
Apetit
ANNUAL REPORT
2019

Apetit - responsible measures

Apetit uses vegetables to make easy and delicious frozen vegetables and products that promote well-being. We refine high-quality vegetable oils and produce rapeseed expeller for feed raw-material. 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 2019, the company's net sales were EUR 312.6 million. Apetit Plc's shares have been listed on Nasdaq Helsinki Ltd since 1989.

At Apetit, responsibility goes through the entire value chain from field to fork. Apetit's key areas of corporate responsibility are development of growing methods, the climate and environmental impact of operations, material and raw material efficiency, sustainable packaging solutions, responsible production of plant-based products and minimization of food waste. The implementation of Apetit's ethical principles and equality both in its own and in its stakeholders operations is also a key area.

Apetit's corporate sustainability programme is part of the company's strategy and sustainability is part of daily operations. The purpose of goals and actions in Apetit's sustainability programme is to ensure sustainable practices throughout the company and nutritional and safe products that have been produced in a responsible way from raw materials that have been grown and procured in a sustainable way.

This report includes a statement on Apetit's sustainability work in 2019. Apetit reports on its sustainability work in accordance with the Core option of the Global Reporting Initiative (GRI) standards. 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 2019

Plant-based food solutions represent good taste and health, and the choice for sustainable consumption. With its own actions, Apetit is committed in developing a responsible and transparent food chain.

Apetit in brief

Apetit wants to lead the way in sustainable and responsible food solutions by creating wellbeing from vegetables. Ever since Apetit was founded in 1950, we have been producing tasty food based on Finnish raw materials. Today Apetit is known as a versatile Finnish food company with business operations in Food Solutions, Grain Trade and Oilseed Products.

For us, a responsible food chain means nutritious and safe food products made from ingredients that are grown and procured sustainably. Apetit relies on high quality and sustainability in its operations. We are highly committed in Finnish primary production. 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 in all our raw material procurement.

NET SALES
312.6
EUR MILLION

INVESTMENTS
11.5
EUR MILLION

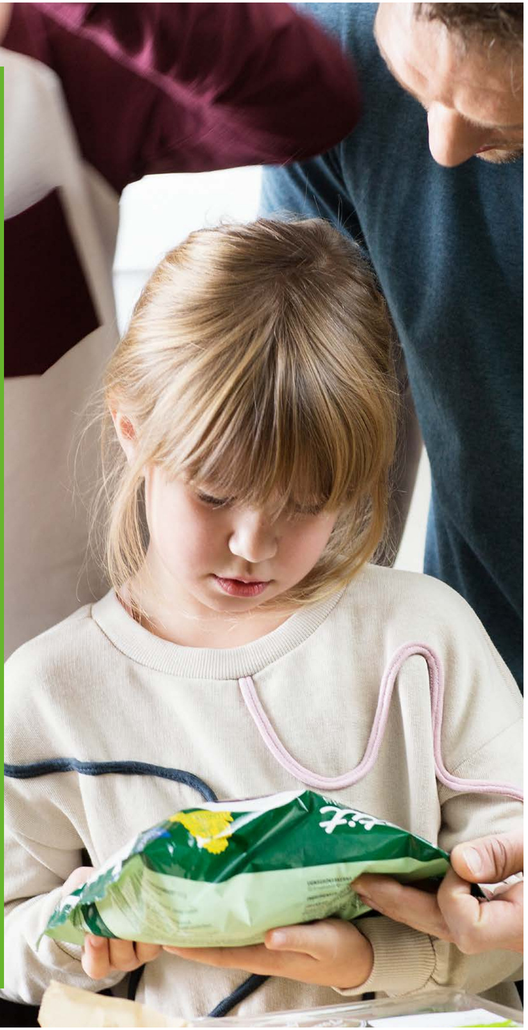
OPERATIONAL EBIT
-3.8
EUR MILLION

OPERATIONAL EBITDA
2.5
EUR MILLION

Apetit

WELL-BEING FROM VEGETABLES

- A Finnish company specialising in vegetable-based products
- Main product groups: frozen vegetable products and frozen ready meals, vegetable oils and rapeseed expeller
- 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
- 373 employees at the end of 2019
- More than 11,000 shareholders
- Listed on the Nasdaq Helsinki
- Apetit's production plants are located in Säkylä, Kirkkonummi and Pudasjärvi.



Food solutions

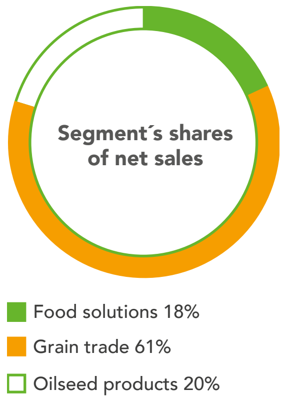
We produce a wide range of tasty frozen vegetable products and frozen ready meals that make it easy to increase the use of vegetables. We also invest in developing sustainable fish-based products. Most of our frozen vegetables are grown on the farms of our contract growers in the Satakunta region of Finland using our unique, responsible farming methods.

Oilseed products

We are Finland's most significant producer of vegetable oils and rapeseed expellers. 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 are on active operator 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 operations are based on comprehensive expertise and experience and our strong market knowledge.



Selected topics from 2019

Apetit divested its Fresh cut products business operations

The sale of Apetit's Fresh cut products business to Swedish company Greenfood was completed in 30 September 2019. The arrangement was carried out as a business transfer that covers Apetit's plant property in Kivikko in Helsinki, including machinery and equipment. The employees of Apetit's Fresh cut products business operations were transferred to Salico Oy, Greenfood AB's Finnish subsidiary, as existing employees.

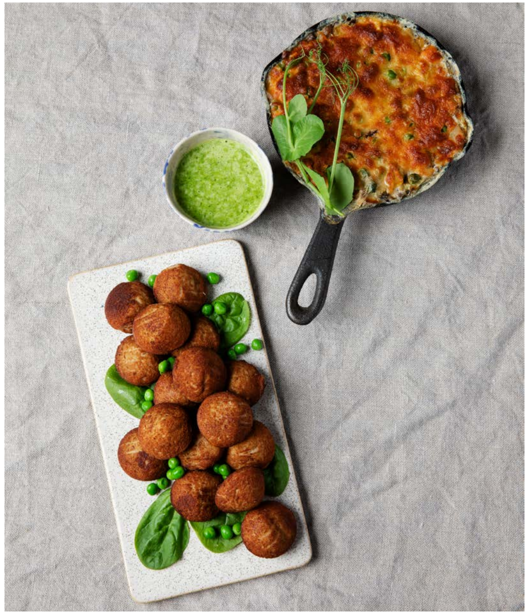
Apetit took a look into the future of food

According to The Future of Food 2025, a survey conducted by Apetit, food production and food consumption play a key role in solving the challenges facing the Earth and human well-being.

The Future of Food 2025 survey provides a look into the future of food consumption by examining the underlying global drivers of change and the role of food in Finnish society. The drivers of change selected for closer examination in the survey were The Modern Plate Model (individualisation), Climate Change for Supper (climate change), A Journey Around the World at the Supermarket (globalisation) and Technofood (digitalisation).

Apetit made a decision to build a bioenergy plant

In August 2019, Apetit made a decision to build a bioenergy plant as a result of a granted environmental permit for the project. Bioenergy plant will reduce the Apetit Group's carbon dioxide emissions per produced tonne by half by 2022. The bioenergy plant is targeted to be completed in end of 2020.



New patty and ball production line goes into operation in Säkylä

Apetit made an investment of approximately EUR 10 million in a new patty and ball production line at the Säkylä plant. The new production line went into operation gradually starting in August, over doubling Apetit's patty and ball production capacity. The new technology also improves energy efficiency and food safety. The new production line produces vegetable and fish-based balls and patties as well as several of Apetit's new products launched in 2019, including fish fingers made from lake fish, broccoli wings and cauliflower wings.

Räpi experimental farm involved in the Carbon Action project

Apetit's experimental farm in the Satakunta region is one of just over a hundred Finnish farms to have joined the Carbon Action project. Carbon Action promotes the spreading of climate-friendly farming practices, helps farmers implement cultivation methods that support carbon sequestration and soil health and provides scientific evidence of the sequestration of carbon in soil.

Coordinated jointly by the Finnish Meteorological Institute and the Baltic Sea Action Group, the project combines high-level scientific research with field work carried out by growers. Apetit is offering its experimental farm for use in the project for a period of five years to promote research, development and practices related to carbon farming.

