain minority dividend	**0.0**	-0.1
Effect of associated company results	**-0.1**	0.2
Recognised deferred tax receivables on previous years' taxable losses	**-**	1.3
Other items	**-0.1**	0.1
Tax expenses in the income statement	**1.5**	1.2

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET 2018

EUR million	1 Jan. 2018	Charge in income statement	Charged to other compre- hensive income	31 Dec. 2018
Deferred tax assets				
Carry forward of unused tax losses	**4.5**	**0.6**	**-**	**5.2**
Intangible and tangible assets	**0.1**	**-0.1**	**-**	**0.0**
Deferred depreciation	**0.4**	**0.0**	**-**	**0.4**
Derivative instruments	**0.1**	**-**	**-0.1**	**0.0**
Other	**0.2**	**0.0**	**-**	**0.2**
Total	**5.3**	**0.6**	**-0.1**	**5.8**
Deferred tax liabilities				
Accumulated depreciation difference	**-0.4**	**0.0**	**-**	**-0.4**
Valuation of assets in acquisition cost allocation calculations	**-1.1**	**1.1**	**-**	**0.0**
Inventories	**-0.7**	**0.0**	**-**	**-0.6**
Tangible assets	**-0.5**	**0.0**	**-**	**-0.5**
Other	**-0.4**	**0.1**	**0.0**	**-0.3**
Total	**-3.1**	**1.3**	**0.0**	**-1.8**

The Group has not unrecognised deferred tax assets related to taxable losses. The taxable losses expire in 2020–2028.

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET 2017

EUR million	1 Jan. 2017	Charge in income statement	Charged to other compre- hensive income	31 Dec. 2017
Deferred tax assets				
Carry forward of unused tax losses	3.7	0.8	-	4.5
Intangible and tangible assets	0.2	-0.1	-	0.1
Deferred depreciation	0.3	0.1	-	0.4
Derivative instruments	0.0	-	0.1	0.1
Other	0.1	0.1	-	0.2
Total	4.3	0.9	0.1	5.3
Deferred tax liabilities				
Accumulated depreciation difference	-0.6	0.2	-	-0.4
Valuation of assets in acquisition cost allocation calculations	-1.7	0.6	-	-1.1
Inventories	-0.7	0.0	-	-0.7
Derivative Instruments	0.0	-	0.0	0.0
Goodwill	-0.1	0.0	-	-0.1
Tangible assets	-0.5	0.0	-	-0.5
Other	-0.1	-0.3	0.1	-0.3
Total	-3.7	0.5	0.1	-3.1

The Group has not unrecognised deferred tax assets related to taxable losses. The taxable losses expire in 2020–2027. Related to the sale of Fish business a 1.3 million euros was recognised to deferred tax assets.

11. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the financial year attributable to the shareholders of the parent company by weighted average number of the shares outstanding. The outstanding shares do not include treasury shares in possession of the company.

Diluted earnings per share are calculated by dividing the profit for the financial year attributable to the shareholders of the parent company by diluted weighted average number of the shares outstanding.

The company has no such instruments that would cause a dilution effect on the earnings per share.

EUR million	2018	2017
Profit attributable to the shareholders of the parent company, basic and diluted	**-7.5**	-0.6
Weighted average number of outstanding shares (1,000 pcs)	**6,211**	6,202
Diluted average number of shares outstanding (1,000 pcs)	**6,211**	6,202
Basic and diluted earnings per share (EUR per share)	**-1.21**	-0.10

12. INTANGIBLE AND TANGIBLE ASSETS

The cost of assets include the assets, whose useful lives have not ended and fully depreciated assets still used in operating activities. Similar principles apply to accumulated depreciation.

Goodwill and impairment testing

IMPAIRMENT TEST FOR CASH-GENERATING-UNITS CONTAINING GOODWILL

Goodwill has been allocated to the following cash-generating units or groups of units:

EUR million	2018	2017
Frozen products	**0.4**	0.4
Total	**0.4**	0.4

In goodwill impairment testing, the recoverable amount from operating activities is determined on the basis of value in use calculations. Expected future cash flows are based on management-approved forecasts and are given for a five-year period, and cash flows beyond this are extrapolated using a growth factor of 1% in frozen products group and 2% in fresh cut products category.

Frozen product group goodwill imparment testing

The key variables in the value in use calculation are the budgeted gross margin, net sales and the discount rate. The pre-tax discount rates used in frozen products group is 7.0% (7.0%). In Frozen products group the value in use exceeded the carrying amount of the tested assets by a wide margin and significant negative change in any of the key variables would not result to an impairment.

Fresh cut products category impairment testing

The key variables in the value in use calculation are the budgeted gross margin, net sales and the discount rate. The pre-tax discount rates used in fresh cut products gategory is 7.0% (6.9%). At the time of testing, on 31 December 2018, the book value of the cash-generating unit in the fresh cut products category stood at EUR 16.9 million. An impairment of EUR -4.7 million recognised based on impairment testing in the fresh cut products category. The impact of the impairment on the net profit, after taxes, is EUR -3.8 million. The future profit expectation of the fresh cut products category is estimated to fall short of that forecast earlier despite growth in the sales of added value products, increased employee efficiency and the adjustment measures made. Due to the impairment, the balance sheet value of the fresh cut products category does not include the acquisition cost allocations made in conjunction with an acquisition in 2012.

Intangible assets 2018

EUR million	R & D expenses	Goodwill	Customer relation-ships	Other Intangible rights	Advance payments	Total
Acquisition cost 1 Jan.	0.6	5.2	6.3	7.0	0.2	19.4
Additions	0.4	-	-	0.6	0.0	1.0
Disposals	-	-	-	0.0	-	0.0
Translation difference and other changes	-	-	-	0.0	-	0.0
Transfers	0.0	-	-	0.0	-	-
Acquisition cost 31 Dec.	0.9	5.2	6.3	7.7	0.2	20.4
Accumulated depreciation 1 Jan.	-0.1	-4.8	-2.7	-4.7	-	-12.3
Disposals, accumulated depreciation	-	-	-	0.0	-	0.0
Depreciation for the period	-0.1	-	-0.2	-1.0	-	-1.3
Impairments	-	-	-3.5	0.1	-	-3.3
Accumulated depreciation 31 Dec.	-0.2	-4.8	-6.3	-5.5	-	-16.8
Book value 31 Dec. 2018	0.7	0.4	-	2.2	0.2	3.5

Intangible assets 2017

EUR million	R & D expenses	Goodwill	Customer relation-ships	Other Intangible rights	Advance payments	Total
Acquisition cost 1 Jan.	0.3	5.2	10.7	9.1	0.2	25.5
Additions	0.1	-	-	1.0	0.2	1.3
Disposals	-	-	-4.4	-3.4	-	-7.8
Translation difference and other changes	-	-	0.0	0.2	0.1	0.4
Transfers	0.1	-	-	0.1	-0.3	-
Acquisition cost 31 Dec.	0.6	5.2	6.3	7.0	0.2	19.4
Accumulated depreciation 1 Jan.	-	-4.8	-5.2	-7.3	-	-17.4
Disposals, accumulated depreciation	-	-	3.1	3.1	-	6.2
Depreciation for the period	-0.1	-	-0.5	-0.4	-	-1.1
Impairments	-	-	0.0	0.0	-	0.0
Accumulated depreciation 31 Dec.	-0.1	-4.8	-2.7	-4.7	-	-12.3
Book value 31 Dec. 2017	0.5	0.4	3.7	2.4	0.2	7.1

Tangible assets 2018

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construc-tion in pro-gress	Total
Acquisition cost 1 Jan.	3.0	44.2	47.9	2.3	0.6	98.0
Additions	-	0.7	1.3	0.0	3.7	5.7
Disposals	0.0	-0.1	-0.1	0.0	0.0	-0.2
Translation differences and other changes	-	-	0.0	-	-	0.0
Transfers	-	0.1	-0.1	-	0.0	-
Acquisition cost 31 Dec.	3.0	45.0	49.0	2.3	4.2	103.5
Accumulated depreciation 1 Jan.	-0.2	-23.6	-35.9	-0.8	-	-60.5
Accumulated depreciation on disposals and transfers	-	0.1	0.1	-	-	0.2
Depreciation for the period	-	-1.9	-2.5	-0.2	-	-4.5
Impairments	-	-1.1	-0.3	-	-	-1.4
Accumulated depreciation 31 Dec.	-0.2	-26.5	-38.6	-1.0	-	-66.2
Book value 31 Dec. 2018	2.8	18.5	10.4	1.4	4.2	37.2

Machinery and equipment includes assets acquired through finance leases totalling EUR 0.0 million.

Tangible assets 2017

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construc-tion in pro-gress	Total
Acquisition cost 1 Jan.	3.3	54.7	53.7	2.6	1.2	115.5
Additions	-	0.8	2.8	0.0	0.3	3.9
Disposals	-0.3	-11.3	-9.1	-0.4	-0.5	-21.5
Translation differences and other changes	-	-	0.0	0.1	0.0	0.1
Transfers	-	-	0.4	0.0	-0.4	-
Acquisition cost 31 Dec.	3.0	44.2	47.9	2.3	0.6	98.0
Accumulated depreciation 1 Jan.	-0.2	-27.1	-39.9	-0.7	-	-67.8
Accumulated depreciation on disposals and transfers	-	5.5	6.3	-	-	11.8
Depreciation for the period	-	-2.0	-2.3	-0.1	-	-4.5
Impairments	-	-	0.0	-	-	0.0
Accumulated depreciation 31 Dec.	-0.2	-23.6	-35.9	-0.8	-	-60.5
Book value 31 Dec. 2017	2.8	20.6	12.0	1.5		37.5

Machinery and equipment includes assets acquired through finance leases totalling EUR 0.2 million.

13. INVESTMENT IN ASSOCIATED COMPANIES

EUR million	2018	2017
Book value 1 Jan.	**23.4**	23.1
Acquisitions, other additions	**0.6**	0.6
Share of profits for the period	**-0.7**	1.0
Sales, deductions	**-0.3**	-0.1
Dividends	**-1.9**	-1.3
Book value 31 Dec.	**21.0**	23.4

Sucros group's beet factory is situated at Säkylä industrial site where also is situated Frozen products group 's factory. Associated companies are consolidated using the equity method and they do not have public quatations. The Group has a total of EUR 0.6 million ownership in Foison Oy and EUR 0.4 million ownership in Foodwest Oy.

Information about group's material associated companies

	Sucros group	
	Group holding 20%	
EUR million	**2018**	**2017**
Non-current assets	**22.8**	23.5
Current assets	**86.7**	102.7
Cash and cash equivalents	**8.0**	7.0
Non-current financial liabilities	**0.0**	5.4
Current financial liabilities	**3.1**	5.3
Other current liabilities	**14.4**	10.5
Net assets, 100%	**100.0**	112.0
Share in net assets	**20.0**	22.4
Goodwill	**0.0**	0.0
Book value, 31 December	**20.0**	22.4
Net sales	**113.9**	181.1
Other income and expenses	**-118.1**	-174.7
Operating profit	**-4.2**	6.4
Interest income and expenses	**0.1**	0.2
Taxes	**0.6**	-1.4
Profit or loss	**-3.5**	5.1
Book value, 1 January	**22.4**	22.4
Profit or loss	**-0.7**	1.0
Dividends received	**-1.7**	-1.1
Book value, 31 December	**20.0**	22.4

14. OTHER INVESTMENT

EUR million	2018	2017
Investments in shares of unlisted companies	**0.0**	0.1
Total	**0.0**	0.1

15. NON-CURRENT RECEIVABLES

EUR million	2018	2017
Additional purchase price receivable	**0.1**	1.0
Connection fees	**0.3**	0.3
Other non-current receivables	**0.0**	-
Total	**0.4**	1.3

16. CURRENT RECEIVABLES

EUR million	2018	2017
Trade receivables	**6.0**	14.5
Receivables based on derivative instruments, hedge accounting	**0.0**	-
Receivables based on derivative instruments, no hedge accounting	**-**	0.0
Accrued income and deferred expenses	**4.7**	2.8
Other receivables	**1.4**	0.5
Receivables from associated companies and joint ventures		
Trade receivables	**0.3**	0.4
Other receivables	**0.0**	-
Total	**12.3**	18.3

The substantial items in the accrued income and deferred expenses and other receivables are related to raw material purchases and accruals of employment benefits.

During the financial year the group recorded credit losses of EUR 0.0 (0.0) million on trade receivables.

17. INVENTORIES

EUR million	2018	2017
Materials and consumables	**5.2**	6.3
Work in progress	**6.9**	6.3
Finished goods	**68.7**	33.3
Total	**80.7**	45.8

A write-down of EUR 2.5 (2.5) million in inventory value was booked to correspond the net realisation value.

18. CASH AND CASH EQUIVALENTS

EUR million	2018	2017
Cash and bank receivables	**2.6**	15.7
Total	**2.6**	15.7

19. SHAREHOLDERS' EQUITY

EUR million	Number of shares (1,000 pcs)	Share capital	Share premium account	Total
31 Dec. 2018	**6,217**	**12.6**	**23.4**	**36.0**
31 Dec. 2017	6,206	12.6	23.4	36.0

The fully paid and registered share capital of the company at the end of the financial year was EUR 12,635,152. The nominal value of a share is EUR 2.

Descriptions of the funds in the equity:

Translation differences

Translation differences fund contains the translation differences arising from the translations of the financial statements prepared in foreign currency.

Revaluation reserve

Revaluation reserve consists of two sub-reserves: fair value reserve for available-for-sale financial assets and hedging reserve for the revaluations of the fair values of derivative instruments used for cash flow hedges. Changes on the statement of changes in shareholder's equity relate only the revaluation reserve. Changes in the fair value reserve is null on both reporting periods.

Other reserves

Other reserves consist mainly of contingency reserve accounts. Contingency reserve includes the proportion transferred from retained earnings according to the decision by the Annual General Meeting. Contingency reserve totals EUR 7.2 (7.2) million.

Treasury shares

Treasury shares include the acquisition cost of the own shares that are in the Group's possession.The company possessed 100,955 own shares that have been repurchased during 2000-2001 and 2008. 10,471 shares have been distibuted as part of the Board of Directors' remuneration in 2018. The treasury shares represent 1.6% of the company's share capital and votes. The acquisition cost of the repurchased shares totals EUR 1.4 million.

Dividends

After the date of the financial statement the Board of Directors has proposed a dividend of EUR 0.40 per share to be paid.

20. PROVISIONS AND PENSION OBLIGATIONS

EUR million	2018	2017
Non-current		
Provisions and pension obligations 1 Jan.	**0.2**	0.2
Increases, decreases	**0.0**	0.1
Provisions and pension obligations 31 Dec.	**0.2**	0.2
Current		
Provisions and pension obligations 1 Jan.	**-**	0.2
Increases, decreases	**-**	-0.2
Provisions and pension obligations 31 Dec.	**-**	-

Provisions relate mainly to defined benefit pension plans.

Apetit Group's most significant defined benefit plans are in the parent company. Parent company's plans include one employee and about 65 pensioners. Plans are administered in pension companies. Parent company's defined benefit obligation totals to EUR 2.0 (2.1) million and plan assets totals to EUR 1.8 (1.9) million. Net liability total to EUR 0.2 (0.2) million.

The amounts recognised in the balance sheet are determined as follows:

EUR million	2018	2017
Net pension liability		
Present value of funded obligations	**2.0**	2.1
Fair value of plan assets	**1.8**	1.9
Net liability (+) / asset (-)	**0.2**	0.2
Change in the defined benefit obligation		
Defined benefit obligation in the beginning of the year	**2.1**	2.3
Current service cost	**0.0**	0.0
Interest cost	**0.0**	0.0
Actuarial gains (-) and losses (+)	**0.1**	0.0
Benefits paid	**-0.2**	-0.2
Defined benefit obligation at the end of the year	**2.0**	2.1
Change in plan assets		
Plan assets in the beginning of the year	**1.9**	2.0
Interest income	**0.2**	0.0
Contributions paid into the plans	**0.0**	0.0
Benefits paid	**-0.2**	-0.2
Plan assets at the end of the year	**1.8**	1.9

EUR million	2018	2017
Defined benefit expense in the income statement		
Current service cost	**0.0**	0.0
Interest cost on pension obligation	**0.0**	0.0
interest income on plan assets	**0.0**	0.0
Pension expense recognised in the income statement	**0.0**	0.0
The amounts recognised in the equity		
Demographic gains and losses	**0.0**	0.0
Gains and losses from change of financial assumptions	**0.0**	0.0
Experience gains and losses	**0.2**	0.0
Return on plan assets excluding interest	**-0.1**	0.0
Remeasurements of post employment benefit obligations	**0.0**	0.0
Significant actuarial assumptions		
Discount rate (%)	**1.9**	1.8
Salary growth rate (%)	**n/a**	2.5
Pension growth rate (%)	**1.6**	1.8
Inflation (%)	**1.5**	1.4

Changes in the assumptions, sensitivity 2018	Obligations Increase %	Decline %
Discount rate, change 0,5%	**-3.4**	**3.6**
Pension payments growth rate, change 0.25 %	**2.0**	**-1.9**
Life expectancy, change 5%	**2.6**	**-2.5**

Changes in the assumptions, sensitivity 2017	Obligations Increase %	Decline %
Discount rate, change 0,5%	-3.5	3.7
Salary growth rate, change 0.5%	0.0	0.0
Pension payments growth rate, change 0.25 %	2.0	-1.0
Life expectancy, change 5%	2.6	-2.5

21. FINANCIAL LIABILITIES

EUR million	2018	2017
Non-current		
Loans from credit institutions	**2.4**	3.4
Other loans	**0.0**	0.1
Total	**2.4**	3.4

The loans from credit institutions are floating rate. Interest-bearing long-term loans are denominated in euros totalling EUR 2.4 (3.4) million.

Current		
Commercial papers and loans from credit institutions	**22.0**	1.4
Other loans	**0.0**	0.0
Total	**22.0**	1.5

Interest bearing loans reconciliation to consolidated statement of cash flows

EUR million	2018	2017
Long-term interest bearing loans		
Book value at 1. Jan.	**3.4**	4.9
Cash flows	**-1.0**	-0.7
Sold businesses, Seafood, discontinued operations	**-**	-0.4
Exchange rate differences	**-**	-0.4
Book value at 31. Dec.	**2.4**	3.4
Short-term interest bearing loans		
Book value at 1. Jan.	**1.5**	14.2
Cash flows	**21.0**	-12.8
Book value at 31. Dec.	**22.0**	1.5

Reconciliation of the net debt

EUR million	Cash and cash equivalents	Commercial papers	Other loans	Total
Net debt 1.1.2017	4.6	11.0	8.1	14.5
Cash flows	11.2	-11.0	-1.7	-23.9
Sale of business, discontinued operations	-0.1		-1.1	-1.0
Exchange rate differences			-0.4	-0.4
Net debt 31.12.2017	15.7	0.0	4.9	-10.8
Cash flows	-13.0	21.0	-1.5	32.6
Net debt 31.12.2018	**2.6**	**21.0**	**3.4**	**21.8**

22. TRADE PAYABLES AND OTHER LIABILITIES

EUR million	2018	2017
Non-current		
Payables based on derivative instruments, hedge accounting	**0.2**	0.1
Other liabilities	**-**	0.1
Total	**0.2**	0.2
Current		
Trade payables	**24.1**	20.8
Payables to associated companies	**0.5**	0.5
Payables based on derivative instruments, hedge accounting	**0.0**	0.6
Accrued expenses and deferred income	**7.1**	8.6
Other liabilities	**3.4**	3.6
Total	**35.0**	34.1

The material items in accured expenses and deferred income consist of personnel expenses and accruals of material purchases. Accrued expenses and deferred income includes liabilities related to constracts with customers a total of EUR 0.6 (0.4) million.

23. FINANCIAL RISK MANAGEMENT

The Apetit Group is exposed to various financial risks in its normal business operations. The aim of the Group's risk management is to minimize the adverse effects of changes in the financial markets on its financial performance. The main financial risks are the liquidity risk, currency risk, the interest rate risk and the funding risk. The Group uses derivative financial instruments, among other things, to hedge against currency and interest rate risks.

The financial risk management principles observed by the Group are subject to approval by the Board of Directors of Apetit plc, and the practical implementation of these principles is the responsibility of the Financing Department, which operates under the CFO.

1. Market risks

INTEREST RATE RISK

At the end of the financial year, the Group had a total of EUR 2.4 (3.4) million in long-term floating rate loans from financial institutions, commercial papers EUR 21.0 (0.0) million, EUR 1.0 (1.5) million in other short-term liabilities and EUR 2.6 (15.7) million in liquid cash assets. The maturity of commercial papers is usually under three months. The Group has hedged against long-term and short-term interest rate risk using interest rate swap with nominal value of EUR 3.4 (4.8) million. Furthermore, The Group has sold trade receivables to financial institution a total of EUR 13.0 (16.0) million. Sold trade receivables are hedged against currency risk using interest rate swap with nominal value of EUR 10.0 million.

SENSITIVITY TO INTEREST RATE RISK ARISING FROM FINANCIAL INSTRUMENTS

With the balance sheet structure on 31 December 2018 (31 December 2017), a rise/decrease of one percentage point in interest rates would have decreased / increased Group's net profit by EUR -0.2/0.2 (0.0/0.0) million and equity increased/decreased EUR 0.0/0.0 (0.0/0.0) million.

COMMODITY RISK

The Group is exposed to commodity risks associated with the availability of raw materials, the time difference between procurement and sales, and price fluctuations. The business units are responsible for managing their commodity risks in accordance with the risk management principles laid down for them. Hedge accounting is mostly applied when hedging the raw material risk.

The most significant single commodity risks concern Grains and Oil Seeds; wheat, barley, oats, soy and rapeseed. The business units have defined risk limits to stay inside. Quoted commodity futures, forward agreements and options are used to manage the risk exposure. The main grains and oil seeds products have functional derivative markets such as CME (CBOT) and Euronext (Matif), and the hedging relationships are mostly effective. Certain grain qualities and market areas may not always have an effective hedging instrument, where hedge accounting is not applicable. Even then, hedging may be implemented. The Group's exposure to raw material risk and the maturity of the hedging derivative instruments, respectively, are less than 12 months. At the end of the year commodity derivatives totalled to EUR 31.9 (14.2) million. All instruments have published market prices at the balance sheet date on the commodity exchanges mentioned above.

In frozen products and fresh cut products category businesses commodity risk arises from store chains' pricing periods, where prices are fixed for the entire pricing period. Commodity risk is mostly controlled by purchase and sales functions' co-operation.

The Apetit Group hedges against price variations in the electricity by agreeing fixed power supply price agreements up to two years. Management of the Group's electricity portfolio has been outsourced for Finnish companies. Management of the electricity risk is governed by a separate risk policy for the procurement of the electricity. There were no electricity derivatives at the end of the year.

SENSITIVITY TO COMMODITY RISK ARISING FROM FINANCIAL INSTRUMENTS

If on 31 December 2018 (31 December 2017) derivative based commodity prices would have been increased/decreased by 10%, Group's net profit would have increased/decreased by EUR 0.3/-0.3 (0.0/0.0) million and equity increased/decreased by EUR

2.9/-2.9 (1.3/-1.3) million. When cash flow hedge accounting is applied, the change in the fair value of derivative financial instruments is assumed to be recorded fully in equity.

CURRENCY RISK

The Group operates in international markets and is thus exposed to currency risks arising from changes in exchange rates. The Group's currency risks concern sales, purchases and balance sheet items denominated in foreign currencies (transaction risk), and also investment in foreign subsidiaries (translation risk). The most significant currency risk is caused by mainly the US dollar. The Group sold fish business operations in 2017 including fish businesses in Norway and Sweden. Due to the sale, the Group does not have material currency risks in Swedish crowns and Norwegian crowns.

The principle followed by the Group is to hedge the original transaction risk in the case of all financially significant currency positions. The Group's financial policy is to look on open currency positions with a value in excess of EUR 100,000 as significant. Hedging can also be made against a probable future open currency position. The instruments available in currency hedging are forward currency contracts, currency options and currency swaps. The Group's business units are responsible for currency risk hedging. Currency hedging is guided by the risk management policy specifically defined for the purpose and this is monitored by the Group's Financing Department.

At the balance sheet date 31 December 2018 (31 December 2017) the Group had no significant currency positions.

Fair value hierarchy on financial assets and liabilities valued at fair value

EUR million	Level 1	Level 2	Level 3	Total
Assets 2018				
Currency derivatives, no hedge accounting	**-**	**0.0**	**-**	**0.0**
Assets 2017				
Commodity and currency derivatives	-	-	-	-
Liabilities 2018				
Commodity derivatives, hedge accounting	**-**	**0.0**	**-**	**0.0**
Commodity derivatives, no hedge accounting	**-**	**0.0**	**-**	**0.0**
Interest rate swaps, no hedge accounting	**-**	**0.2**	**-**	**0.2**
Liabilities 2017				
Currency derivatives, no hedge accounting	-	0.6	-	0.6
Commodity derivatives, no hedge accounting	-	0.0	-	0.0

During the year there has not been any transfers between levels 1 and 2.

Level 1 fair values are based on prices obtained from active markets.

Level 2 fair values are based on other input data and commonly accepted fair value models. The input data is based on observable market prices.

Level 3 fair values are mostly based on other input data that are not for the most part based on observable market prices, instead management estimates and commonly accepted fair value models.

2. Credit risk

Nominal values of derivative instruments

EUR million	2018	2017
Currency derivatives, no cash flow hedge accounting	**0.2**	-
Commodity derivatives, cash flow hedge accounting	**29.3**	14.2
Commodity derivatives, no cash flow hedge accounting	**2.5**	-
Interest rate swaps, no cash flow hedge accounting	**13.4**	4.8

OTHER INFORMATION RELATED TO CASH FLOW HEDGE

The Group applies cash flow hedge accounting to commodity and currency derivatives. Electricity derivatives expire in three years being more emphasized to the two subsequent years from the balance sheet date. Other derivatives become due within one year. Due to cash flow hedge accounting EUR 0.6 (-0.5) million was recognised in equity. Group's derivatives affected the profit and loss statement related to net sales EUR -2.6 (0.3) million, purchases and other operating income and expense EUR -0.7 (0.4) million, financial income and expenses EUR 0.0 (0.0) million and taxes EUR 0.7 (-0.1) million. Profit and loss statement effects of cash flow hedges are materially netted against the opposing fair value change of the hedged item.

Derivative financial instruments are only entered into with domestic and foreign banks that have a good credit rating. Commodity derivative instruments can be entered into on the appropriate commodity exchanges if necessary. Liquid assets are invested within the approved limits in targets with a good credit rating.

To minimize the operational credit risk, the business units endeavour to obtain collateral security, as credit insurance, in the event that a customer's credit rating so requires.

The Group's management evaluates that there are no significant customer, geographical or counterparty concentrations in the Group's credit and counterparty risks. The sale of receivables to a financial institution and the use of credit insurance for some other trade receivables reduces the Group's counterparty risk.

Aging of Group's receivables

EUR million	2018	2017
Not due	**12.2**	17.9
0 - 3 months past due	**0.1**	0.3
4 - 6 months past due	**0.0**	0.0
Over 6 months past due	**0.1**	0.0
Total	**12.3**	18.3

A credit loss provision for over 6 past due receivables has been made. The Group has sold invoice receivables to the finance company during the financial year as part of improving working capital a total of EUR 13.0 (16.0) million.

3. Liquidity risk

The liquidity risk is the risk that the company may not have sufficient liquid assets or be unable to acquire enough funds to meet the needs of its business operations. The aim of liquidity risk management is to maintain sufficient liquid funds and credit facilities to ensure that there is always enough financing for the Group's business operations. The cash flows of the Group companies are netted with the aid of the Group's internal bank and Group accounts. To manage liquidity, the Group has a commercial paper programme worth EUR 100 (100) million and also long-term binding credit facilities agreed with financial institutions; a total of EUR 25 (40) million was available in credit on 31 December 2018. Credit facilities expire on September 2020. The total amount of commercial papers issued were EUR 21.0 (0.0) million. Liquidity risk management is the responsibility of the parent company's Financing Department.