Apetit published its corporate responsibility programme

Apetit compiled themes and objectives of its corporate responsibility to a programme, which also includes management system of corporate responsibility. Apetit's responsibility programme is based on material themes that have been determined together with its stakeholders regarding the environmental impacts of operations (Planet), products and their preparation and processing (Product), social effects (People) and financial responsibility (Profit). Apetit's sustainability work is based on the company's values, mission and vision and is guided by the Group's Code of Conduct and operating policy.

The purpose of goals and actions in Apetit's sustainability programme is to ensure sustainable practices throughout the company and nutritional and safe products that have been produced in a responsible way from raw materials that have been grown and procured in a sustainable way.

A new sustainable food made from domestic lake fish

Apetit's product family based on domestic lake fish welcomed a new member with the launch of fish fingers made from freshwater fish caught as part of fish stock management. The product provides consumers with a new way to enjoy domestic lake fish. Fish fingers are traditionally very popular with children. The fish fingers made from Finnish freshwater fish make it easy to serve delicious, convenient and sustainable food to children while increasing the share of fish in their diets.

Apetit freshwater fish fingers and fish cakes are made from roach caught in Finnish lakes as part of fish stock management. In addition to roach, the fish cakes also include small perch caught as part of fish stock management.

Towards core competence

Apetit's business has changed considerably over the past few years, especially when it comes to food. The company has decreased in size but, at the same time, our transformation towards focusing on our core competence has progressed according to plan.

In the Food Solutions business, we are now a company with a strong specialisation in plant-based frozen products. In the Grain Trade business, we have implemented a new model through the Farmer's Avena Berner concept with the aim of providing farmers with the most knowledgeable service and a Finnish partner in the production input and grain trade. In the Oilseed Products business, we remain the largest industrial operator in Finland and seek growth in new added value products.

Business development in 2019

FOOD SOLUTIONS

In Food Solutions, we continued to focus on our core business: we discontinued our service sales operations and, later in the summer, we sold our fresh cut products business to the Swedish company Greenfood.

Our new production line at the Säkylä plant gradually went into operation starting from August. The new production line more than doubles our production capacity and enables us to meet demand in Finland as well as in foreign markets.

The frozen foods category is growing around the world, and we naturally want to be part of that growth. We took significant steps in the international trade of added value products in the autumn and acquired new customers. We will continue our active export promotion efforts in the food business. In Finland, we will seek growth particularly among HoReCa customers.

The product launches we carried out in the Finnish retail sector in the autumn are an excellent example of Apetit's ability to develop products that appeal to consumers and meet their needs. For example, our freshwater fish fingers, cauliflower wings and broccoli wings quickly became some of the most popular products in their respective categories.

OILSEED PRODUCTS AND GRAIN TRADE

In the Oilseed Products business, the year was characterised by the record-low rapeseed harvest in Finland. The area under cultivation of oilseed plants was the lowest in decades and the entire domestic harvest amounted to only some 40,000 tonnes. As a consequence, we had to increasingly rely on foreign raw material, which was reflected in a substantial decrease in our refining margin due to increased freight costs.

Domestic raw material is crucial for us, and we will take even stronger action to promote the cultivation of rapeseed in Finland through even closer cooperation with growers. We launched a revised contract farming model in the early 2020. We hope it will help promote the active and long-term cultivation of oilseed plants in Finland.

The profitability of the Oilseed Products will be improved by the bioenergy plant that will be completed at the Kirkkonummi oil milling plant in late 2020. It will increase our self-sufficiency in energy and reduce our energy costs. It will also have a significant positive climate impact: the bioenergy plant will replace the current energy solution using non-renewable fuels and reduce CO_2 emissions intensity of the entire Group by 50 per cent.

The project to develop a rapeseed ingredient continued as planned. The goal is to develop an ingredient with high nutritional content for the international food market. The application for novel food marketing authorisation for the BlackGrain from Yellow Fields rapeseed ingredient was submitted on 31 December 2018. A patent was granted for its formula and production method at the beginning of August. The European Food Safety Authority is currently processing the novel food application and the expert opinion on the matter is expected to be completed in spring 2020.

As anticipated, the early part of the year in the Grain Trade was clouded by the weak harvest of 2018. Grain harvest levels normalised in the new harvest season and we reached a record-high level of purchasing thanks to our active approach to procurement. The international demand for grain also picked up in the autumn. Failures in the planning of purchases and sales of the harvest season and the substantially lower-than-anticipated profitability of operations in Lithuania and Latvia nevertheless weighed down on the business and made our result very weak.

Sustainable value chain

Food production and food consumption play a key role in solving the challenges facing the Earth and human well-being. A growing number of operators, Apetit included, recognise the central role that food plays in solving the challenges of the future and are prepared to do their part to build more sustainable food supply chains.

Apetit engages in, and develops, sustainable business in accordance with the objectives specified in the corporate responsibility programme. The key aspects of Apetit's corporate responsibility include cultivation development; the climate and environmental impacts of operations; material and raw material efficiency; sustainable packaging solutions; responsibly produced plant-based products; minimising food waste; and occupational safety.

Apetit recognises its climate and environmental impacts that arise in various stages of the value chain in food production, from cultivation to procurement, production to distribution, storage and consumption of the end products. In the Grain Trade, the most significant impacts arise from raw material transport.

At Apetit, responsibility is a key component of the company's strategy, but also part of the daily work of everyone. Our goal is to increasingly integrate corporate responsibility and sustainability thinking into our various processes. One concrete action in this area is Apetit joining the Finnish food industry's materials efficiency commitment in early 2020. The aims of the commitment include reducing food waste, increasing recycling and improve the efficiency of the consumption of materials and raw materials. Working towards each of these goals will also improve our competitiveness.

The Future of Food 2025

Apetit carried out an extensive survey in 2019 called The Future of Food 2025. The survey provides a look into the future of food consumption by examining the underlying global drivers of change and the role of food in Finnish society. Climate change, for example, has put the spotlight on food and food production and challenged all participants of the food supply chain.

From Apetit's perspective, the building blocks of the future of food are related to the development of sustainable primary production in cooperation with growers, creating sustainable plant-based products to meet the increasingly fragmented consumer demand and seeking opportunities to contribute to solving the challenges identified in food production.

The current food trends are still strongly in Apetit's favour. A few of the key trends are highlighted below.

THE ORIGIN OF FOOD

The significance of the origin of food is emphasised not only in terms of people favouring local food but also in terms of sustainability: product safety and ethical purchasing call for transparency throughout the value chain. Domesticity is naturally an important value. Apetit's businesses are highly integrated with Finnish primary production. We know where the food comes from and how it was grown.

THE SUSTAINABILITY OF FOOD

People want food that is environmentally and ethically sustainable. The climate impacts of food have been a hot topic for several years now. A growing number of consumers want to be aware of the environmental impacts of their consumption habits. Apetit strives to provide consumers with the opportunity to make sustainable food choices: cultivation development, a high rate of Finnish production and an emphasis on plant-based food help reduce the environmental and climate impacts of food.

CONVENIENCE AND WELL-BEING

The demand for ready-to-use food solutions and semi-processed products continues to grow: people look for convenience in food preparation in daily life but, at the same time, there is an increasing emphasis on well-being and healthy eating. Apetit's products make daily life more convenient and help consumers make good choices: frozen vegetable mixes are an easy way to eat more plant-based food, while ready-to-use products such as patties, balls and soups are lifesavers for busy people.

Thank you!

I would like to take this opportunity to thank our shareholders, customers, contract growers, personnel and partners.

Esa Mäki, CEO

CREATING VALUE

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 continuously 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 consumers, 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, domesticity, 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. Demand for frozen foods is growing globally, and the same trend can be seen in Finland. A whole frozen category except ice creams grew by seven percent in 2019 compared to the previous year.

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 big international players and private label products. In the oilseeds business, competition has increased somewhat in terms of selections, and international players have expanded 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 purchasing clusters of a public sector are 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 consumers and by strengthening its role as a responsible operator across the value chain.

This will be achieved by

- Investing in applied 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

Apetit updated its strategic goals for 2018–2020 in spring 2018. The strategic focus areas are renewal, internationalisation and efficiency improvement.

During the strategy period Apetit has been focusing on

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

Measures according to the strategy in 2019

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

As 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. The bioenergy plant is expected to start up in late 2020.

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. Farmer's Avena Berner offers Finnish farmers a one-stop shop for production input and grain trade services. During 2019, the new operating model has been implemented as part of both parties' operations according to plan.