Group's derivative liabilities and interest-bearing loan repayments and interest cash flows on 31 December 2018

EUR million	0–3 months	4–12 months	1–5 years	Over 5 years
Loans from financial institutions and other loans	**-21.0**	**-1.0**	**-2.4**	-
Trade payables	**-25.9**	-	-	-
Derivative liabilities	**0.0**	**0.0**	**0.0**	-
Total	**-46.8**	**-1.0**	**-2.4**	-

Group's derivative liabilities and interest-bearing loan repayments and interest cash flows on 31 December 2017

EUR million	0–3 months	4–12 months	1–5 years	Over 5 years
Loans from financial institutions and other loans	-0.5	-1.0	-3.4	-
Trade payables	-21.3	-	-	-
Derivative liabilities	-0.3	-0.3	-0.1	-
Total	-22.2	-1.3	-3.5	-

4. Capital risk management

The main objective for capital risk management is to secure the Group's operational preconditions in all circumstances. The capital structure of the Group is reviewed by the Board of Directors on a regular basis. Apetit plc does not have a public credit rating.

The amounts of the Group's interest bearing debts fluctuate significantly during the year due to a seasonality of the employed working capital. Normally the employed working capital is at highest level during the last quarter of the year and at lowest level during the spring and summer.

EUR million	2018	2017
Interest bearing liabilities	**24.4**	4.9
Liquid assets	**2.6**	15.7
Interest bearing net debt	**21.8**	-10.8
Equity	**101.1**	112.3
Interest bearing net debt and equity total	**122.9**	144.0
Gearing, %	**21.5**	-9.6
Equity ratio, %	**61.4**	72.6

24. ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

EUR million	2018	2017
Inventories	0.1	-
Trade receivables and other receivables	0.8	-
Assets held for sale	**0.9**	-
Trade payables and other liabilities	1.9	-
Liabilities directly associated with assets held for sale	**1.9**	-

Apetit Plc will divest its remaining service sales operations of the Food Solutions business by transfer of business gradually during early 2019. The service sales operations have been operated a shop-in-shop basis in connection with certain regional cooperatives. The network of the service sales operations has already been reduced earlier in 2018.

25. COLLATERAL, CONTINGENT LIABILITIES, CONTINGENT ASSETS AND OTHER COMMITMENTS

EUR million	2018	2017
Pledges given for debts		
Other securities given	0.2	0.2
Guarantees	3.7	2.9
Other leases, present value of minimum lease payments		
Within one year	4.2	3.4
After one year but not more than five years	5.6	3.8
After more than five years	1.6	1.7
Total	**11.4**	8.9

The present value of minimum lease payments includes real estate leases a total of EUR 10.7 (8.0) million.

EUR million	2018	2017
Contingent assets		
The present value of proceeds from the sale of shares in the joint book-entry account.	0.7	0.7
Claim for damages associated with the foreign grain supplier's neglect of delivery	1.6	-
Investment commitments		
Food Solutions	7.1	1.0

Other liabilities

Liability to adjust value added tax on property investments

The group is liable to adjust value added tax deductions on 2009 - 2018 property investments, if taxable use of the properties decreases. The maximum value of the liability is EUR 1.0 (1.5) million and liability is valid untill 2028.

Disputes

Avena Nordic Grain Oy, which belongs to the Apetit Group, has initiated arbitration proceedings against a foreign grain supplier. In Apetit's opinion the supplier has breached contract and caused a loss of EUR 1.6 million to Apetit as a result of failing to supply grain as agreed. In Apetit's opinion it is entitled to receive damages from the supplier. This receivable does not meet the near absolute certainty requirement of IAS 37 which would allow the recognition of the receivable. Apetit is presenting the item as a contingent asset outside of the balance sheet. In addition, the Group's other receivables includes EUR 1.2 million from the same supplier. The receivable includes more than average uncertainty.

26. RELATED PARTY TRANSACTIONS

Parent company and subsidiary relations of the Group	Domicile	Group's share of ownership %	Group's share of votes, %
Apetit plc (parent company)	Finland		
Apetit Ruoka Oy	Finland	100.0	100.0
Apetit Ruokaratkaisut Oy	Finland	100.0	100.0
Kiinteistö Oy Kivikonlaita	Finland	100.0	100.0
Apetit Suomi Oy	Finland	100.0	100.0
Avena Nordic Grain Oy	Finland	90.0 [1)]	90.0 [1)]
Avena Kantvik Oy	Finland	90.0 [1)]	90.0 [1)]
OOO Avena St. Petersburg	Russia	90.0 [1)]	90.0 [1)]
UAB Avena Nordic Grain	Lithuania	90.0 [1)]	90.0 [1)]
Avena Nordic Grain OÜ	Estonia	90.0 [1)]	90.0 [1)]
TOO Avena Astana	Kazakhstan	90.0 [1)]	90.0 [1)]
OOO Avena-Ukraine	Ukraine	90.0 [1)]	90.0 [1)]
SIA Avena Nordic Grain	Latvia	90.0 [1)]	90.0 [1)]
2 non-operative companies	Finland	100.0	100.0

[1)] In addition Apetit owns indirectly through Foison Oy 3.4% of the shares in Avena Nordic Grain Oy.

Salaries, wages and benefits of the administrative bodies of the Group

The administrative bodies consists of the members of the Supervisory Board, the Board of Directors, the CEO and other members of the corporate management of the parent company. The chairmans of the Supervisory Board was paid EUR 16,500 (15,600), the deputy chairmans EUR 12,480 (11,580) and the members EUR 300 to 1,200 (300 to 1,200) in fees and allowances.

The members of the Board of Directors and CEO were paid in salaries, wages and fringe benefits as follows:

EUR 1 000	2018	2017
Veijo Meriläinen, chairman and member of the Board untill 7 November 2018	**38**	45
Esa Härmälä, member of the Board from 2014, debuty chairman from 2017, chairman of the Board from 7 November 2018	**32**	26
Lasse Aho, member of Board from 2015, debuty chairman of the Board from 7 November 2018	**25**	23
Annika Hurme, member of the Board from 2017	**22**	15
Seppo Laine, member of the Board from 2016	**23**	23
Niko Simula, member of the Board from 2015	**23**	23
Juha Vanhainen, CEO	**635**	451
Increase in CEO's total amount of salary is mostly due to three year employment signing bonus paid in Spring 2018.		
Corporate management, six members in 2018, 2017 five members (two changes, salaries informed based on the time served at the corporate management)	**892**	817

The remuneration and incentive plans for management are made up of monetary remuneration, fringe and pension benefits, and performance-related compensation, by which the degree of success for the year is measured. The level of these plans as a whole is compared annually with the general market level. The Board of Directors of Apetit plc decides on the principles for the remuneration and incentive plans for the CEO and other members of the management. The Board also confirms annually the indicators to be used for the plans and their level in relation to the targets set. The indicators also include key figures connected with annual budgets as well as development targets selected on a function-specific basis. In 2018, indicators for the CEO and management were among others the Group´s and applicable business unit's operational EBIT. The maximum amount of performance-related compensation corresponds to 60 per cent of annual salary in the case of the CEO, and 50 per cent of annual salary for other management. The CEO and two member of the corporate management has separate operatinal EBIT based compensation scheme for periods 2016-2018, 2017-2019 and 2018-2020, where the maximum compensation corresponds to yearly salary in the case of CEO and 8 months salary in the case of other members. Payment will take place at the end of the scheme in shares (50%) and in cash (50%). In addition, the CEO has acquired 10 000 Apetit Oyj shares, and in return Apetit compensated equivalent amount in shares (50%) and in cash (50%) after three years of employment in Spring 2018.

The members of the Board do not have any pension agreements with the Group companies. The agreed retirement age for the CEO is 62 years.

Post–employment benefits (pension benefits, amount transferred to income statement).

EUR 1 000	2018	2017
Juha Vanhainen, CEO	**122**	112

The key conditions of the CEO's terms of service are defined in his contract. The period of notice for the CEO is six months. Should the CEO be given notice by the company, he will be entitled to a severance package equivalent to12 months' pay.

The Group did not have any loan receivables from the group key management during the financial periods.

Transactions with related parties

EUR million	2018	2017
Sales to associated companies	**1.0**	0.9
Purchases from associated companies	**3.2**	2.8
Trade receivables and other receivables from associated companies	**0.3**	0.4
Trade payables and other liabilities to associated companies	**0.6**	0.5
Purchases from other related parties	**0.6**	0.4
Liabilities to other related parties	**0.3**	0.3

The sales of goods and services to related parties are based on valid market prices.

Purchases and liabilities with other related parties relate mostly to acgicultural product purchases from members of the Supervisory Board.

27. EVENTS SINCE THE END OF THE FINANCIAL YEAR

The group is not aware of any events of material importance after the balance sheet date that might have affected the preparation of the financial statements.

PARENT COMPANY INCOME STATEMENT, FAS

EUR 1 000	Note	2018	2017
Other operating income	(1)	**644**	419
Personnel expenses	(2)	**-1,985**	-2,372
Depreciation and impairments	(3)	**-247**	-247
Other operating expenses	(4)	**-991**	-1,448
Operating loss		**-2,578**	-3,649
Financial income and expenses	(5)	**2,544**	3,922
Profit / loss before appropriations and taxes		**-35**	273
Change in deferred tax assets	(6)	**415**	566
Net profit / loss		**381**	839

PARENT COMPANY BALANCE SHEET, FAS

EUR 1 000	Note	31 Dec. 2018	31 Dec. 2017
ASSETS			
Non-current assets			
Intangible assets	(7)	**17**	4
Tangible assets	(8)	**3,126**	3,392
Investments in Group companies	(9,10)	**21,993**	21,993
Investments in associated companies	(9,10)	**12,826**	12,562
Other investments and receivables	(9,10)	**17**	42
Total non-current assets		**37,978**	37,992

EUR 1 000	Note	31 Dec 2018	31 Dec 2017
Current assets			
Long-term receivables	(11)	**7,724**	26,315
Deferred tax assets	(13)	**1,899**	1,484
Current receivables	(12)	**76,034**	40,969
Cash and cash equivalents		**2,227**	15,164
Total current assets		**87,885**	83,932
Total assets		**125,863**	121,923
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(14)		
Share capital		**12,635**	12,635
Share premium account		**23,391**	23,391
Contingency reserve		**7,232**	7,232
Retained earnings		**51,020**	54,526
Profit / loss for the period		**381**	839
Total equity		**94,659**	98,622
Appropriations		**10**	10
Liabilities	(15)		
Long-term interest bearing liabilities		**2,409**	3,373
Long-term non-interest bearing liabilities		**625**	398
Current interest bearing liabilities		**27,569**	18,522
Current non-interest bearing liabilities		**590**	999
Total liabilities		**31,194**	23,291
Total equity and liabilities		**125,863**	121,923

PARENT COMPANY STATEMENT OF CASH FLOWS, FAS

EUR 1 000	2018	2017
Cash flow from operating activities		
Profit before extraordinary items	**-35**	273
Adjustments*)	**-2,517**	-4,353
Change in working capital		
Change in non-interest-bearing current receivables	**-12,551**	17,294
Change in non-interest-bearing current liabilities	**-181**	579
Cash flow from operating activities before financial items and taxes	**-15,285**	13,793
Dividends received	**10**	2,822
Interests paid	**-355**	-201
Interests received	**968**	1,066
Cash flow from operating activities (A)	**-14,662**	17,479
Cash flow from investing activities		
Investments in tangible and intangible assets	**-42**	-53
Proceeds from sales of tangible and intangible assets	**33**	158
Investments in subsidiaries	**-**	10,032
Investments in associated companies	**-582**	-426
Investments in other investments	**578**	215
Dividends received	**1,921**	1,283
Cash flow from investing activities (B)	**1,908**	11,209

EUR 1 000	2018	2017
Cash flow before financing	**-12,754**	28,688
Cash flow from financing activities		
Change in long-term loans	**-1,452**	-1,027
Change in short-term loans	**21,000**	-10,755
Change in long-term subsidiary financing	**18,720**	-15,763
Change in short-term subsidiary financing	**-34,107**	14,367
Dividends paid	**-4,344**	-4,341
Cash flow from financing activities (C)	**-184**	-17,518
Net increase/decrease in cash and cash equivalents	**-12,938**	11,169
Cash and cash equivalents at beginning of financial year	**15,164**	3,995
Cash and cash equivalents at end of financial year	**2,227**	15,164

Change in receivables and liabilities of the Group account -11,944 (17,471) is included in the change of the working capital.

*) Adjustments to cash flow from operating activities:		
Depreciation and impairments	**247**	247
Financial income and expenses	**-2,544**	-3,922
Gains and losses on sales of tangible and intangible assets	**-220**	-66
Impairment of subsidiary shares and loans, net	**-**	-657
Other adjustments	**-**	43
Total	**-2,517**	-4,353

ACCOUNTING PRINCIPLES, FAS

VALUATION OF FIXED ASSETS

Fixed assets have been capitalised at their acquisition cost. Fixed assets have been depreciated on a straight line basis according to plan, based on useful economic life.

In 2017 an impairment in subsidiary shares and loans a total of EUR 0,7 million have been recognised on the financial statements of the parent company.

FOREIGN CURRENCY ITEMS

Receivables and payables denominated in foreign currencies have been translated into euros at the European Central Bank middle rate on the closing day. Exchange rate differences caused by short-term receivables and liabilities have been charged to the profit and loss account. Unrealised exchange rate losses and gains of long-term receivables and liabilities have also been charged to the profit and loss account.

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax liabilities and assets are calculated on the basis of the timing differences between the closing date and the taxation date, using the tax rate for subsequent years confirmed on the closing date.

DERIVATIVE CONTRACTS

In line with its risk management policy, Apetit uses a variety of derivatives for hedging against a number of risks arising from foreign currencies, interest rates and commodity prices. The market values of derivatives are entered under derivative contracts in the other notes to the accounts and indicate what the result would have been if the derivative position had been closed at market prices on the date of closing of the accounts.

Unrealised losses on derivative instruments are recognised on financial costs. Unrealised gains are not recognised on profit and loss statement, gains are recognised on financial income at the moment when derivative instrument is realised.

PENSION ARRANGEMENTS

Statutory pension coverage for corporate personnel is covered by pension insurance. Special pension insurance policies provide additional pension coverage under the Trust rules for former employees and retired staff previously covered by the Lännen Tehtaat Staff Pension Trust.

The retirement age for the parent company's CEO has been set at 62 years.

NOTES TO THE PARENT COMPANY INCOME STATEMENT, FAS

1. OTHER OPERATING INCOME

EUR 1 000	2018	2017
Gains from sales of non-current assets	**248**	106
Rental income	**143**	146
Service fees	**230**	144
Other	**23**	23
Total	**644**	419

2. PERSONNEL EXPENSES AND AVERAGE NUMBER OF PERSONNEL

EUR 1 000	2018	2017
Personnel expenses		
Wages and salaries	**1,611**	1,887
Pension expenses	**217**	351
Other social security expenses	**156**	134
Total	**1,985**	2,372

Salaries, wages and benefits of the administrative bodies are presented in Note 26 of the Notes to the consolidated financial statements.

Average number of personnel	**16**	12

The pension commitments to the members of the Board of Directors and the CEO
The retirement age of the CEO is 62 years.

3. DEPRECIATION AND IMPAIRMENTS

Depreciation according to plan has been calculated from the original acquisition cost on a straight-line-basis. Tangible and intangible assets are subject to straight-line depreciation over the period of their useful lives. Deprecitions begin from the month that they are available fo use.

Depreciation periods:	
Intangible rights	5 or 10 years
Other capitalised long-term expenses	5 or 10 years
Buildings and structure	20-30 years
Other buildings and constructions	5 or 10 years
Machinery and equipment	5 or 10 years

The basis for depreciations have not changed.

EUR 1 000	2018	2017
Depreciation according to plan		
Other capitalised long-term expenses	**2**	2
Buildings and structure	**204**	199
Machinery and equipment	**37**	38
Total	**243**	239
Impairments		
Buildings and structure	**4**	8
Total	**4**	8
Depreciations and impairments total	**247**	247

4. OTHER OPERATING EXPENSES

EUR 1 000	2018	2017
Rental expenses	71	78
Expenses of administration	476	664
Other operating expenses	444	706
Total	**991**	1,448
Audit fees		
Annual audit	82	87
Tax advice	4	5
Other services	41	19
Total	**127**	111

5. FINANCIAL INCOME AND EXPENSES

EUR 1 000	2018	2017
Dividend income		
From Group companies	-	2,815
From associated companies	1,921	1,283
From others	10	6
Total	**1,931**	4,104
Interest income from long-term investments		
From Group companies	237	151
Other interest and financial income		
From Group companies	731	915
From foreign currency gains	-	0
From others	0	0
Total	**731**	915
Financial income, total	**2,898**	5,170
Interest expenses and other financial expenses		
To foreign currency losses	0	392
From interest expenses	58	73
To others	296	129
Impairment of subsidiary shares and loans, net	-	657
Total	**355**	1,249
Financial expenses total	**355**	1,249
Financial income and expenses, total	**2,544**	3,922

In the previous year foreign currency gains include unrealised currency gains EUR 389 thousands.

6. INCOME TAXES

EUR 1 000	2018	2017
Change in deferred tax assets	415	566
Total	**415**	566

7. NON-CURRENT ASSETS

Intangible assets 2018

EUR 1 000	Intangible rights	Other capitalised long-term expenses	Construction in progress	Total
Acquisition cost 1 Jan.	101	228	-	329
Additions	-	-	15	15
Disposals	-	-130	-	-130
Acquisition cost 31 Dec.	101	97	15	214
Accumulated depreciation 1 Jan.	-101	-224	-	-325
Disposals, accumalated depreciation	-	130	-	130
Depreciation for the period	-	-2	-	-2
Accumulated depreciation 31 Dec.	-101	-96	-	-197
Book value 31 Dec. 2018	-	2	15	17

Intangible assets 2017

EUR 1 000	Intangible rights	Other capitalised long-term expenses	Construction in progress	Total
Acquisition cost 1 Jan.	160	448	-	608
Disposals	-59	-220	-	-279
Acquisition cost 31 Dec.	101	228	-	329
Accumulated depreciation 1 Jan.	-124	-345	-	-469
Disposals, accumalated depreciation	23	123	-	146
Depreciation for the period	-	-2	-	-2
Accumulated depreciation 31 Dec.	-101	-224	-	-325
Book value 31 Dec. 2017	-	4	-	4

8. NON-CURRENT ASSETS

Tangible assets 2018

EUR 1 000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	**2,203**	**4,769**	**349**	**57**	**-**	**7,379**
Additions	**-**	**25**	**-**	**-**	**-**	**25**
Disposals	**-46**	**-126**	**-69**	**-**	**-**	**-241**
Acquisition cost 31 Dec.	**2,157**	**4,668**	**279**	**57**	**-**	**7,162**
Accumulated depreciation 1 Jan.	**-**	**-3,758**	**-229**	**-**	**-**	**-3,987**
Disposals, accumalated depreciation	**-**	**122**	**69**	**-**	**-**	**191**
Depreciation for the period	**-**	**-204**	**-37**	**-**	**-**	**-240**
Accumulated depreciation 31 Dec.	**-**	**-3,840**	**-196**	**-**	**-**	**-4,036**
Book value 31 Dec. 2018	**2,157**	**829**	**83**	**57**	**-**	**3,126**

Tangible assets 2017

EUR 1 000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	2,260	4,769	328	57	104	7,518
Additions	-	36	17	-	-	53
Disposals	-57	-35	-100	-	-	-192
Transfers	-	-	104	-	-104	-
Acquisition cost 31 Dec.	2,203	4,769	349	57	-	7,379
Accumulated depreciation 1 Jan.	-	-3,586	-291	-	-	-3,877
Disposals, accumalated depreciation	-	27	100	-	-	127
Depreciation for the period	-	-199	-37	-	-	-236
Accumulated depreciation 31 Dec.	-	-3,758	-229	-	-	-3,987
Book value 31 Dec. 2017	2,203	1,012	120	57	-	3,392

Revaluation 2018

EUR 1 000	Total
Revaluation includes in book value of land and water areas.	
Land and water areas 1 Jan. and 31 Dec.	**1,768**

9. INVESTMENTS

Investments, other investments and receivables 2018

EUR 1 000	Holdings in Group companies	Holdings in associated companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	**21,993**	**12,562**	**40**	**2**	**34,596**
Additions	**-**	**582**	**-**	**2**	**584**
Disposals	**-**	**-318**	**-**	**-**	**-318**
Impairments	**-**	**-**	**-27**	**-**	**-27**
Book value 31 Dec. 2018	**21,993**	**12,826**	**13**	**4**	**34,836**

Investments, other investments and receivables 2017

EUR 1 000	Holdings in Group companies	Holdings in associated companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	22,780	12,246	40	2	35,067
Additions	-	426	-	-	426
Disposals	-	-109	-	-	-109
Impairments	-787	-	-	-	-787
Book value 31 Dec. 2017	21,993	12,562	40	2	34,596

10. SHARES OF GROUP COMPANIES, ASSOCIATED COMPANIES AND OTHER SHARES AND

	Domicile	Holding -%
Group companies		
Apetit Ruoka Oy	Säkylä	100.0
Apetit Ruokaratkaisut Oy	Kuopio	100.0
Apetit Suomi Oy	Säkylä	100.0
Avena Nordic Grain Oy	Helsinki	90.0
1 non-operative company	Säkylä	100.0
Associated companies		
Sucros Ltd	Helsinki	20.0
Foodwest Oy	Seinäjoki	18.4
Foison Oy	Helsinki	34.4

Other shares, holdings and receivables

	Book value EUR 1 000
Shares and holdings	13
Connection fees, long-term receivables	4
Total	17

11. LONG-TERM RECEIVABLES

EUR 1 000	2018	2017
Loans receivables from Group companies	**7,300**	26,020
Loans receivable	**7**	-
Other receivables	**417**	295
Total	**7,724**	26,315

12. CURRENT RECEIVABLES

EUR 1 000	2018	2017
Accounts receivable	**6**	251
Amounts owed by the Group companies		
Accounts receivable	**380**	120
Loans receivable	**74,620**	40,512
Group account receivables	**473**	-
Other receivables	**377**	19
Total	**75,850**	40,651
Amounts owed by the associated companies		
Accounts receivable	**0**	19
Total	**0**	19
Personel expenses	**122**	0
Other	**56**	48
Total	**178**	48
Current receivables total	**76,034**	40,969

13. DEFERRED TAX ASSETS

EUR 1 000	2018	2017
Deferred tax assets, carry forward of unused tax losses	**1,899**	1,484

Deferred tax asset of EUR 415 (566) thousands has been recognised taxable loss.

14. CHANGES IN SHAREHOLDERS' EQUITY

EUR 1 000	2018	2017
Share capital 1 Jan.	**12,635**	12,635
Share capital 31 Dec.	**12,635**	12,635
Share premium account 1 Jan.	**23,391**	23,391
Share premium account 31 Dec.	**23,391**	23,391
Contingency reserve 1 Jan.	**7,232**	7,232
Contingency reserve 31 Dec.	**7,232**	7,232
Retained earnings 1 Jan.	**54,526**	55,716
Other changes	**-**	-183
Retained earnings 1 Jan. after other changes	**54,526**	55,533
Transfer from previous year's profit	**839**	3,333
Dividends paid	**-4,344**	-4,341
Retained earnings 31 Dec.	**51,020**	54,526
Profit / loss for the financial year	**381**	839
Shareholders' equity 31 Dec.	**94,659**	98,622
Distributable funds		
Contingency reserve	**7,232**	7,232
Retained earnings	**51,020**	54,526
Profit for the financial year	**381**	839
Distributable funds 31 Dec.	**58,633**	62,597

15. LIABILITIES

EUR 1 000	2018	2017
Non-current liabilities		
Loans from financial institutions	**2,409**	3,373
Payables based on derivative instruments, interest rate swaps	**209**	103
Provisions for pensions	**417**	295
Total	**3,035**	3,770
Current liabilities		
Loans from financial institutions	**964**	1,445
Commercial papers and loans from credit institutions	**21,000**	-
Trade payables	**63**	145
Total	**22,027**	1,590
Amounts owed to Group companies		
Other liabilities	**61**	86
Group account liabilities	**5,605**	17,077
Total	**5,667**	17,162
Amounts owed to associated companies		
Trade payables	**21**	12
Other liabilities		
Tax account payable	**169**	130
Accrued expenses and deferred income		
Personnel expenses	**244**	536
Accruals of expenses	**31**	91
Total	**274**	626
Non-current liabilities, interest-bearing, total	**2,409**	3,373
Long-term non-interest bearing liabilities	**625**	398
Current liabilities, interest-bearing, total	**27,569**	18,522
Current liabilities, non-interest-bearing, total	**590**	999
Total	**31,194**	23,291

16. COLLATERAL, CONTINGENT LIABILITIES, OTHER COMMITMENTS AND CONTINGENT ASSETS

EUR 1 000	2018	2017
Lease liabilities		
Real estate lease liabilities		
Falling due during the following year	**239**	233
Falling due at later date	**-**	233
Other lease liabilities		
Falling due during the following year	**32**	31
Falling due at later date	**31**	23
Other liabilities		
Guarantees	**72**	72
Contingent liabilities on behalf of the Group companies		
Guarantees	**2,788**	2,788
Liabilities total	**3,162**	3,380
Outstanding derivative instruments		
Interest rate swaps		
Nominal value of underlying instruments	**13,372**	4,818
Market value	**-209**	-101
Contingent assets		
Proceeds from the sale of shares in the joint book-entry account.	**707**	710

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFITS

The parent company's distributable funds totalled EUR 58,632,855.11 on 31 December 2018, of which EUR 380,714.20 is profit for the financial year.

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.40 per share be paid.

The Board will propose that a total of EUR 2,486,648.40 be distributed in dividends and that EUR 56,146,206.71 be left in equity.

No significant changes have taken place in the financial standing of the company since the end of the financial year. The company's liquidity is good, and the Board deems that the company's solvency will not be jeopardised by the proposed distribution of dividends.

SIGNATURES TO THE BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Helsinki, 19 February 2019

Esa Härmälä
Chairman of the Board

Lasse Aho

Annikka Hurme

Seppo Laine

Niko Simula

Juha Vanhainen
CEO

AUDITOR'S REPORT

(Translation of the Finnish Original)

To the Annual General Meeting of Apetit plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

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

WHAT WE HAVE AUDITED

We have audited the financial statements of Apetit plc (business identity code 0197395-5) for the year ended 31 December 2018. The financial statements comprise:

- the consolidated statement of financial position, consolidated income statement, statement of comprehensive income, statement of changes in shareholders' equity, consolidated statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

BASIS FOR OPINION

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

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

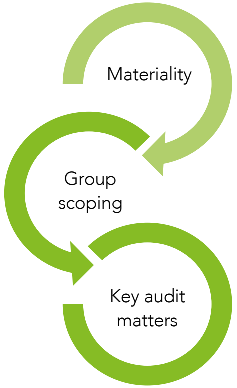
Independence

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

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 4 to the Consolidated Financial Statements.

OUR AUDIT APPROACH

OVERVIEW



Materiality

- We applied an overall group materiality of € 1,2 million, which amounts to some 0,4% of consolidated net sales of continuing operations. The result of Apetit group has fluctuated during the recent years and therefore net sales provides a more solid base for determining materiality than using the result as a benchmark.

Group scoping

- The group audit scope encompassed five domestic subsidiaries in addition to the parent company.

Key audit matters

- Occurrence and cut-off of revenue recognition
- Valuation of deferred tax assets
- Valuation of assets – Fresh cut products category

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 1,2 million (previous year € 1,2 million)
How we determined it	approximately 0,4% of consolidated net sales
Rationale for the materiality benchmark applied	The result of Apetit group has fluctuated and been at loss during the recent years. Therefore net sales provides a more solid base for determining materiality than using the result as a benchmark. In our view net sales is a benchmark against which the performance of the group is commonly measured by users.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the Apetit group, the accounting processes and controls, and the industry in which the group operates.

The group operates mainly in Finland after the disposal of seafood business. The group audit scope encompassed the Finnish entities. We determined that no risk for material misstatements relates to foreign subsidiaries and therefore our procedures regarding these entities comprised only of analytical procedures performed at group level as well as specified audit procedures on selected income statement and balance sheet line items.