Apetit divested its service sales operations under the Food Solutions business gradually in late April 2019. The divestment of the service sales operations is in line with Apetit's strategy of focusing on its core businesses. In July 2019, Apetit agreed to sell its Fresh cut products business to the Swedish company Greenfood AB. The sale was completed in 30 September 2019.

Increasing the share of food sales abroad has proceeded according to plan. International demand is highest for vegetable patties and balls, vegetable pizzas and peas. Key markets outside Finland include Italy and Sweden.

The project to develop a rapeseed protein ingredient continued as planned. The purpose is to develop an ingredient with high nutritional content for the international food market. Its composition and manufacturing method have been patented in Finland since the beginning of August 2019. An application for a novel food is currently being processed by the European Food Safety Authority and an expert opinion is expected in the spring 2020.

Food production has significant environmental impacts

Food production has impacts on, for example, climate warming, the eutrophication of the environment and the loss of biodiversity. Agriculture is also a significant source of nutrient loading. Food production and food consumption account for approximately one fifth of the carbon footprint of all consumption. Because of this, sustainable food solutions and minimising food waste will play an increasingly important role in the future.

Apetit evaluates the environmental impacts of its products

At the beginning of 2020, Apetit started a study to determine the environmental footprint of some of its selected products. The study evaluates the products' climate impact, eutrophication effect and impact on water scarcity.

Conducted in cooperation with an external specialist, the study will evaluate the environmental footprint of Apetit Potato&Soup Vegetables, Apetit Peas and Apetit Lakefish fingers. The study is aimed at improving the opportunities to reduce the environmental footprint of the company's products. The results of the study are expected to be completed in summer 2020. The results will be used in the development of Apetit's own operations and contract growing.

The impact of cultivation on biodiversity – Apetit wants to reduce its environmental footprint

Biodiversity refers to the diversity and abundance of all living things in nature. It includes all species and biological systems. Preserving biodiversity is important for various ecosystems and an essential condition for the continuation of life on Earth. The greatest threats to biodiversity are habitat loss and climate change. Anthropogenic factors that change the environment also have an impact on biodiversity.

The environmental impacts of agriculture arise in many different ways. Plants need nutrients for growth, which they take from the soil with their roots. Nutrient deficiencies caused by plants are supplemented with fertilization. However, the use of fertilizers can also affect to biodiversity, since the effects of fertilizers may extend from the cultivated varieties to other species as well. Cultivation also affects local waterways through nutrient runoff. Cultivation methods and environmental measures aim to prevent impacts of cultivation.

For these reasons, responsible growing methods are important for the promotion of sustainable cultivation. Crop rotation is a natural solution for soil improvement. Apetit is committed to the development of sustainable growing practices. The development of Apetit's responsible farming practices is aimed at ensuring safe and high-quality harvests that have been cultivated using methods that support biodiversity.

Apetit looked into the future of food

According to The Future of Food 2025, a survey conducted by Apetit, food production and food consumption play a key role in solving the challenges facing the Earth and human well-being. The results of the survey were published in September 2019.

The Future of Food 2025 survey provides a look into the future of food consumption by examining the underlying global drivers of change and the role of food in Finnish society. The drivers of change selected for closer examination in the survey were The Modern Plate Model (individualisation), Climate Change for Supper (climate change), A Journey Around the World at the Supermarket (globalisation) and Technofood (digitalisation).

The global drivers of change will influence consumer behaviour regardless of the actions taken by individual businesses. Nevertheless, businesses have a tremendous opportunity to influence the future and contribute to solving the problems that threaten the Earth. All that is required is the courage to take action.

Towards individualised food consumption

Finland's food culture has traditionally been quite homogeneous. As recently as twenty years ago, largely the same everyday meals were eaten at most homes. The shift to more meaningful food choices has been comparatively rapid — by the 2010s, many households had members following different diets, or combinations of diets, for various reasons.

In addition to being a source of nutrition, food is a form of self-expression and an extension of one's identity for many people. One new trend follows another and the number of different diets is increasing. Some choose to go vegan for climate reasons, while others opt for organic products.

This fragmentation of consumption can be expected to increase further in the future, leading to the formation of even smaller groups. There will be more services and food solutions that make people's busy daily lives easier. People will make eating choices based on pursuing more comprehensive well-being, and the demand for health-promoting foods will continue to grow.

Climate change is evident on people's plates

Food production and food consumption account for more than a fifth of the climate impact, or carbon footprint, of all consumption. While the climate impacts of a single meal can be quite small, no other product is used several times every day. Climate and environmental impacts will be highlighted in the food choices of the future.

People are becoming increasingly aware of the limits to the Earth's environmental tolerance, and many people try to make an impact through their personal choices. Consumer interest in different alternatives has been reflected in the growing demand and supply of plant-based foods, for example. The reduction of food waste will also be an important priority as people strive to reduce the climate and environmental impacts of their diets.

The impacts of globalisation on the dinner table

The range of food options available in the market has diversified dramatically as a result of globalisation. In Finland, global food phenomena are particularly reflected in the increasingly diverse selection of imported foods. Today's consumers have more power over what kind of food they eat: food producers are now faster and more sensitive in responding to demand.

While food trends and well-being trends cross the boundaries between continents, the chasm between food production and food consumption grows. Supply chains can be long, which obscures the origin of the food. It can be difficult to obtain information on the true origin of food. For example, the ingredients in a ready meal can come from several different continents, and they may have been processed in many places along the way.

Choosing domestic food is one way of ensuring the sustainable origin of food and the traceability of production. Transparency in the food supply chain helps consumers make sustainable and good choices.

The impact of technology on food and food choices

Technological progress has a number of effects on food, in production and consumption. On the one hand, new technology can enable new innovations in food production, such as vertical farming. It also can support the continued development of ordinary farming, thereby improving crop certainty. At the same time, food products that undergo new industrial processes, such as plant protein products, are relatively far removed from their original raw materials.

Technological progress can also lead to even more individualised food choices. For example, in the future, data on an individual's health can be directly communicated to the recommendation algorithms of supermarkets, which then fill the consumer's shopping cart with foods that promote the consumer's current state of health in the best possible manner.

How we create value

Taste and pleasure from food • Food from Finland • Responsibility • Meaning of price • Well-being • Convenience

RESOURCES AND INVESTMENTS

Raw materials and materials: Vegetables, oilseed plants, grain, packing materials
Production: 3 production facilities **Natural resources:** Energy, water **Personnel:** 373 skilled workers
Investments: EUR 11.5 million **Financing:** Total equity and net debts combined EUR 170.8 million

PRODUCED VALUE

Customers: Sales proceeds and the share of profit of the associated companies EUR 296.6 million
Personnel: Wages and remunerations EUR 17.6 million
Growers and partners: Raw materials, items and services combined EUR 259.7 million
Owners and investors: Dividends EUR 2.5 million and financing costs EUR 0.7 million **Society:** EUR 3.8 million

Close integration with finnish primary production

Growth with higher added value products

Responsible measures

Investments in services and international sales

Improved agility and efficiency

Creating well-being

PRIMARY PRODUCTION Each year, around 130 Finnish contract growers provide Apetit with around 33 million kilos of pure, responsibly grown vegetables: potatoes, carrots, peas, swedes, spinach, celery, parsnip, leeks and beetroot. We want to promote the cultivation of Finnish rapeseed. We use Finnish rape seed as much as possible in our oilseed products.

PRODUCT DEVELOPMENT We work to increase the consumption of vegetables by developing tasty food solutions that make daily life easier. Increased investment in research and development has 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 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, 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 for frozen products and for our Apetit and Neito rapeseed oils. Most of our 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 fish from sustainable stocks, refine vegetable oils and produce rapeseed expeller. We are also an active player in the Finnish and international grain, oilseed and feedstuff markets.

Food Solutions

Apetit's Food Solutions business produces frozen vegetables and frozen ready meals. 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.

More vegetables on the plate

The popularity of vegetables and sustainable food solutions are 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. Apetit's product range also includes fish-based products, such as frozen food solutions made from Finnish fresh water fish.

Vegetable and fish-based patties and balls are Apetit's fastest growing product segment. Vegetable and fish-based ready-to-eat frozen foods offer consumers an easy way to favor responsible food choices.