By performing the procedures above, we have obtained sufficient and appropriate audit evidence regarding the financial information of the Group as a whole in order to provide an opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Occurrence and cut-off of revenue recognition *Accounting principles, note 2 to the consolidated financial statements* The group's net sales consist mainly of the sales of frozen food, fresh and fish products as well as grain and oilseed products. The Group's sales in all business segments take place at a single time when control is transferred to buyer. Because of the nature of revenue, we focused on sales transactions that occurred during the financial period, especially on whether the recorded sales reflect real sales transactions. We also focused on the accurate timing of revenue recognition (cut-off) of big shipments of grain sales. For other revenue streams of the group, the accurate timing of revenue recognition is not considered to be a key audit matter because of the nature of the operations and the relatively small monetary value of individual sales transactions.	Our audit procedures consisted of obtaining an understanding of the group's internal control as well as of testing of controls and substantive procedures performed on recorded sales transactions. Our audit relating to the group's internal control focused on testing of controls which ensure appropriate revenue recognition. We especially focused on controls ensuring the correct timing of revenue recognition and on controls ensuring that the recorded sales reflect real sales transactions. As part of substantive audit procedures relating to net sales we: • Evaluated the appropriateness of the accounting policies for revenue recognition • Tested a sample of sales transactions recorded during the financial year to verify that they reflect actual sales transactions • Tested the accurate timing of revenue recognition of sales transactions recorded near the end of the financial period, focusing on big shipments in the grain business. Tested the basis for selected journal entries posted to net sales.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of deferred tax assets *Accounting principles, note 10 to the consolidated financial statements.* Deferred tax assets recognized in the consolidated balance sheet totaled € 5,8 million (2017: 5,3). Deferred tax assets mainly consist of tax losses confirmed or to be confirmed. Deferred tax assets are recognized to the extent that it is probable that they can be utilized against taxable profit in the future. The valuation of deferred tax assets requires estimates by management, including the future operating profitability of operations. Because of estimates involved in the valuation of deferred tax assets as well as their materiality we consider deferred tax assets to be a key audit matter. In particular, we focused on the risk of overstatement of deferred tax assets in the consolidated balance sheet.	We obtained an understanding of the company's processes relating to the calculation and valuation of deferred taxes. Our audit procedures were especially directed to the following: • We tested the reliability of estimates and forecasts previously made by the company by comparing management's forecasts from prior years to actual results. • We tested the mathematical accuracy of calculations and reconciled data, for applicable parts, to plans and other assumptions approved by management. We evaluated the appropriateness of key assumptions used in the forecasts. Our focus was especially on assumptions that are significant to future profitability, such as the development of net sales and expenses and the period of utilization of deferred tax assets.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of assets – Fresh cut products category *Accounting principles, note 12 to the consolidated financial statements* The profitability of Fresh cut products category, which is part of Food Solutions business segment, has not been on the desired level. Profitability below expectations may be an indication of impairment of assets relating to the business. Where such indications are identified, the asset's estimated recoverable amount needs to be determined. An impairment loss is recognized, if the carrying amount of the asset or cash-generating unit in the balance sheet exceeds its recoverable amount. Recoverable amount of cash-generating unit is the higher of fair value less costs to sell and value in use. The company's management has performed impairment test calculation at the level of the cash generating unit, Fresh cut products category. The balance sheet value for the Fresh cut products category was € 16,9 million before impairment testing. Based on the impairment test, the company made an impairment of € 4,7 million to the 2018 financial statement. Impairment test calculations involve, to a significant extent, estimates by management. Because of the estimates involved as well as the materiality, we considered the risk of impairment of assets in the Fresh cut products category to be a key audit matter. This matter is a significant risk of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014.	Our audit procedures included the following: • We discussed with management the accounting policies applied and significant assumptions involving estimates, such as the development of sales and margins and the discount rate. • We reconciled the cash flow forecast for the year 2019 to the budget approved by the Board of Directors, and compared the assumptions used for subsequent years to long-term objectives for the business. In the same time we evaluated the reliability of forecasts used by management relating to, for example, the growth of net sales and gross margin by comparing forecast made in prior years to actual results. • We evaluated the correctness of the discount rate used and mathematical accuracy of the impairment calculations. • We evaluated the assumptions and results of the external expert´s work used by the management. • We used, as appropriate, PricewaterhouseCoopers experts in our work.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the parent company financial statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER REPORTING REQUIREMENTS

APPOINTMENT

PricewaterhouseCoopers Oy has, without interruption, been acting as the auditor of Apetit plc for 25 years since first being appointed on 18 April 1994, when Authorised Public Accountant (KHT) working for our firm was appointed as the auditor. Since 18 April 1994 also the other auditor of Apetit plc has been an auditor working for our firm. Authorised Public Accountant (KHT) Pasi Karppinen has, without interruption, been acting as the auditor since 25 March 2015 for four years.

OTHER INFORMATION

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

Our opinion on the financial statements does not cover the other information.

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

In our opinion

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

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

Helsinki 19 February 2019

PricewaterhouseCoopers Oy
Authorised Public Accountants

Tuomo Korte
Authorised Public Accountant (KHT)

Pasi Karppinen
Authorised Public Accountant (KHT)

STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board has today reviewed Apetit Plc's financial statements 2018 including the consolidated financial statements, the Board of Directors' report and the auditors' report provided by the Company's auditors. The Supervisory Board has no comments to make on these.

The Supervisory Board proposes that the parent company financial statements and consolidated financial statements be adopted and concurs with the proposal of the Board of Directors concerning the distribution of the profit funds.

The term of the following Supervisory Board members will end on the date of the Annual General Meeting: Jussi Hantula, Risto Korpela, Jonas Laxåback, Pekka Perälä, Timo Ruippo and Veli-Pekka Suni.

Säkylä, 25 February 2019

For the Supervisory Board

Harri Eela	Asmo Ritala
Chariman	Secretary

KEY INDICATORS

Financial ratios

Profitability

EUR million	Continuing operations 2018	Continuing operations 2017	Continuing operations 2016	Inc. Discontinued operations 2015	Inc. Discontinued operations 2014
Net sales	**283.1**	311.8	310.0	379.1	383.0
Exports from Finland	**77.7**	101.0	69.4	74.7	82.7
Operating profit	**-6.9**	1.1	0.8	-1.0	-7.7
% of net sales	**-2.4**	0.4	0.3	-0.3	-2.0
R & D expenses	**1.3**	1.9	0.8	0.8	0.8
% of net sales	**0.4**	0.6	0.4	0.2	0.2
Financial income (+)/expenses(-), net	**-0.5**	-0.5	-0.6	-1.5	-2.2
Profit before taxes	**-8.1**	1.6	1.0	-3.5	-8.1
% of net sales	**-2.9**	0.5	0.3	-0.9	-2.1
Profit for the period	**-6.6**	2.9	2.0	-4.6	-8.7
% of net sales	**-2.3**	0.9	0.7	-1.2	-2.3
Attributable to					
Shareholders of the parent company	**-6.6**	2.9	2.0	-4.3	-8.0
Non-controlling interests	**-**	-	-	-0.3	-0.7
Return on equity, % (ROE)	**-6.2**	2.5	1.7	-3.7	-6.5
Return on capital employed, % (ROCE)	**-7.1**	1.9	1.3	-1.5	-4.2

Finance and financial position

EUR million	Group total 2018	Group total 2017	Group total 2016	Group total 2015	Group total 2014
Equity ratio, %	**61.4**	72.6	64.1	61.1	69.7
Net gearing, %	**21.5**	-9.6	12.4	19.0	-1.3
Non-current assets	**67.6**	74.7	83.6	79.1	88.5
Inventories	**80.9**	45.8	65.3	74.8	53.8
Other current assets	**16.1**	34.2	34.8	44.0	43.4
Shareholders' equity	**101.1**	112.3	117.7	121.0	129.4
Distributable funds	**58.6**	62.6	66.3	67.3	73.4
Interest-bearing liabilities	**24.4**	4.9	19.1	36.5	12.0
Non-interest-bearing liabilities	**39.0**	37.6	46.8	40.4	44.3
Balance sheet total	**164.6**	154.7	183.7	197.9	185.7

Other indicators

EUR million	Continuing operations 2018	Continuing operations 2017	Continuing operations 2016	Inc. Discontinued operations 2015	Inc. Discontinued operations 2014
Gross investments excluding acquisitions	**6.7**	5.2	7.7	9.1	2.5
% of net sales	**2.4**	1.7	2.5	2.4	0.7
Acquisitions and other investments in shares	**0.6**	0.4	0.0	0.1	0.0
% of net sales	**0.2**	0.1	0.0	0.0	0.0
Average number of personel	**564**	557	549	725	723

SHARE INDICATORS

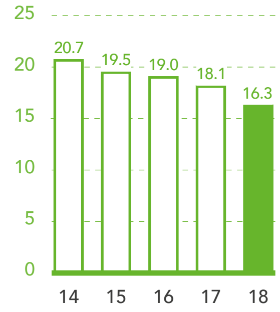
	2018	Group total 2017	2016	2015	2014
Earnings and dividend					
Earnings per share, EUR	**-1.21**	- 0.10	0.19	-0.69	-1.29
Dividend per share, EUR	**0.40** [1]	0.70	0.70	0.70	0.70
Dividend per earnings, %	**-**	-	368.4	–	–
Effective dividend yield, %	**4.4**	5.0	5.4	5.5	5.2
P/E ratio	**-**	-	68.3	–	–
Shareholders' equity per share, EUR	**16.29**	18.10	19.00	19.53	20.70
Share performance, EUR					
Lowest price during the year	**8.86**	12.91	11.64	12.61	13.56
Highest price during the year	**15.25**	14.58	14.50	16.80	21.63
Average price during the year	**11.68**	13.67	12.97	14.12	16.42
Share price at the end of the year	**9.00**	14.12	12.97	12.65	13.59
Share turnover					
Share turnover (1,000 pcs)	**635**	835	561	696	1 031
Turnover ratio, %	**10.0**	13.0	8.9	11.0	16.3
Share capital, EUR million	**12.6**	12.6	12.6	12.6	12.6
Market capitalisation, EUR million	**56.9**	89.2	81.9	79.9	85.9
Dividends, EUR million	**2.5** [1]	4.3	4.3	4.3	4.3

	2018	Group total 2017	2016	2015	2014
Number of shares					
Number of shares	**6,317,576**	6,317,576	6,317,576	6,317,576	6,317,576
Average adjusted number of shares	**6,210,652**	6,202,128	6,197,815	6,192,435	6,188,416
Adjusted number of shares at the end of the period	**6,216,621**	6,206,150	6,200,771	6,195,287	6,190,298
Number of own shares	**100,955**	111,426	116,805	122,289	127,278

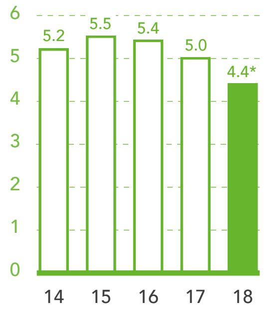
1) Board's proposal

This note is not part of the audited consolidated financial statements

Equity per share 2014-2018, EUR

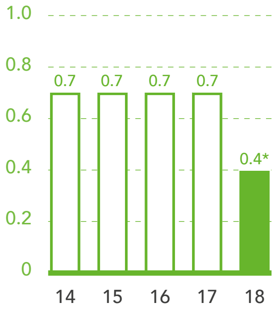


Effective dividend yield 2014-2018, %



* board's proposal

Dividend/share 2014-2018, EUR



* board's proposal

CALCULATION OF KEY INDICATORS

Return on equity (ROE), % = $\frac{\text{Profit/loss}}{\text{Total equity, average for the year}} \times 100$

Return on capital employed (ROCE), % = $\frac{\text{Operating profit + share of profits of associated companies}}{\text{Capital employed, average for the year}} \times 100$

Operational return on capital employed (ROCE), % = $\frac{\text{Operational EBIT + share of profits of associated companies}}{\text{Capital employed, average for each quarter}} \times 100$

Equity ratio, % = $\frac{\text{Total equity}}{\text{Total assets - advance payments received}} \times 100$

Gearing, % = $\frac{\text{Interest-bearing net liabilities}}{\text{Total equity}} \times 100$

Interest-bearing net liabilities = Interest-bearing liabilities - cash and cash equivalents - short term investments

Earnings per share = $\frac{\text{Profit/loss for the year attributable to the shareholders of the parent}}{\text{Weighted average number of outstanding shares}}$

Dividend per share = $\frac{\text{Dividend for the period}}{\text{Basic number of outstanding shares on 31 December}}$

Dividend per earnings, % = $\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$

Effective dividend yield, % = $\frac{\text{Dividend per share}}{\text{Share price at the end of the period}} \times 100$

Price/earnings ratio (P/E) = $\frac{\text{Share price at the end of the period}}{\text{Earnings per share}}$

Shareholders' equity per share = $\frac{\text{Equity attributable to the equity holders of the parent company}}{\text{Basic number of outstanding shares on 31 December}}$

Market capitalisation = Basic number of outstanding shares x share price at the end of the period

Operational EBITDA = Operational EBIT - depreciations, impairments and profit of the associated companies

Operational EBIT = EBIT excluding restructuring expenses, any significant impairment on goodwill or other balance sheet items or reversal of impairment, the profit of the associated companies not related to operating segments or other extraordinary and material items.

This note is not part of the audited consolidated financial statements

SHAREHOLDERS ON 1 FEBRUARY 2019

	Number of shares	%	Number of votes	%
Jussi Capital Oy	638,000	10.1	638,000	10.3
Valio's Pension Fund	520,108	8.2	520,108	8.4
Eela Esko	392,392	6.2	392,392	6.3
Nordea Nordic Small Cap Fund	347,860	5.5	347,860	5.6
EM Group Oy	141,747	2.2	141,747	2.3
Nordea Bank ABP	136,508	2.2	136,508	2.2
MCentral Union of Agricultural Producers and Forest Owners	125,485	2.0	125,485	2.0
Skandinaviska Enskilda Banken AB, Helsingin sivukonttori	96,574	1.5	96,574	1.6
Capman Plc	73,816	1.2	73,816	1.2
Säkylä municipality	65,822	1.0	65,822	1.1
Top 10 sub-total	2,538,312	40.2	2,538,312	40.8
Nominee-registered shares	313,144	5.0	313,144	5.0
Other shareholders	3,365,165	53.3	3,365,165	54.1
External ownership total	6,216,621	98.4	6,216,621	100.0
Shares owned by the company	100,955	1.6		
Total	**6,317,576**	**100.0**		

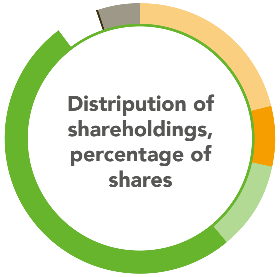
Distribution of ownership on 1 February 2019

	% of shareholders	% of shares
Companies total	2.7	21.3
Financial and insurance institutions	0.1	7.2
Public organisations	0.3	10.7
Private households	95.7	50.8
Non-profit organisations	1.0	5.0
Foreign owners	0.3	0.1
Nominee-registered		5.0
Total		100.0

Distribution of shareholdings on 1 February 2019

Shares		Number of shareholders	% of shareholders	Number of shares	% of shares
1	100	5,899	52.6	244,145	3.9
101	500	3,940	35.1	959,742	15.2
501	1000	831	7.4	615,961	9.8
1001	5000	463	4.1	935,055	14.8
5001	10000	42	0.4	279,565	4.4
10001	50000	23	0.2	419,750	6.6
50001	100000	7	0.1	460,303	7.3
100001	500000	6	0.1	1,244,947	19.7
500001		2	0.0	1,158,108	18.3
Total		**11,213**	**100.0**	**6,317,576**	**100.0**

- Companies total 2.7%
- Financial and insurance institutions 0.1%
- Public organisations 0.3%
- Private households 95.7%
- Non-profit organisations 1.0%
- Foreign owners 0.3%



- Companies total 21.3%
- Financial and insurance institutions 7.2%
- Public organisations 10.7%
- Private households 50.8%
- Non-profit organisations 5.0%
- Foreign owners 0.1%
- Nominee-registered 5.0%

CORPORATE GOVERNANCE STATEMENT OF APETIT PLC 2018

This Corporate Governance Statement of Apetit Plc has been drawn up in accordance with the Finnish Corporate Governance Code 2015 of the Securities Market Association. The Corporate Governance Statement has been considered by Apetit Plc's Board of Directors and is issued separately from the Board of Directors' report. The company's auditors have confirmed that the Corporate Governance Statement has been issued and that the description it contains of the main features of the internal control and risk management systems pertaining to the financial reporting process is consistent with the financial statements.

Apetit Plc complies with the Finnish Corporate Governance Code 2015 published by the Securities Market Association, which came into effect on 1 January 2016.

The company does not follow recommendation 5 concerning the election of the Board of Directors. Recommendation 5 of the Corporate Governance Code states that the general meeting shall elect the members of the Board of Directors. Under Apetit Plc's Articles of Association, however, the Supervisory Board elects the members of the Board based on the proposals of the Nomination Committee, and decides on their remuneration. The company has chosen to deviate from the recommendation because the Supervisory Board, as the body that oversees the company's Board of Directors, is best placed to assess the composition of the Board of Directors and the attributes required of Board members.

The Corporate Governance Code is publicly available on the website of the Securities Market Association at www.cgfinland.fi.

Board of Directors

1. BOARD OF DIRECTORS ELECTION PROCEDURE LAID DOWN IN THE ARTICLES OF ASSOCIATION

Under Apetit Plc's Articles of Association, the Supervisory Board decides the number of members of the Board of Directors and their remuneration based on the proposals of the Nomination Committee, and elects the members of the Board of Directors.

In accordance with the Articles of Association, Apetit Plc's Board of Directors consists of a minimum of five and a maximum of seven members. The Articles of Association do not limit the number of terms served by members of the Board of Directors nor is the Supervisory Boards decision-making power in the election of members of the Board of Directors restricted in any other way.

2. COMPOSITION OF BOARD OF DIRECTORS

Members

In the period up to 16 April 2018, Apetit Plc's Board of Directors comprised the six members elected by the Supervisory Board on 12 April 2017. Lasse Aho, Annika Hurme, Esa Härmälä, Seppo Laine, Veijo Meriläinen and Niko Simula formed the Board of Directors during 1 January-16 April 2018.

At a meeting held on 16 April 2018, the Apetit Plc Supervisory Board decided to elect six members to the Apetit Plc Board of Directors. Lasse Aho, Annikka Hurme, Esa Härmälä, Aappo Kontu, Seppo Laine, Veijo Meriläinen and Niko Simula were elected as members of the Board of Directors. Veijo Meriläinen announced on 7 November 2018 give up the duties of chairman of the Board for personal reasons. Apetit Plc's Supervisory Board decided on 7 November 2018 that the Board has five members and appointed Esa Härmälä as the chairman of Board of Directors.

Information on members of the Board of Directors

Esa Härmälä, b. 1954, M.Sc. (Agric.)
Chairman since 7 November 2018, Deputy Chairman since 2017, member since 2014
Share ownership 31 December 2018: 4,038 shares

Lasse Aho, b. 1958, M.Sc. (Soc.)
Principal occupation: CEO, Olvi plc
Deputy Chairman since 7 November 2018, member since 2015
Share ownership 31 December 2018: 5,036 shares

Annikka Hurme, b. 1964, M.Sc.
Principal occupation: Valio Ltd, CEO
Member of the Board since 2017
Share ownership 31 December 2018: 1 375 shares

Seppo Laine, b. 1953, APA
Principal occupation: Professional board member
Member since 2016
Share ownership 31 December 2018:3,612 shares

Niko Simula, b. 1966, L.L.M. with court training
Principal occupation: farmer
Member since 2015
Share ownership 31 December 2018: 2,915 shares

Veijo Meriläinen, b. 1952, M.Sc. (Agric.), eMBA
Principal occupation: Merive Oy, President
Chairman since 2015 until 7 November 2018, Deputy Chairman 2013-2015, member since 2012
Apetit Oyj's CEO 2014–2015
Share ownership 31 December 2018: 9,883 shares

Evaluation of independence

The company's Board of Directors has performed an evaluation of the independence of the Board's members in relation to the company and in relation to the major shareholders, in accordance with recommendation 10 of the Corporate Governance Code.

The evaluation found that all the Board members are independent of the company and of significant shareholders as referred to in the Corporate Governance Code recommendation.

3. DESCRIPTION OF THE OPERATION OF THE BOARD OF DIRECTORS

Main elements of the Board of Directors' rules of procedure

The rules of procedure of the Board of Directors describe the following

- functions of the Board of Directors and the Board's chairman
- planning and assessment of the Board's operation
- establishment of Board committees and temporary working groups, and
- practices for approving the expenses of Board members and the Chief Executive Officer (CEO)

Functions of the Board of Directors

The general function of the Board of Directors is to direct the operations of the company in such a way that in the long run the amount of added value for the capital invested is maximised, taking into account at the same time the expectations of the different stakeholders. The Board of Directors also monitors on a continuous basis the demands placed by shareholders on the Board of Directors and the general development of ownership policy.

For the purpose of performing its functions the Board of Directors:

- considers the company's corporate governance statement
- appoints and releases from duties the CEO and Deputy to the CEO, determines their duties and decides on their terms of service and their incentive schemes
- sets personal targets for the CEO annually and assesses their realisation
- convenes at least once a year without the operating organisation's management in attendance
- holds a meeting with the auditors at least once a year
- prepares a draft resolution on the choice of auditors for submission to the general meeting
- assesses its own performance once a year
- confirms its rules of procedure, which are reviewed annually
- discusses other matters proposed by the Board of Directors chairman or the CEO for inclusion in the meeting agenda. Members of the Board of Directors are also entitled to have a matter of their choosing discussed by the Board by first notifying the chairman of this.

Based on proposals presented by the CEO, the Board of Directors:

- confirms the company's ethical values and operating policies, and supervises their implementation
- confirms the company's basic strategy and continuously monitors its validity
- defines the company's dividend policy
- approves the annual operating plan and budget on the basis of the strategy, and supervises their implementation
- approves the total annual investment and its distribution among the business areas, and decides on large and strategically important investments, acquisitions and divestments
- confirms the operating guidelines for the company's internal control, ensuring annually that they are kept up-to-date, and monitors the effectiveness of internal control
- confirms the company's risk management policy and principles as well as the risk limits to be confirmed annually, and monitors the effectiveness of the risk management systems
- reviews quarterly the main risks associated with the company's operations and the management of these risks
- approves interim reports, the Board of Directors' report and financial statements discussed by the Audit Committee
- confirms the Group's organisational structure
- where necessary, submits proposals to the general meeting concerning the remuneration systems for management and personnel
- annually monitors issues associated with management successors and draws up the necessary conclusions
- confirms the decisions of the CEO about the choice of the CEO's immediate subordinates, their duties, terms of employment and incentive schemes, and
- monitors the company's working atmosphere and the way in which personnel cope with their tasks

Planning and assessment of the Board's operation

The Board of Directors draws up an operating plan for itself for the ensuing 12 months. The plan includes a schedule of meetings and, for each meeting, the most important issues for discussion.

The Board of Directors assesses its performance annually through a self-evaluation, and the evaluation results are submitted to the Supervisory Board for its information. The evaluation results are taken into consideration in the preparation of proposals for the composition of the new Board of Directors.

Board of Directors' meetings in 2018

The Apetit Plc Board of Directors convened 9 times in 2018. The meeting attendance rate of members was as follows:

Esa Härmälä	100%
Lasse Aho	100%
Annika Hurme	89%
Seppo Laine	89%
Niko Simula	100%
Veijo Meriläinen	100%

Audit Committee of the Board of Directors

The Board of Directors has elected an Audit Committee from among its members. The Chairman of the Committee is Seppo Laine and the members of the Committee are Lasse Aho and Esa Härmälä. The Committee convened four times in 2018. All members attended all of the meetings.

The purpose of the Audit Committee is

- to consider the financial statements and the consolidated financial statements and the financial statement release and inspect them with the management of the company before they are considered by the Board, and to monitor and supervise the Group's financial statement and the financial reporting process,
- to consider the company's Board of Directors' report, and the company's corporate governance statement before they are considered by the Board of Directors, and to assess their consistency with the financial statements,
- to familiarize themselves with applicable accounting principles and management estimates used in their preparation and the auditor's audit findings, changes in accounting policies, and their impact on the company's financial statements and the consolidated financial statements and on the Group's financial reporting,
- to prepare the decisions of the Board of Directors on significant changes in the company's accounting principles or the valuation of the Group's assets,
- to follow the development of the company's and the Group's financial situation and, together with executive management, assess the financial information published on the company and the Group,
- to familiarise themselves with the company's and the Group's audit plan for the financial year and to discuss any issues raised during the audit,
- to monitor and evaluate auditing, the level of remuneration, the resources of the auditing firm and the advisory services provided to the company by the auditing firm and the fees payed for them,
- to evaluate the independence and any conflicts of interest of the auditors,
- to prepare a proposal for the company's Board of Directors to present to the annual general meeting on the appointment of the auditors and their fees, to consider and propose to the company's Board of Directors an annual audit plan and to ensure that it covers the relevant risk areas and that cooperation with the auditors is properly organized,
- to supervise the activities and effectiveness of internal audit, internal control and risk management, to familiarize themselves with the organisation and processes of these functions, and to ensure that they have the necessary resources at their disposal,
- to consider all key reports drawn up by internal audit, internal control and risk management,
- to assess compliance with laws and regulations and to supervise the associated process,
- to monitor compliance with the company's and the Group's corporate governance guidelines.
- The Audit Committee may also consider any other issues and tasks assigned to it by the company's Board of Directors.

Supervisory Board

1. COMPOSITION AND TERMI

In accordance with the Articles of Association, the Supervisory Board comprises a minimum of 15 and a maximum of 18 members elected by the general meeting. In addition, the personnel choose from among its members a maximum of four Supervisory Board members at a time, and each of these members has a personal deputy. The members' term of office ends at the close of the third Annual General Meeting following their election.

2. FUNCTIONS

The Supervisory Board elects the members, chairman and vice chairman of the Board of Directors, and decides on their remuneration in accordance with the preparation of the Nomination Committee.

The Supervisory Board is also responsible for supervising the corporate administration, issuing instructions to the Board of Directors, issuing an opinion on the financial statements, the Board of Director's report and the auditors' report, and other duties that are prescribed for it in the Limited Liability Companies Act.

3. COMPOSITION OF THE SUPERVISORY BOARD AND INFORMATION ON ITS MEMBERS

In the period up to 27 March 2018 the Supervisory Board consisted of 18 members elected by the general meeting. On 27 March 2018, the Annual General Meeting decided to select 18 members to the Supervisory Board.

Information on members of the Supervisory Board:

Harri Eela, b. 1960, wood-products industries technician, Sales Director
Chairman of the Supervisory Board since 2014, member since 2012

Marja-Liisa Mikola-Luoto, b. 1971, M.Sc. (Agric.), farmer
Deputy Chairman of the Supervisory Board since 2011, member since 2005

Jaakko Halkilahti, b. 1967, farmer
Member since 2011

Jussi Hantula, b. 1955, farmer
Member since 1995

Juha Hämäläinen, b. 1975, M.Sc. (Agric.), agricultural entrepreneur, Bachelor of Natural Resources
Member since 2008

Laura Hämäläinen, b. 1975, M.Sc. (Agric.), farmer
Member since 2009

Aki Kaivola, b. 1960, M.Sc. (Agric.), farmer
Member since 2015

Risto Korpela, b. 1949, M.Sc. (Econ. & Bus. Adm.), Managing Director
Member since 2007

Jonas Laxåback, b. 1973, M.Sc. (Agric.), Secretary General
Member since 2013

Mika Leikkonen, b. 1963, farmer
Member since 2008

Jari Nevavuori, b. 1966, M.Sc. (Agric.), Development Manager, farmer
Member since 2012

Pekka Perälä, b. 1961, M.Sc. (Admin.), CEO
Member since 2016

Markku Pärssinen, b. 1957, M.Sc. (Agric.), Secretary General
Member since 2012

Petri Rakkolainen, b. 1966, engineer, Managing Director, farmer
Member since 2014
Timo Ruippo, b. 1968, Agricultural Technician, farmer
Member since 2013

Veli-Pekka Suni, b. in 1964, farmer, Bachelor of Natural Resources
Member since 2016

Johanna Takanen, b. 1973, BBA, Managing Director
Member since 2015

Mauno Ylinen, b. 1965, M.Sc. (Agric.)
Member since 2005

Members appointed by the personnel:

Jari Heiskanen, b. 1979, shop steward
Member since 2015
Deputy member Kirsi Turunen

Päivi Hakasuo, b. 1971
Member since 2018
Deputy member Timo Hurme

Marika Palmén, b. 1977
Member since 2015
Deputy member Mari Saarinen

Miika Karilainen, b. 1982
Member since 2018
Deputy member Kirsi Roos

4. MEETINGS OF THE SUPERVISORY BOARD IN 2018
The Supervisory Board convened four times in 2018. The average attendance rate of members was 84%.