Apetit is Finland's largest procurer of contract-grown field vegetables. Most of its vegetables come from its around 130 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 2019

The harvest season of 2019 was fairly good. With the exception of the late autumn, the weather conditions were favourable. The harvest conditions in the autumn were challenging. In organic farming, the degree of success varied. Apetit invested nearly EUR 10 million in a new patty and ball production line that doubles the company's patty and ball production capacity. The new production line went into operation in late autumn 2019.

Net sales:
58.9
EUR million

Investments:
10.0
EUR million

Operational EBIT:
1.5
EUR million

ESA MÄKI, DIRECTOR, FOOD SOLUTIONS BUSINESS:

Apetit's strength lies in our unique value chain. Our contract growers use the responsible farming method to cultivate some 33 million kilos of domestic vegetables for us each year. In international procurement, we use reliable long-term partners that are committed to our ethical supplier and quality requirements. It is important for us to genuinely offer responsible and sustainable food solutions.

Through our actions, we want to contribute to the development of increasingly sustainable food production. Climate change is a global challenge, and we can have an impact at the local level. In our value chain, cultivation is the stage that has the highest environmental and climate impacts. With this in mind, we develop farming methods in cooperation with our contract growers and at our own experimental farm. As an example of how responsibility runs through our value chain, the Säkylä plant is now sertified for responsible practicies for both cultivation (FSA) and plant operations (SMETA).

In 2019, our product family of foods made from lake fish saw the launch of a third product. The main ingredient in Apetit Lakefish Fingers is roach caught in Finnish lakes as part of fish stock management. Fish stock management reduces the nutrient load of lakes and keeps eutrophication in check.

Oilseed Products

Avena is responsible for Apetit's Oilseed Products Business. Avena is Finland's most significant producer of vegetable oils and rapeseed expellers. Its vegetable oil products are manufactured in its oil milling plant in Kirkkonummi, where rapeseed is processed into high-quality products with high added value as vegetable oils and rapeseed expellers for raw material to feed industry.

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, most of its vegetable oil products are sold to the professional food service sector and the food industry.

Healthy vegetable oils from Finland

Avena uses as much as possible rapeseed grown in Finland in its oil milling plant. The plant's annual need for rapeseed is higher than the harvest in Finland. For this reason, Avena is systematically seeking to increase rapeseed production in Finland in co-operation with growers and other operators over the long term.

In the future, the company aims to strengthen research and product development related to oilseeds and create more added value for oilseed products. Avena has also made product development on the supply of vegetable oils in retail and professional kitchens and on various packaging solutions. Vegetable oil retail sales continued to increase during 2019. Especially the sales of Apetit-branded vegetable oils increased.

In 2019 an extensive project to develop a more advanced vegetable-based protein from rapeseed was continued. The project is supported by the Business Finland. The rapeseed powder product BlackGrain From Yellow Fields is a rapeseed-based food that contains protein, fibre and rapeseed fats.

Year 2019

The oilseed plant harvest in Finland was meagre. The size of the total area used for rapeseed cultivation was the smallest in 40 years. The development of rapeseed powder continued. Rapeseed powder can be used as an ingredient in products such as gluten-free bread, raw food bars, snacks, mueslis, vegetable patties and balls as well as meatballs.

Net sales:
65.0
EUR million

Investments:
1.3
EUR million

Operational EBIT:
0.4
EUR million

TERO HEIKKINEN, DIRECTOR, OILSEED PRODUCTS:

The bioenergy plant under construction at Avena's Kantvik vegetable oil milling plant is a significant investment in more sustainable production. Built adjacent to the milling facility, the bioenergy plant is due to be completed in end of the 2020. It will replace the milling plant's current energy solution that uses non-renewable fuels and will reduce Apetit Group's CO_2 emissions intensity by 50 per cent.

Promoting the cultivation of Finnish rapeseed also plays an important role in Avena's sustainability efforts. Oilseed plants are beneficial for farmers for two reasons: there is secured demand for the high-quality Finnish rapeseed, and oilseed plants are also a good preceding crop in rotation. The cultivation of oilseed plants naturally improves soil structure and reduces the pressure of plant diseases. Oilseed plants are also a source of nutrition for important pollinators and provide vegetation cover for the winter, which increases the carbon sequestration of soil.

Avena is Finland's leading producer of vegetable oils and a significant partner for Finnish growers. Increasing the cultivation of Finnish rapeseed would reduce the need for imports, decrease our environmental impact and improve domestic self-sufficiency in proteins.

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. Besides Finland, the company also operates in Baltics and Ukraine.

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. Avena aims to increase its market share in the grain and oilseed trade, particularly in Finland and the Baltic countries.

Year 2019

The domestic crop harvest in 2019 normalized after two years of very weak harvests. In Avena's other key cultivation area, the Baltic region, the crop harvest was good.

Avena has concentrated its operations in Finland and the Baltic region. Subsidiaries in Russia and Kazakhstan were closed down during 2019 to improve the company's profitability.

Net sales:

194.9

EUR million

Investments:

0.1

EUR million

Operational EBIT:

-4.8

EUR million

TERO HEIKKINEN, DIRECTOR, GRAIN TRADE:

Avena wants to be the best and most reliable partner for growers and the food and feed industries. From the perspective of growers, this can be seen particularly in the form of a strong focus on our services. The services of Avenakauppa.fi and the Farmers' Avena Berner cooperation model, which has been in operation for over a year now, further improve our partnerships with Finnish growers.

In addition to promoting cultivation in Finland, we invest in internationalisation. Quality management systems play an important role in ensuring the sustainability of our operations and those of our suppliers. In international trade, transport optimization are also very important in minimising environmental impacts.

In 2019, we began oat reception, storage and export operations in Dalsbruk in Southwest Finland. The location of the Port of Dalsbruk is excellent for grain exports, as it provides an efficient solution for shipping grains from an area that accounts for a significant share of Finland's oat cultivation. Using the Port of Dalsbruk enables direct deliveries to the port, which reduces the need for intermediate storage.

CORPORATE RESPONSIBILITY

For us, a responsible food chain means sustainable practices throughout the company and 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.

Corporate sustainability at Apetit

Apetit's sustainability work is based on its values, mission and vision. The sustainability work is guided by Apetit's Code of Conduct and operating policies, as well as its procurement principles, which are based on the UN Global Compact initiative. Apetit's sustainability programme is part of the company's strategy and sustainability is part of daily operations.

At Apetit, responsibility goes through the entire value chain from field to fork. Apetit's key areas of corporate responsibility are development growing methods, the climate and environmental impact of operations, material and raw material efficiency, sustainable packaging solutions, responsible production of plant-based products, minimization of food waste and safety at work. The implementation of Apetit's ethical principles and equality both in its own and in its stakeholders is also a key area.

Apetit Group's corporate sustainability programme

Apetit's sustainability programme is based on material themes that have been determined in cooperation with its stakeholders regarding the climate and environmental impacts of operations (Planet), products and their preparation and processing (Product), the treatment of people (People) and financial responsibility (Profit). The themes are strongly linked to the company's value chain and stakeholders.

The purpose of goals and actions in Apetit's sustainability programme is to ensure sustainable practices throughout the company and nutritional and safe products that have been produced in a responsible way from raw materials that have been grown and procured in a sustainable way. Another objective is to ensure that all of Apetit's stakeholders are considered and treated equally.

Apetit's sustainability programme's connection with the UN's Sustainable Development Goals (SDG)

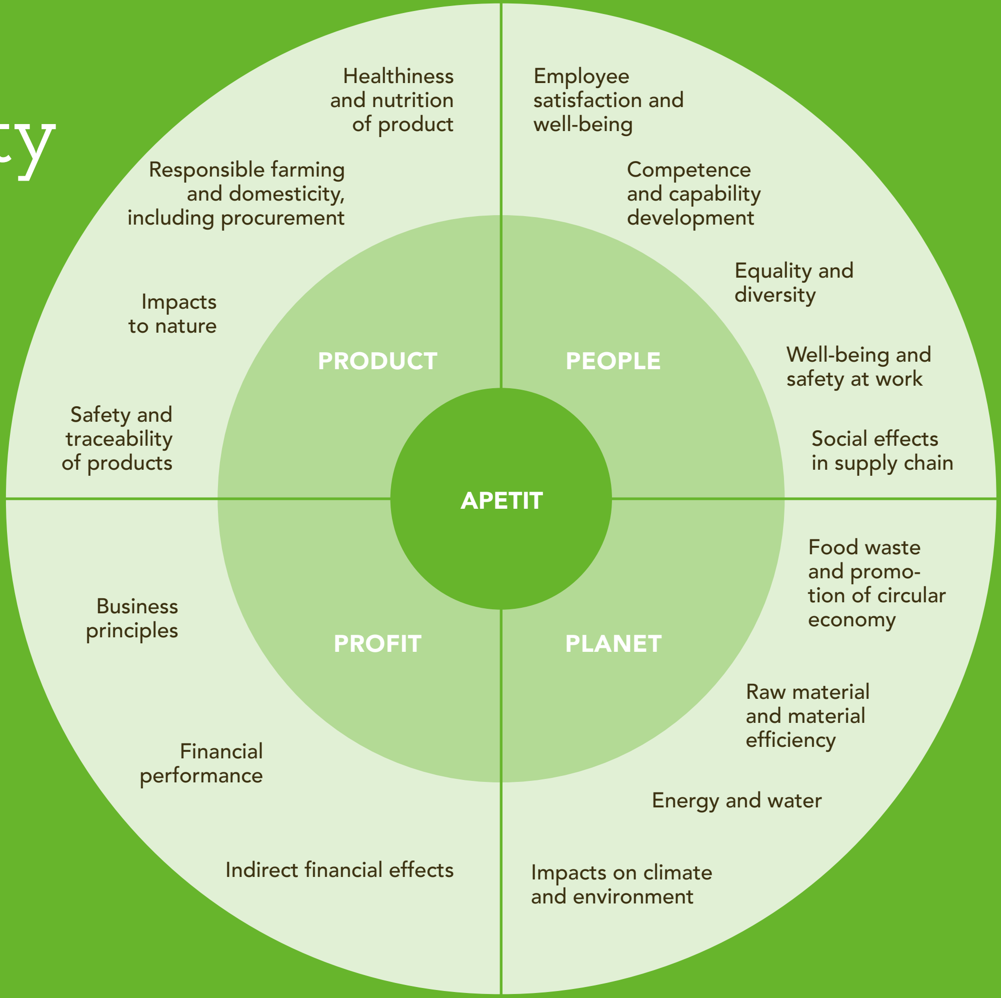
In its sustainability programme Apetit commits to operating and developing its operations in accordance with the corporate responsibility themes that have been defined as material themes for the Apetit Group. Apetit has also identified those themes in its sustainability programme that have the strongest connection with the UN's Sustainable Development Goals. The contribution made by the goals of Apetit's sustainability programme to the UN's Sustainable Development Goals is mainly local.

The Sustainable Development Goals initiative aims towards eliminating extreme poverty and facilitating sustainable development that takes the environment, the economy and people into consideration in equal measure.

THE MOST MATERIAL SDG GOALS FOR APETIT AND ITS STAKEHOLDERS, WHICH ARE SUPPORTED BY APETIT'S OPERATIONS:

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.



Apetit's Corporate Sustainability Programme




Planet

- 50% reduction of CO_2 emissions intensity by 2022
- 7.5% improvement in energy intensity by 2025
- Boosting the efficiency of water consumption by recycling and processing: reduction of water consumption
- Cutting down food waste and promotion of the circular economy by using side streams in production

Product

- We are committed to climate responsible development of cultivation methods
- Certification of contract growers: FSA (Farm Sustainability Assessment) certification
- Development of organic cultivation methods with the aim of increasing the amount of organic farming on an industrial scale
- Safe raw materials: in accordance with our procurement policy procurement mainly from Finland and the neighboring regions
- Development of packaging solutions: making plastic packaging material 15% thinner by 2021, favouring renewable materials when possible, increasing the recyclability of packaging

People

- The equal treatment of its employees and the fostering of a good work atmosphere
- The broad use and development of its employees' expertise
- Open and participatory interaction to improve the company
- The development of a varied and rich personnel structure
- Occupational safety with the systematic prevention of occupational accidents: goal is to reduce the number of occupational accidents to zero

Profit

- The Group's Code of Conduct guides operations in all businesses and operating countries
- All employees comply with the Code of Conduct
- All suppliers commit to the ethical, social and environmental aspects that are described in its supplier requirements
- All of Apetit's direct packaging suppliers sign the ethical supplier requirements

Managing corporate responsibility

Corporate responsibility is managed by the corporate management as part of its normal operations. The development of corporate responsibility work and the sustainability targets are guided by the Group Sustainability Director. The targets of the corporate responsibility programme have been approved as part of the company's daily sustainability work. In the business segments the sustainability work is managed by the segment directors as part of daily business. The Apetit Group's corporate responsibility work is developed and followed by the corporate responsibility steering group.

The personnel have the opportunity to influence corporate responsibility issues on a regular basis, for example, through internal collaboration meetings and daily operations.

Group's Code of Conduct and management systems

- Code of Conduct
- Operating policies
- Management systems
- Environmental systems
- Procurement policy and ethical supplier requirements

Reporting

Apetit reports on the measures taken in its sustainability work, the indicators of its material themes and the progress made in achieving its goals in its annual sustainability report in accordance with the Core option of the Global Reporting Initiative (GRI) standards.

Ethical channel for reporting suspected misconduct

At the Apetit Group, suspected misconduct and non-compliance with the company's Code of Conduct and can be reported in Apetit's ethical channel for reporting suspected misconduct. Apetit's employees and all representatives of Apetit's stakeholders can report suspected cases of misconduct.

Reporting and communication

Board of Directors

Addressing key corporate responsibility principles and reporting.

Corporate responsibility is guided by:
The Code of Conduct | Operating policy | Management systems |
Environmental systems | Procurement policy and supplier requirements

Corporate Management Team

Manages the Group's corporate responsibility as part of normal business operations.

The Group's Sustainability Director and the corporate responsibility steering group

Guide the development of corporate responsibility, monitor and secure the implementation of corporate responsibility targets in operational activities.

Business directors

Are in charge of responsibility efforts as part of normal operations.

All managers, all personnel

Corporate responsibility as part of day-to-day operations.
Opportunities for exercising influence via collaborative meetings and daily operations.

In cooperation with stakeholders

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's most important stakeholders are customers, employees, growers, shareholders, partners, media and various other parties in society, including the authorities, educational institutions, research institutes, non-profit organisations and local communities. Apetit Group's stakeholders have been identified based on whether they are direct or indirect stakeholders. The direct stakeholders are groups with which Apetit has a formal and established contractual relationship. They include, for example, employees, customers, suppliers, service providers, shareholders, contract growers, the supervisory authorities.

Indirect stakeholders are groups with which Apetit does not have a direct contractual relationship, or groups that represent a broader stakeholder or interest. They include, for example, the local communities, media, society, subcontractors, educational institutions and advocacy organisations.

Apetit's key stakeholders have been defined as the parties that the organisation's operations, products or services are likely to have a significant impact on and/or which are likely to influence the organisation's ability to execute its strategy and achieve its objectives.

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 • Consumers	• 373 employees (at the end of 2019) in three production facilities, in eight offices in Finland and in subsidiaries in Baltics and 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 media • Social media	• Public authorities, educational institutes, research facilities, organizations, local communities

Stakeholder	Stakeholder expectations and Apetit's response	Channels of engagement
Customers	High-quality, sustainable and nutritious products that make daily meal times easier. Reliable and highly competent service in all business areas.	Digital channels and online services, marketing communications, physical meetings and customer meetings.
Personnel	Equal and non-discriminatory treatment, creating an encouraging and safe workplace atmosphere, competence development and enabling goal-oriented leadership.	Personal interaction, employee satisfaction surveys and personal development appraisals, intranet, training and workplace health promotion activities.
Farmers	Maintenance and continuous development of sustainable cooperation. Ensuring the continuity of operations through mutually beneficial cooperation.	Personal meetings, digital channels, grower day events and events in the field.
Owners	Creation of economic value, development of Finnish, sustainable business, open communications and trustworthiness.	Regular financial reporting and communications, investor meetings and Annual General Meetings, open communication channels through online services.
Partners	Effective and open cooperation. Trust with regard to the responsibility and sustainability of operations and the quality of products and services.	Digital channels and online services, marketing communications, physical meetings and customer meetings.
Media	Open and reliable communication, transparency, fast response to media requests. Expertise in the Group’s field of activity.	Digital channels and online services, marketing communications, physical meetings.
Society	Effective and open cooperation with the various authorities, industry-developing and future-oriented cooperation with research institutes and educational institutions.	Personal encounters at various events and cooperation-related meetings, digital channels.