Supervisory Board Nomination Committee

1. COMPOSITION AND TASKS
The Supervisory Board's Nomination Committee, which prepares the names for election to the Board of Directors, consists of two members chosen by the Annual General Meeting, the chairman of the Supervisory Board, the deputy chairman of the Supervisory Board and the chairman of the Board of Directors, in accordance with the Articles of Association. The Nomination Committee is chaired by the Supervisory Board's chairman, and in his/her absence, by the Supervisory Board's deputy chairman.

The Nomination Committee has the task of preparing proposals for the Supervisory Board on the number of members of the Board of Directors, the names of the members, chairman and deputy chairman of the Board of Directors and the remuneration payable to them. The Committee's tasks also include searching for successor candidates to replace members of the Board of Directors, as necessary. The Committee asks shareholders with significant voting power for their views concerning the proposals being put to the Supervisory Board.

2. ACTIVITY
In 2018 the Nomination Committee convened twice to discuss matters pertaining to the Committee's tasks. The average attendance rate of the Committee's members was 90%.

3. INFORMATION ON MEMBERS OF THE NOMINATION COMMITTEE

Chairman **Harri Eela**, b. 1960, wood-products industries technician, Sales Director, Cursor Oy
Chairman of the Apetit Plc Supervisory Board

Sauli Lähteenmäki, b. 1960, agricultural engineer
Dairy farm entrepreneur
Principal occupation: Chairman of the Board, Valio Pension Fund, member of the Board of Directors, Valio

Esa Härmälä, s. 1954
b. 1954, M.Sc. (Agric.)
Apetit Plc Board Chairman and member since 7 November 2018

Marja-Liisa Mikola-Luoto, b. 1971
M.Sc. (Agric.), farmer
Deputy Chairman of the Apetit Plc Supervisory Board

Jorma Takanen, b. 1946, B.Sc. (Chem. Eng.)
Principal occupation: Sievi Capital plc, member of the Board of Directors

Veijo Meriläinen, b. 1952, M.Sc. (Agric.), eMBA
Principal occupation: Merive Oy, President
Apetit Plc Board Chairman and member until 7 November 2018

CEO

CEO
Juha Vanhainen, b. 1961, M.Sc. (Tech.)
Share ownership 31 December 2018: 20,067 shares

CEO's duties

It is the CEO's duty to direct the operations of the company according to the instructions and provisions issued by the Board of Directors and to inform the Board about the development of the company's business operations and financial situation.

The CEO is also responsible for arrangement of the day-to-day management of the company and for seeing that the company's accounts are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Corporate Management

The Group's Corporate Management is chaired by the CEO of Apetit Plc. Its members are:

Johanna Heikkilä, b. 1962, M.Sc. (Econ & Bus. Admin)
HR Director
Share ownership 31 December 2018: 0 shares

Tero Heikkinen, b. 1974, M.Sc. (Econ & Bus. Admin)
CFO
Share ownership 31 December 2018: 0 shares

Leena Helminen, b. 1986, M.Sc. (Econ. & Bus. Adm.)
Business Development Manager, Fresh cut product category Director
Share ownership: 31 December 2018: 350 shares

Anu Ora, b. 1973, M.Sc. (Econ & Bus. Admin.)
Vice President, Food Business
Share ownership 31 December 2018: 0 shares

Asmo Ritala, b. 1958, LL.M.
Corporate Counsel
Share ownership 31 December 2018: 0 shares

Antti Snellman,b. 1970, M.Sc. (Tech.)
Director of Grains and Oilseeds business
Share ownership 31 December 2018: 0 shares

The Corporate Management does not exercise powers based on law or the Articles of Association. The Corporate Management is an advisory body appointed by Apetit Plc's CEO and has the task of discussing Group-wide development projects and Group-level principles and procedures as necessary. The CEO is responsible for choosing the members of the Corporate Management.

Main features of the internal control and risk management systems pertaining to the financial reporting process

1. INTERNAL CONTROL OPERATING PRINCIPLES

Apetit Plc's Board of Directors confirms the operating principles for the Apetit Group's internal control and assesses the state of internal control at least once a year.

Internal control refers to all the operating methods, systems and procedures with which the company's management seeks to ensure efficient, economical and reliable operations. Internal control comprises financial and other control. At Apetit, internal control is performed by the company's management and by all other personnel.

Risk management as part of internal control refers to the identification, assessment, restriction and monitoring of risks arising in business activities and risks that are materially related to this.

2. ROLE OF COMPANY BOARDS IN ARRANGING INTERNAL CONTROL

Apetit Plc's Board of Directors is responsible for arranging and maintaining sufficient and effective internal control within the Apetit Group.

As part of the arrangement of internal control and risk management, the company's Board of Directors regularly monitors the results and operating risks of the Group and its business units, and decides on the reporting, the procedures and the qualitative and quantitative indicators for assessing the efficiency and profitability of operations. The Group's Board of Directors confirms the Group's risk policy, risk management principles and key risk limits.

To ensure implementation of the Group's ownership policy towards the Group companies and to monitor the effectiveness of internal control, the boards of directors of the main Group companies include one or more members of the Group's Corporate Management. Group-level risk management and financial reporting are performed on a centralised basis in the Group Administration, independent of the different business activities. The boards of directors of Group companies are responsible for the highest level of management duties related to the internal control of their respective companies. The operating organisation's management in each of the Group companies is responsible for the implementation of internal control and risk management in line with the pre-determined principles and operating guidelines, and for reporting on the company's operations, risk-bearing ability and risk situation in accordance the Group's management system.

3. IMPLEMENTATION OF INTERNAL CONTROL WITHIN APETIT PLC AND THE GROUP COMPANIES

The main principles of internal control observed within Apetit Plc and the Group companies are:

Organisational structure and division of tasks

The basis for internal control is the function-specific line organisation that is further divided into departments, units and teams, as necessary. The organisational units are allotted defined tasks and responsibilities required for the company's operations. The task of the operating organisation's management, i.e. the managers of the Group's business areas and operations, is to set quantitative and qualitative targets for the various areas of the business in accordance with the business plan approved by the Board of Directors. For the units, decision-making bodies and people operating within the framework of the organisation there are separately defined decision-making and operating powers set out in work and job specifications, as well as obligations to report to one's superiors or otherwise to a higher organisational level. The task of the operating organisation's management is to ensure that those working under them are familiar with their own duties, and the management are required to create the right conditions for their personnel to be able to perform their work and achieve the targets.

Decision-making and monitoring

Significant commitments or other actions deemed to carry risks are subject to the approval of the Group's Board of Directors. Business units are responsible for formulating proposed decisions and for putting decisions into effect. Reporting on the implementation of decisions is made in connection with the management reporting.

Business activities and processes are guided within the confines of operating guidelines and descriptions, which are monitored to ensure they are complied with and kept up-to-date. All decisions taken are documented and archived. An essential aspect of risk management is the performance of daily controls in the operating chains and processes.

Risk management

The internal and external risks of Apetit Plc and the Group companies that could have an adverse effect on achieving business targets are identified, assessed regularly and reported quarterly to the Group Board of Directors. The risks are contained and the confining limits are monitored.

The Group Administration's risk management has the task of monitoring, measuring and reporting risks and of maintaining, developing and preparing risk management principles for the Board of Directors' approval, and of drafting procedures for use in risk assessment and measurement. Roles and responsibilities are defined in Apetit's risk management policy and risk management principles, which are approved by the Group's Board of Directors.

Data systems

The basis for business and other activities is provided by the accounting, information and business IT systems. The parent company and the Group companies have an IT strategy in accordance with currently assessed needs and sufficient and appropriately organised IT systems. The IT function ensures that the company's data resources can be utilised in the planning, management, execution and monitoring of the company's business.

Responsibility for the effectiveness of internal control

The operating organisation's management has the primary responsibility for ensuring the implementation of practical measures for internal control. The management must constantly monitor the operations it is responsible for and must take the necessary development measures if action contrary to guidelines or decisions or action that is otherwise ineffective or inappropriate is observed. In a transparent and effective organisation the entire personnel are all responsible not only for the appropriate discharging of their own duties but also for the fluency of operations with the rest of the organisation.

4. REPORTING AND MANAGEMENT SYSTEMS

Internal control is supported by appropriate reporting that allows monitoring of operations, results and risks. Achievement of the business targets and developments in the Group's financial situation are monitored with the aid of a Group-wide management system. The Group's accounting principles, controls and responsibilities are described in the Apetit Group's accounting manual. Reporting guidelines and timetables have been drawn up in writing for monthly reporting and preparation of half year report and annual financial statements as well as business reviews of firs and thrid quarters. The company's financial management unit constantly monitors the business units' reporting and develops and produces guidelines on the content of reporting, taking into account the needs of internal control. The Group prepares financial information for publication, complying with the international financial reporting standards (IFRS). A half year report, business reviews and annual financial statements are reviewed by the Group's Board of Directors and are subject to its approval.

The business units update the longer term financial estimates each year. The annual budgets are prepared on the basis of these strategic figures. The Group's Board of Directors assesses and approves the business units' annual budgets. In addition, on a quarterly basis or more often, the business units update the profit and balance sheet estimates.

Monthly reporting and related analysis for budgets and estimates constitute a key element of Apetit's management system and internal control. Financial figures are assembled from the business units' data systems every month for the Group's joint accounting system.

The outturn information and up-to-date estimates are reviewed monthly in Group-level. The management system comprises the actual profit and balance sheet information, the key figures and the written management report of those responsible for the businesses. The management report covers the factors that affected the results given in the month's report, the measures planned for the immediate term and an assessment of the operating profit for the current quarter and the full year, consisting of best case, probable and worst case scenarios.

The Group CEO and members of the Corporate Management are issued with the reports, and the Group's Board of Directors is issued with a summary for the Group and summaries of the data for each business unit.

The business units' management groups examine their own financial outturn data at least once a month and compare them with budgets and estimates, and also examine the results of the various units' monitoring measurements used for business management purposes and compare them with estimates and targets, and the reasons for any significant discrepancies between these. In addition, the business units' results, estimates and state of business are reviewed at business unit review meetings, attended by members of Group management and those responsible for the business units based on the agenda in question. Per business unit, these meetings are held once a month or less frequently.

5. INTERNAL AUDIT

The internal audit unit functions objectively and independently in support of the Board of Directors, the CEO and Group Administration, for the purpose of assessing and developing the level of internal control in the Group's different units by providing an independent and objective assessment and advisory service for risk management and monitoring processes within the organisation.

The internal audit is overseen by the Group's CFO based on the annual audit plan approved by the Group's Board of Directors. The internal audit is performed by an external service provider. In 2018 there were no internal audit engagements.

REMUNERATION, INSIDER ISSUES

Remuneration

SUPERVISORY BOARD

The Annual General Meeting on 27 March 2018, decided to pay to the members of the Supervisory Board are;

- the monthly remuneration paid to the Supervisory Board's chairman is EUR 1,000 (2017: 1,000)
- the monthly remuneration paid to the deputy chairman is EUR 665 (665)
- the meeting allowance paid to the chairman and the members of the Supervisory Board is EUR 300 (300)
  - the meeting allowance is also paid to the chairman and deputy chairman of the Supervisory Board for their attendance at meetings of the company's Board of Directors.
  - the meeting allowance is also paid to the members of the Supervisory Board's Nomination Committee.

In 2018 the Supervisory Board met four times. The average attendance rate of members was 84 %. The members of the Supervisory Board were paid a total of EUR 48,870 in remuneration and allowances.

BOARD OF DIRECTORS

The Supervisory Board decides on the remuneration of the members of the Board of Directors.

In accordance with the decision made by Apetit Plc's Supervisory Board on 16 April 2018:

- the yearly remuneration paid to the chairman of the Board of Directors is EUR 39,060 (39,060)
- the yearly remuneration paid to the deputy chairman is EUR 24,120 (24,120)
- the yearly remuneration paid to the other Board members is EUR 19,560 (19,560)
- a meeting allowance of EUR 510 (510) is also paid to the chairman, and EUR 300 (300) to the members.

In 2018 the Board of Directors met nine times. The average attendance rate of members was 96 %. In 2018 the members of the Board of Directors received a total of EUR 162,850 in remuneration and allowances. These are itemised in the note 26 to the financial statements.

CEO AND DEPUTY CEO

The Board of Directors appoints and releases from duties the CEO and deputy CEO, determines their duties and decides on their terms of service and their incentive schemes.

Juha Vanhainen, MSc (Tech.), has served as the CEO since 16 March 2015. His key terms of service are defined in his CEO contract. He has a supplementary defined contribution pension agreement and payments made to the plan amounted to EUR 121,559 in 2018.

The salary and benefits paid to the CEOs in 2018 amounted to EUR 634,782.

The CEO has no debuty CEO.

Insider issues

The insider guidelines confirmed by Apetit Plc's Board of Directors on 3 November 2016 are based on the provisions of the Market Abuse Regulation (MAR, 596/2014), the Market Abuse Directive (2014/57/EU), the Commission Delegated Regulation (EU) 2016/522, the Commission Implementing Regulations (EU) 2016/347 and (EU) 2016/626, the Criminal Code of Finland (39/1889) and the Securities Markets Act (746/2012) as they stand at any given time, in addition to the regulations of the Financial Supervisory Authority and the Guidelines for Insiders issued by Nasdaq Helsinki Ltd, which were approved by its Board of Directors and came into effect on 3 July 2016. The insider guidelines concern the employees and managers of the Group ('Company') consisting of Apetit Plc.

The Company's insiders include managers subject to the disclosure obligation and project-specific insiders.

The Company maintains a non-public register of its managers subject to the disclosure obligation and their related parties. The Company also maintains a non-public register of its project-specific insiders. The people entered into a project-specific insider register are notified of their inclusion and the related obligations in writing or by other verifiable means, such as email. Insiders must confirm receipt of the notification.