PRODUCT

Sustainable and safe food choices begin with high-quality raw materials

Good food is made from carefully selected, sustainably produced pure raw materials with high quality. Apetit wants to ensure every step of safe and sustainable food value chain - from cultivation to processing of raw materials and processing of end products.

Apetit wants to make sustainable food choices easier through its products and product development efforts. Apetit develops and produces plant-based food solutions that make daily life easier as well as fish-based frozen foods made from sustainable fish stocks. The Apetit product range includes frozen vegetable mixes, ready-to-eat frozen foods and rapeseed oils.

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 Authority. The purpose of the commitment is to improve the nutritional quality of Finnish diets and support sustainable food choices for example with increasing the consumption of vegetables.

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 production safety and the prevention and management of risks.

The production chain for Finnish frozen vegetables and foods and vegetable oils is monitored closely from beginning to end, all the way from the field to the table. This ensures that the end products meet strict quality requirements.

The food production facilities in Säkylä, Kantvik and Pudasjärvi have food safety systems certified in accordance with the FSSC 22 000 standard. In addition, a comprehensive SMETA 4-pillar audit has been carried out at the Säkylä plant. The Kantvik vegetable oil milling plant has an ISO 22 000 certified system for animal feed products.

The Säkylä and Kantvik plants also have their own laboratories for ensuring product safety. At the Säkylä plant, each incoming batch is subjected to an sensory acceptance check. The microbiology of the incoming batches are analyzed according to a sampling plan. Self-monitoring and sampling during production ensure safe and high quality products.

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.

Accurate labelling on packaging is also an essential part of product safety. Information about raw materials and allergens are provided clearly on the labelling in accordance with the EU Food Information Regulation.

Finnish vegetables from contract growers

Apetit is Finland's largest procurer of contract-grown field vegetables. Most of its vegetables come from its around 130 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 traceability. In fact, all contract growers apply Apetit's Sustainable 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 identified need, and all measures are documented. Principles of responsible farming are also applied in the cultivation of the organic vegetables Apetit uses.

Harvesting of Apetit's frozen vegetables begins when the vegetables are at their best and is scheduled to ensure freshness in production. Vegetables are not chemically treated. Frozen vegetables are washed, chopped, blanched and frozen, without adding anything to them. The quality of the production process is monitored actively in every stage to prevent defective products from being supplied to customers.

Withdrawals, pcs	2019	2018
Frozen food products	2**	1*
Oilseed products	0	0
Apetit combined	2	1

*Weak product quality

**Incorrect labelling

Includes both public and in-store withdrawals

Organic frozen foods, share of total sales, per cent	2019	2018
Frozen foods and vegetables	1.1	0.6

Frozen organic vegetables, kg	2019	2018
Frozen foods	681,992	730,176

Purchases of raw materials from Finnish suppliers, per cent	2019	2018
Frozen products	79	82
Oilseed products	37	53

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.

The demand for organic food is still increasing in Finland. 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 vegetable varieties and growing methods on Apetit's experimental farm, where one of the field sections has been converted for organic cultivation. The first organic crop was harvested in the 2019 season. In addition to new organic frozen vegetable blends, Apetit has launched three new organic main food products - two organic vegetable patties and an organic vegetable soup.

During 2019, contract growers supplied around 33 million kilos of potatoes, carrots, yellow carrots, peas, swedes, spinach, celery, parsnip, leeks and beetroot to Apetit. In 2019, the harvest season was moderately successful, with the exception of late autumn and lifting conditions. The oilseed plant harvest, however, was significantly reduced by a decrease in the area used for cultivation as well as pest pressure.

RÄPI EXPERIMENTAL FARM JOINED CARBON ACTION

Apetit's Räpi experimental farm, located in the Satakunta region, joined the Carbon Action project along with more than a hundred other Finnish farms. Carbon Action promotes the wider adoption of climate-friendly farming practices, helps farmers implement farming practices that sequester carbon and improve soil fertility, and conducts scientific research to verify soil carbon storage.

Carbon Action is a joint project by the Finnish Meteorological Institute and Baltic Sea Action Group (BSAG) and it combines top-level research with work in the field by farmers. Apetit is offering the use of the Räpi experimental farm for the project for a period of five years to promote research, development and practices associated with carbon farming.

Apetit has made a Baltic Sea commitment for 2019-2025

Apetit made a Baltic Sea commitment for BSAG for the period 2019-2025. The core purpose of Apetit's commitment is to generate data that can be used in contract growing especially in improving soil fertility and related to carbon sequestration. The objective is to promote, through Apetit's contract growers, a sustainable food chain and to commercialise carbon farming methods that help sequester carbon.

The commitment has two parts: Apetit will include the best growing practices proven by the carbon pilot in its contract farmers' farming guidelines and provide training to all of its contract farmers on farming methods that improve soil fertility and carbon sequestration. Apetit will also include the Räpi experimental farm in the research project to promote measures that advance carbon farming. Under the commitment, Apetit will also join the company network of the Carbon Action platform which enables the various parties in the food chain to collaborate and to develop their own operations with regard to carbon farming.

IN 2019:

The harvest season for frozen vegetables was fairly good. The oilseed plant harvest was significantly reduced by a decrease in the area used for cultivation.

A new patty and ball production line was completed at the Säkylä plant, further improving product safety and allergen control. In addition, new optical sorters and metal detectors were invested in the harvest line.

APETIT MADE SEVEN NUTRITIONAL COMMITMENTS TO PROMOTE A MORE SUSTAINABLE DIET

In accordance with the nutritional commitments it has made, Apetit 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. Apetit also committed to increase the number of products based on fish-stock management.

All of the targets set in the commitments were met during the two-year commitment period.

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.

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

NUTRITION COMMITMENTS	Outcome	Commitment for 2020
Increasing the use of vegetables		
New products for the fresh product sections of retail stores	+6 pcs	+5 pcs
Vegetable-based main course products	+ 16 pcs	+10 pcs
Solutions that make it easier to increase the use of vegetables	+150%	+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	+300%	+50%
Recipes		
Recipes for consumers and the professional food service sector to increase the use of vegetables	+251 pcs	+100 pcs
Sugar intake		
New products containing no added sugar for categories with a limited supply of such products	+200%	+100%
Quality of fat		
Heart Symbol products for the retail trade and the professional food service sector to reduce the use of saturated fats	+4 pcs	+4 pcs
Collections of recipes to support the use of rapeseed oil	+ 38 pcs	+20 pcs
Salt intake		
Heart Symbol products	+40%	+20%
Products for children		
New vegetable-based snack products	+7 pcs	+3 pcs
Commitment: Sustainable food choices		
Fish products based on fish-stock management	+66%	+30%

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

country's optimal growing conditions, the quality of broccoli is high all year round.

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 and product safety certificates, and they include an inspection of the product safety, suppliers' facilities, environmental and social practices and financial status.

Based on the evaluation, Apetit may also conduct an audit of the supplier. The audit covers also growing. The traceability of raw materials is also verified in audits.

Avena uses as much as possible rapeseed grown in Finland in its oil milling plant in Kirkkonummi. The plant's annual need for rapeseed is 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. In 2019 the import of oilseeds increased on 2018 due to a smaller Finnish crop.

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.

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)	Smeta 4 pillar (6.0)	ISO 17025 (2005)
Säkylä (frozen vegetables and food)	Green	Green	Green	Green	Green
Pudasjärvi (frozen pizzas)	Green	Orange	Green	Orange	Orange
Kalasatama (sales, marketing, R&D)	Green	Green	Orange	Orange	Orange
Kantvik (oilseed products)	Green	Orange	Green *	Orange	Orange

*Stuff feed products complies with the ISO 22000 standard

SMETA AND FSA CERTIFICATIONS FOR SÄKYLÄ PLANT

Responsibility runs through Apetit's production chain from field to plant. In 2019, the Säkylä plant was certified for both cultivation FSA (Farm Sustainability Assessment) and plant operations (SMETA). Extensive SMETA auditing covers 4 areas: Labor standards, Health & Safety, Environment, Business Ethics. At this stage, FSA certification applies to pea contract growers, in the future SAI is to be extended to all Apetit's contract growers.

The new technology featured in the new patty and ball production line, which went into operation in autumn 2019, enables safer and more controlled defrosting of vegetable and fish ingredients. In 2019, more accurate metal detectors were invested in the plant's patty and ball line, and an X-ray was acquired for the new line, to ensure product safety.

Product safety and product quality assurance for crop production have also been developed through the acquisition of new metal detectors and optical sorters.

Pure Finnish food

Apetit

Demand for raw material in harvest season

Inquiry to growers of willingness to grow

APETIT´S AGRICULTURAL RESEARCH AT RÄPI EXPERIMENTAL FARM
- Methods that support sustainable cultivation ecosystems
- Varieties suitable for outdoor growing in Finland
- Cooperation with growers, educational institutions and research institutes

APETIT'S CULTIVATION EXPERTS
Continuous communication and advisory

Delivery to Apetit → Production → Packaging → Customer

PURE FINNISH FOOD

Contract grower

AGREEMENT TO GROW
Cultivated plants and quantities, field sections to match right varieties

CONTRACT GROWING
- 130 contract growers
- Most of are located within a radius of 100 km from Säkylä
- Growing contracts for one year period

RESPONSIBLE FARMING
Plant-specific cultivation instructions and measures are implemented specific to each field section in organic farming and traditional farming

PRINCIPLES
Quality, environment, cleanliness, safety

Harvest

GROWER-SPECIFIC BATCH CODE
Traceability of vegetables all the way back to the farm

TO NEW GROWING SEASON

VIRE - CONTRACT GROWER DATA SYSTEM TO FURTHER DEVELOP CULTIVATION

HISTORICAL CULTIVATION DATA TO FURTHER DEVELOP CULTIVATION
- Soil information
- Previously cultivated varieties
- Previous cultivation measures
- Previous years' results

DOCUMENTATION OF SECTION-SPECIFIC DATA
- Preceding crops and crop rotation
- Fertility data
- Grown varieties
- Soil improvement
- Fertilisation
- Cultivation measures

RECEPTION OF HARVEST
- Inspection of documented cultivation procedures
- Each batch is issued with its own specific code
- Traceability of vegetables to the specific field section

PLANET

Towards smaller environmental and climate impacts

The Apetit Group's most significant climate and environmental impacts arise in the various stages of the food production value chain, from cultivation and procurement, production and processing, and distribution, storage and consumption.

The relevant ways for Apetit to affect its climate and environmental impacts include the improvement of the efficiency of its production facilities regarding consumption of energy and water and the reduction of food waste and improving material efficiency. 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 environmental systems that are used on production sites.

Apetit has determined its material corporate responsibility themes, set goals and created metrics for its operations. An extensive stakeholder survey, operational assessments and a materiality analysis lay the foundation for continuous improvement with regard to environmental aspects. In its corporate responsibility programme Apetit has set its objective to reduce its CO_2 emissions intensity and water consumption, improve its

energy intensity and to cut down food waste and to promote circular economy.

Some of Apetit's production operations require an environmental permit. The production plants in Säkylä 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 are related to wastewater and vegetable oil leaks into the environment and to refrigerant leaks. No environmental accidents occurred in Apetit's production operations in 2019.

Consumption of water increased due to better harvest

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 consumes the largest amount of water, as they use water to wash vegetables.

In 2019, 6,3 m³ of water was consumed per tonne of finished product or 1,007,133 m³ combined. 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.

Water consumption in 2019 was higher than in the previous year. The higher water consumption was particularly attributable to substantial increases in the crop levels of peas, spinach and leek. The new patty and ball production line completed at the Säkylä plant also contributed to higher water consumption by increasing the amount of machines needing to be washed.

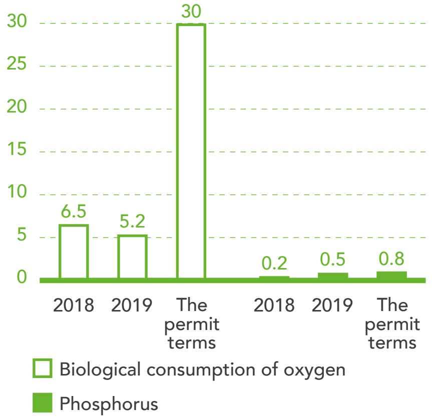
Of the water used by the Säkylä production plant, around 60 per cent is household water from municipal waterworks, and the rest is taken from Lake Pyhäjärvi. Lake water is used to wash vegetables and cool compressors. The vegetable oil milling plant in Kantvik uses seawater to cool the closed-circulation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

The wastewater generated by the Säkylä plant is mostly water that has been used to clean vegetables and contains peeling waste and solids. 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 facilities in the area. To minimise its environmental impacts, Apetit actively cooperates with water protection organisations, in addition to the authorities.

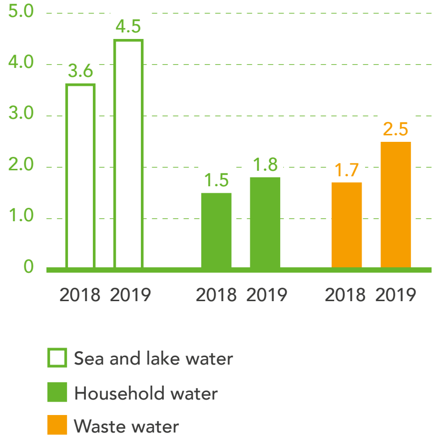
In 2019, the wastewater treatment plant processed 679,385 cubic metres of water (2018: 850,397 m³). The amount and quality of wastewater are monitored continuously and reported to the authorities on a monthly basis. In 2019, the wastewater treatment plant's automation system was upgraded, which improves control and accuracy of the treatment plant.

Emissions to water, Säkylä mg/l	2019	2018	The permit terms
Cleaned waste water m³	679,385	850,397	
Biological consumption of oxygen	6.9	10.2	30.0
Phosphorus	0.7	0.3	0.8
Nitrogen	12.1	6.7	15
Ammonium-nitrogen	0.1	0.1	5
Solids	14.3	18.7	35

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



Used sea and lake water / household water / waste water m³ per produced ton



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.

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, besides farming, are the principal source of environmental impacts. Impacts of shipping are being minimised 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.

Biowaste streams for energy

Each year, Apetit processes around 33 million kilos of vegetables in Säkylä. Apetit seeks to ensure the high quality of vegetables purchased for production and thereby reduce production side streams – that is, biowaste. The high quality of raw materials is an important aspect of ensuring material efficiency. Most of Apetit's waste streams consist of bio-waste, some of which also comes from the soil during the crop season.

Peel, as well as vegetables or parts of vegetables removed through quality assurance, are composted or used to produce animal feed. From the end of 2019, biowaste has also begun to be supplied to a nearby biogas plant, where bio-energy is produced from plant side streams.

Apetit seeks to reduce the amount of landfill waste generated by its production operations towards zero. To achieve the target, we have conductet a waste management survey, based on which sorting practices will be optimised at the Kantvik vegetable oil milling plant and Säkylä factory. In 2019, total volume of waste increased slightly to 8,696 tonnes (2018: 8,344 tonnes).

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.

REDUCING ENVIRONMENTAL IMPACTS BY AN INVESTMENT IN A BIOENERGY PLANT

One of the objectives of Apetit's corporate responsibility programme is to reduce the Group's carbon dioxide emissions* per production tonne by half by the end of 2022, using the current level as the baseline. This target will be achieved with the help of the bioenergy plant to be built at the Kantvik vegetable oil milling plant.

Oil milling is the Group's most energy-intensive process. The bioenergy plant will replace the current energy solution based on non-renewable fuels, which means it will have a significant impact on CO_2 emissions. The bioenergy plant will also make the production facility more self-sufficient with regard to energy.

In addition to reducing CO_2 emissions, the bioenergy plant creates the opportunity to make more efficient use of production side streams in energy production. The bioenergy plant can be used to burn byproducts such as the straw waste included in seed deliveries and waste from screening processes. In the future, the steam energy required by the plant will be produced by the bioenergy plant.

The plant is scheduled to be completed in the end of 2020. The size of the investment is EUR 5.2 million.

*The calculation of Apetit's climate impacts is based on the energy consumption of the company's production plants and the way the energy is generated.

Sustainable packaging solutions

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.

According to Apetit's corporate responsibility programme, Apetit aims to make its plastic packaging materials 15% thinner by 2021. Apetit also increases the recyclability of packaging and adds clear recycling symbols and instructions to help consumers recycle their waste correctly.

Apetit uses various packaging materials, such as paperboard and plastic. The company seeks to choose recyclable materials with the smallest environmental impact and to favour renewable materials manufactured from natural resources in the use of packaging materials when possible.

In 2019 Apetit used a total of 38.9 kg of packaging material per produced tonne, of which 27 per cent were fibre-based, 19 per cent plastic, 42 per cent wood and the rest glass and metal. Half of the plastic is suitable for recycling.