A person must submit a basic declaration to the keeper of the Company's insider register immediately after becoming a manager subject to the disclosure obligation. The basic declaration is provided using a form submitted by the Company. A manager who is subject to the disclosure obligation must submit a new declaration whenever changes occur in the circumstances declared on the form. The declaration of changes in circumstances must be provided without delay.

Project-specific insiders include everyone with access to insider information who works at the Company on the basis of an employment relationship or who is otherwise performing duties that provide them with access to insider information. A person becomes a project-specific insider after receiving unpublished information about the project and loses their insider status after the project has been made public or the cancellation of the project has been announced. The Company informs the people involved about the establishment of a project and the related obligations and enters these people into a project-specific insider register. The project-specific insider register is updated whenever the grounds for including a person change, a new person gains access to insider information or a person no longer has access to insider information.

A trading restriction is in force within the company, which forbids its permanent insiders from trading in Apetit shares 30 days prior to the publication of Apetit's interim reports and the release of its financial statements bulletin. The trading restriction ends on the day following publication.

The Company maintains its insider register in the SIRE system of Euroclear Finland Ltd. The holdings of the members of the Board of Directors and the Group's management on 31 December 2018 are presented in conjunction with the presentation of the Board and management on pages 121 and 123 of the financial statements.

SUPERVISORY BOARD

HARRI EELA
Chairman since 2014,
Member since 2012
b. 1960

Principal occupation: Cursor Oy, Sales Executive

Main simultaneous positions of trust:
Chairman of the Board: Finninno Oy, Oy Scanhomes Ltd. Finland
Board member: Hala Oy

Shareholding in Apetit: 800 shares (31.12.2018)

MARJA-LIISA MIKOLA-LUOTO
Deputy Chairman since 2011,
Member since 2005
b. 1971, M.Sc. (Agric.)

Principal occupation: Farmer

Main simultaneous positions of trust:
Member of the Board: Säkylän Osuuspankki

Shareholding in Apetit: 1,630 shares (31.12.2018)

JAAKKO HALKILAHTI
Member since 2011
b. 1967

JUSSI HANTULA
Member since 1995
b. 1955

JUHA HÄMÄLÄINEN
Member since 2018
b. 1971

LAURA HÄMÄLÄINEN
Member since 2009
b. 1975

AKI KAIVOLA
Member since 2015
b. 1960

RISTO KORPELA
Member since 2007
b. 1949

JONAS LAXÅBACK
Member since 2013
b. 1973

MIKA LEIKKONEN
Member since 2008
b. 1963

JARI NEVAVUORI
Member since 2012
b. 1966

PEKKA PERÄLÄ
Member since 2016
b. 1961

MARKKU PÄRSSINEN
Member since 2012
b. 1957

PETRI RAKKOLAINEN
Member since 2014
b. 1966

TIMO RUIPPO
Member since 2013
b. 1968

VELI-PEKKA SUNI
Member since 2016
b. 1964

JOHANNA TAKANEN
Member since 2015
b. 1973

MAUNO YLINEN
Member since 2005
b. 1965

PERSONNEL REPRESENTATIVES:

JARI HEISKANEN
Member since 2015
b. 1979

PÄIVI HAKASUO
Member since 2018
b. 1971
Personal debuty member
Timo Hurme

MARIKA PALMÉN
Member since 2018
b. 1977
Personal debuty member
Mari Saarinen

MIIKA KARILAINEN
Member since 2018
b. 1982
deputy member Kirsi Roos

BOARD OF DIRECTORS

ESA HÄRMÄLÄ
Chairman of the Board since 2018
Member of the Board since 2014
b. 1954, M.Sc. (Agric.)

Employment history:
Metsähallitus, General Director, 2014–2016
Ministry of Employment and the Economy, Director-General of the Energy Department, 2011–2014
Fertilizers Europe, Director General, 2006–2010
The Central Union of Agricultural Producers and Forest Owners (MTK), Chairman, 1994–2006
Ministry for Foreign Affairs of Finland, EU accession negotiator, 1993–1994
Special Adviser (Economic Policy) for the Prime Minister, 1991–1992
The Central Union of Agricultural Producers and Forest Owners (MTK), Secretary and Head of Department, 1987–1991

Shareholding in apetit: 4,038 Shares (31 December 2018)

LASSE AHO
Deputy chairman of the Board since 2018
Member of the Board since 2015
b. 1958, M.Soc.Sc.

Principal occupation: Olvi plc, CEO, 2004-

Main simultaneous positions of trust:
Member of the Board: Finnish Hockey League, Genelec Oy, The Federation of the Brewing and Soft Drinks Industry, Finnish Food and Drink Industries' Federation
Vice President: The Brewers of Europe

Employment history:
MetroAuto Tampere Ltd, CEO, 2000–2004
Linkosuon Leipomo Oy, CEO, 1997–2000
Fazer Bakeries Ltd, Sales Director, 1993–1997
Fazer Keksit Oy, Marketing Director, 1985–1993
Atoy-yhtiöt, Product Manager, 1984–1985

Shareholding in apetit: 5,036 shares (31 December 2018)

ANNIKKA HURME
Member of the Board since 2017
b. 1964, M.Sc. University of Helsinki

Principal occupation:
Valio Ltd, CEO, 2014

Main simultaneous positions of trust:
Chairman of the Board: Finnish Food and Drink Industries' Federation from 2019
Board Member: Altia Oyj, Finnish Food and Drink Industries' Federation, East Office of Finnish Industries, Valion Eläkekassa, Valion Keskinäinen Vakuutusyhtiö, TAF Technology Academy Finland and Finnish Foundation for Cardiovascular Research
Supervisory Board Member: Suomen Messut Osuuskunta
Executive Committee Member: Finnish Food and Drink Industries' Federation

Employment history:
Valio Ltd, Senior Vice President, Member of the Executive Board, 2007–2014

Shareholding in apetit: 1,375 shares (31 December 2018)

SEPPO LAINE
Member of the Board since 2016
b. 1953, Yrittäjäneuvos (Finnish honorary title) Authorised Public Accountant

Principal occupation: Auditor, independent professional 2008–

Main simultaneous positions of trust:
Chairman of the Board: Cor Group Oy, Partnera Oy, Joutsen Media Oy, Pohjaset Oy, Health City Finland Oy
Board member: Paikallis-Sähkö Oy, IKP Group Oy, Fysiopalvelu Easy Move Oy, Sievi Capital Oyj, FCG City Portal Oy

Employment history:
Elektrobit Corporation, CFO, 2000–2007
Auditing Company Ernst & Young Ltd, International Partner and Director at the Oulu regional office, 1995–2000
Oulun Laskenta Ltd, President, 1979–1995
Turun Muna Oy Jaakko Tehtaat, Financial Manager, 1977–1979
Tammerneon Oy, Financial Manager, 1975–1977

Shareholding in Apetit: 3,612 shares (31 December 2018)

NIKO SIMULA
Member of the Board since 2015
b.1966, Master of Laws, Trained on the bench

Principal occupation: Farmer

Main simultaneous positions of trust:
Member of the Board: Finnamyl Oy, Lammaisten Energia Oy

Employment history:
Employed at law offices, 1992–2011:
– Attorney-at-law, 1995–2011:
– Asianajotoimisto Niko Simula, 1999–2011
– Asianajotoimisto Santala & Simula, 1994–1999
– Asianajotoimisto Pekka Santala, 1992–1993
– District Court of Kokemäki 1991–1992, notary, acting district court judge
Farmer 1987–

Shareholding in Apetit: 2,915 shares (31 December 2018)

CEO AND CORPORATE MANAGEMENT

JUHA VANHAINEN
CEO since 2015
b. 1961, M.Sc. (Tech.)

Main simultaneous positions of trust:
Member of the Board of Directors: Finnish Food and Drink Industries' Federation, Ponsse Plc, Wihuri Group

Employment history:
Stora Enso Oyj, Member of the Group Leadership Team, 2007–2015
– Executive Vice President, Energy, logistics, IT services and wood supply, 2013–2015
– Executive Vice President, Paper business area, 2007–2013
– Country Manager Finland, 2008–2013
– Chairman and Member of the Board of Directors of several international subsidiaries and associated companies
Stora Enso International Office London, Senior Vice President, uncoated fine paper, 2003–2007
Stora Enso Oulu Mill, Mill Director, 1999–2003
Enso Oy and Veitsiluoto Oy, Oulu Paper Mill, management, project and expert positions, 1990–1998
Kemi Oy, department engineer, 1988–1990

Shareholding in Apetit: 20,067 shares (31 Dec 2018)

ANU ORA
Vice President,
Food Solutions business
Employed in Apetit Group since 2015
b. 1973, M.Sc. (Econ. & Bus. Adm.)

Main simultaneous positions of trust:
Member of the Board: Escamar Seafood Oy, Ruokatieto Yhdistys Ry

Employment history:
Suomen Lähikauppa Oy, Vice President, Commercial, 2012–2015
Suomen Lähikauppa Oy, Vice President, Category Management, 2011–2012
Suomen Lähikauppa Oy, Vice President, Category Management Processes, 2010–2011
Suomen Lähikauppa Oy, Purchasing Director, 2010
Boston Consulting Group, Project Leader & Principal, 2001–2009
Boston Consulting Group, Associate Consultant & Consultant, 1997–2001

Shareholding in Apetit: –

ANTTI SNELLMAN
Director, Grain Trade and Oilseed Products businesses since 2017
Vice president, Grain Trade and Oilseed Products businesses
b. 1970, M.Sc. (Tech.)

Main simultaneous positions of trust:
Member of the Board: Coceral

Employment history:
Altia Corporation, Koskenkorva Plant Director, Ethanol, starch and animal feed production, 2011–2017
Altia Corporation, Business Unit Director (Starch and Feed), 2010–2017
Finnish Fibreboard Ltd, Sales and Marketing Director, 2005–2010
Finnish Fibreboard Ltd, Export Manager, 2003–2005
BMH Wood Technology, Project Manager, 2000–2003
Hadwaco Ltd (Hackman group), Project Engineer, 1995–2000

Shareholding in Apetit: –

TERO HEIKKINEN
CFO since 2018
Working for Apetit Group since 2008
b. 1974, M.Sc. (Econ & Bus. Adm.)

Employment history:
Avena Nordic Grain Ltd, Finance Manager, 2009-2017
Avena Kantvik Ltd (earlier Mildola Ltd), Finance Manager 2008-2009
Intune Circuits Ltd, Finance Manager 2007-2008
Tecnotree Plc (earlier Tecnomen Plc), Manager, Management Reporting 2005-2007
Tecnoree Plc, various controller positions 2000-2005

Shareholding in Apetit: –

LEENA HELMINEN
Director, Fresh Cut Products, Business development
Working for Apetit Group since 2016
b. 1986, M.Sc. (Econ. & Bus. Adm.)

Employment history:
Boston Consulting Group, Associate, 2016
Valor Partners, Senior Consultant, 2014–2016
Valor Partners, Consultant, 2012–2014

Shareholding in Apetit: 350 shares (31.12.2018)

JOHANNA HEIKKILÄ
HR Director since 2005
b. 1962, M.Sc. (Econ. & Bus. Adm.)

Employment history:
Fazer Leipomot Oy, HR Director, 2003–2005
LU Suomi Oy, HR Director, 2002–2003
LU Suomi Oy (earlier Fazer Keksit Oy), HR Manager, 1995–2002
Fazer Suklaa Oy, HR Manager, 1992–1994
Fazer Suklaa Oy, HR specialist, 1990–1991

Shareholding in Apetit: –

ASMO RITALA
Corporate Counsel since 1995
b. 1958, LL.M.

Employment history:
Avena Ltd, Corporate counsel, 1995–2002
Finnish Grain Board, lawyer, 1990–1994
Oy Esso Ab, superintendent, 1986–1990

Shareholding in Apetit: –

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

The company's shareholders are hereby invited to the Annual General Meeting, which will be held on Thursday 28 March 2019 at 1 p.m. in Apetit Plc's Myllynkivi staff restaurant at Iso-Vimma, Säkylä. Shareholders whose shares have been registered in the register of shareholders kept by Euroclear Finland Ltd no later than 18 March 2019 have the right to attend the Annual General Meeting.

Shareholders wishing to attend the Annual General Meeting must notify the company of this by 4 p.m. on Friday 22 March 2019 through the company's website at apetit.fi/en/agm2019, or in writing to: Apetit Plc, Tuija Österberg, Sörnäistenkatu 1, 00580 Helsinki, by phone (+358 10 402 2110/Tuija Österberg) or by email (tuija.osterberg@apetit.fi). If notice is given by post, the letter must arrive before the end of the notification period.

Any proxy documents should be delivered to the above-mentioned address before the end of the notification period. The asset manager's account management organization must register a holder of nominee registered shares who wants to participate in the meeting for temporary entry in the company's shareholder register by 10 a.m. on 25 March 2019.

DIVIDEND PAYMENT

The Board of Directors proposes that a dividend of EUR 0.40 per share be paid for 2018 on the basis of the adopted balance sheet. The dividend will be paid to shareholders who are registered in the company's shareholder register maintained by Euroclear Finland Ltd on the record date of 1 April 2019. The Board of Directors proposes to the Annual General Meeting that the dividend be paid on 8 April 2019.

FINANCIAL REPORTING IN 2019

Apetit Plc released its financial statements bulletin for 2018 on 20 February 2019 at 8.30 a.m. The annual report was published on the company's website in the week beginning 4 March 2019. Interim reports for 2019 will be published as follows:

- Business Review for January–March: Wednesday 8 May 2019 at 8.30 a.m.
- Half year financial report for January–June: Friday 16 August 2019 at 8.30 a.m.
- Business Review for January–September: Friday 1 November 2019 at 8.30 a.m.

The annual report, financial statements bulletin and interim reports will be published in Finnish and in English. These will be available on Apetit Plc's website (apetit.fi > In English > Investors), and can also be downloaded in PDF format.
The printed annual publications in Finnish can be ordered from the company website at www.apetit.fi/julkaisut. The English language versions are only available in PDF format.

CHANGES IN PERSONAL DETAILS

Shareholders are requested to give notification of any changes in their personal details to the bank that holds their book-entry account.

CONTACT INFORMATION

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Tel. +358 10 402 00

Email: firstname.lastname@apetit.fi
www.apetit.fi

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Domicile: Säkylä, Finland

SUBSIDIARIES

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