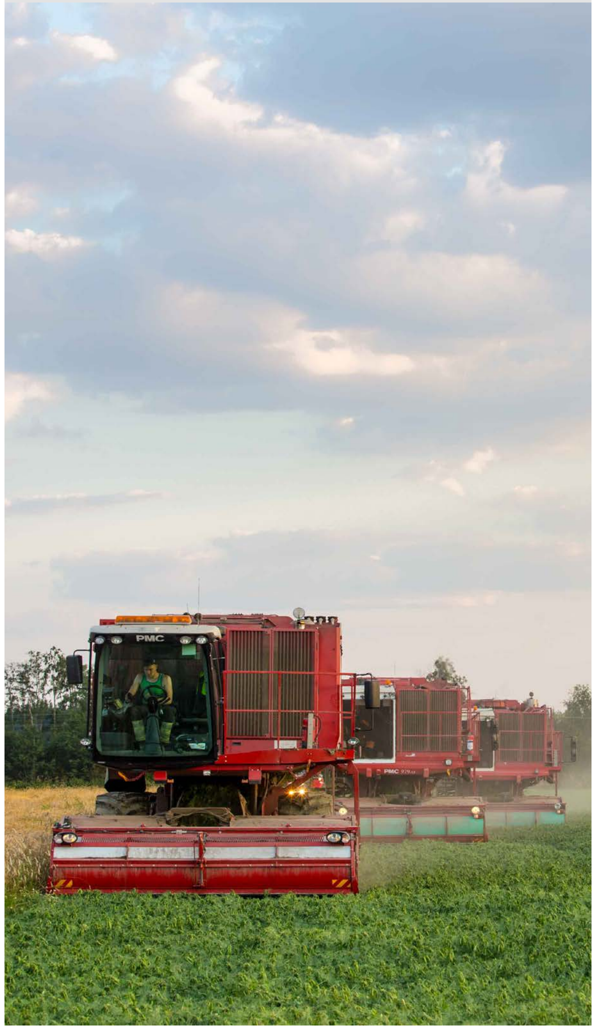
Apetit reports the amounts of packaging material it puts out into the market in accordance with the EU Packaging Directive and pays recovery fees for the organisation of material recycling.

Packaging materials, kilos per produced ton	2019	2018
Paper fibers	10.5	9.1
Plastics	7.3	8.1
Metals	4.2	5.7
Glass	0.3	0.3
Wood	16.5	15.5
Packaging materials combined	38.9	38.7

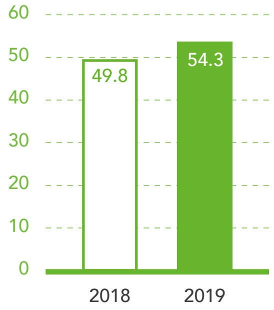
MORE EFFICIENT CIRCULAR ECONOMY – PLANT-BASED SIDE STREAMS USED TO PRODUCE BIOENERGY

Apetit processes some 33 million kilos of domestic vegetables each year at its Säkylä plant. Plant-based side streams, or biowaste, are generated particularly in the processing and chopping of harvest season vegetables as well as plants that become side streams due to quality.

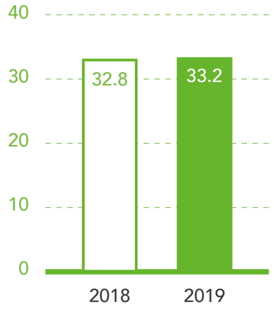
New investments enable the more efficient use of side streams. The harvest season production line is being developed to make it possible to collect side streams directly from the line. A cooperation launched in late 2019 also sees Apetit send side streams from the Säkylä plant to a VSS Biopower Oy plant, where they are turned into bioenergy. Other uses for Apetit's plant-based side streams include animal feed and composting.



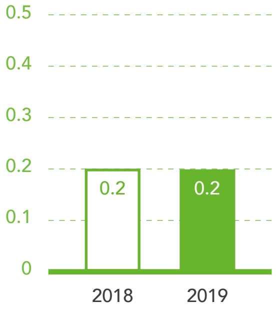
Waste combined, kg per produced ton



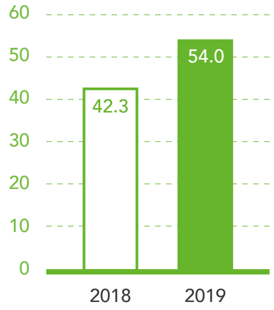
Organic waste, kg per produced ton



Refuse dump waste, kg per produced ton

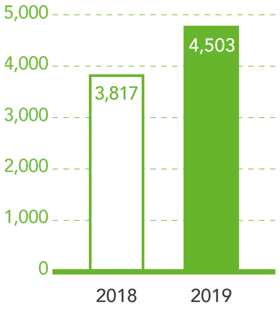


Utilisation waste, kg per produced ton



Including organic waste, incinerated waste and recyclabe waste

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



IN 2019:

Apetit decided to build a bioenergy plant at the Kantvik vegetable oil milling plant. When completed, the plant will halve the Group's CO_2 emissions per production tonne.

Apetit began supplying vegetable side streams to a bioenergy plant located in Säkylä. Side streams are also now delivered for animal feed.

The automation system of Apetit's wastewater treatment plant in Säkylä was renewed, improving the plant's control and accuracy.

Energy consumption is optimized according to the most essential processes

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. Apetit has identified the most essential and heaviest processes for energy consumption from all its production facilities. Optimizations are focused on these areas.

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 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 2019, Apetit's total energy consumption was 69,834 MWh, or 0.4 per tonne produced/sold. Total energy consumption decreased by about 1,5 per cent.

Energy consumption	2019	2018
Electricity, MWh	30,491	30,737
Steam, MWh	30,650	31,670
District heating, MWh	7,406	7,233
Light fuel oil, MWh	1,287	1,225
Energy consumption combined, MWh	69,834	70,865

CO_2 emissions, $kgCO_2$ per produced tonne, based on energy consumption	2019	2018
Frozen foods and vegetables	298.7	265.6
Frozen pizzas	315.2	303.3
Oilseed products	96.5	97.8
Fresh cut products	201.3	230.5
Apetit total	137.4	132.9

Apetit Group's carbon footprint, CO_2, tonne, based on energy consumption	2019	2018
Apetit in total	22,008	22,272

Energy consumption, MWh per produced tonne	2019	2018
Frozen foods and vegetables	1.0	0.9
Frozen pizzas	1.5	1.4
Oilseed products	0.3	0.3
Fresh cut products	1.0	1.1
Apetit total	0.4	0.4

APETIT JOINS A MATERIAL EFFICIENCY COMMITMENT

Apetit joins the food industry's materials efficiency commitment with goals such as improving the use of raw materials, reducing the volumes of mixed waste and cutting back on water consumption.

Through the development of materials efficiency Apetit aims to improve the efficiency and, at the same time, profitability of its production. Apetit also strives to better identify the stages of production where it is possible to not only prevent raw material and material waste, but also conserve other natural resources and increase process efficiency further. As part of the commitment, Apetit also will increase its employees' abilities to improve and develop the materials efficiency of its operations.

The food industry's materials efficiency commitment is aimed at reducing the environmental impacts arising from the production, distribution and consumption of food.

The commitment for the years 2019–2021 has been signed by the Ministry of Agriculture and Forestry, the Ministry of Economic Affairs and Employment and the Ministry of the Environment together with the Finnish Food and Drink Industries' Federation, the Finnish Grocery Trade Association and the Finnish Packaging Association.

SUSTAINABLE AND APPROPRIATE PACKAGING SOLUTIONS – APETIT AIMS TO REDUCE THE THICKNESS OF PLASTIC PACKAGING BY 15 PER CENT

Apetit has highlighted sustainable packaging solutions as one of the company's material aspects of corporate responsibility in its corporate responsibility programme. The targets related to the development of packaging solutions specified in the corporate responsibility programme are as follows:

- reducing the thickness of packaging plastic by 15 per cent by 2021
- increasing the recyclability of packaging and clearly labelling packaging with recycling symbols and instructions to help consumers recycle the packaging correctly
- where possible, favouring materials produced from renewable resources when making choices regarding packaging materials

The target of reducing the thickness of packaging plastic concerns the plastic retail packaging of Apetit products. Achieving the target would reduce the use of packaging materials by approximately 25,000 kg annually. If spread out, this amount of plastic would cover approximately 53 football fields.

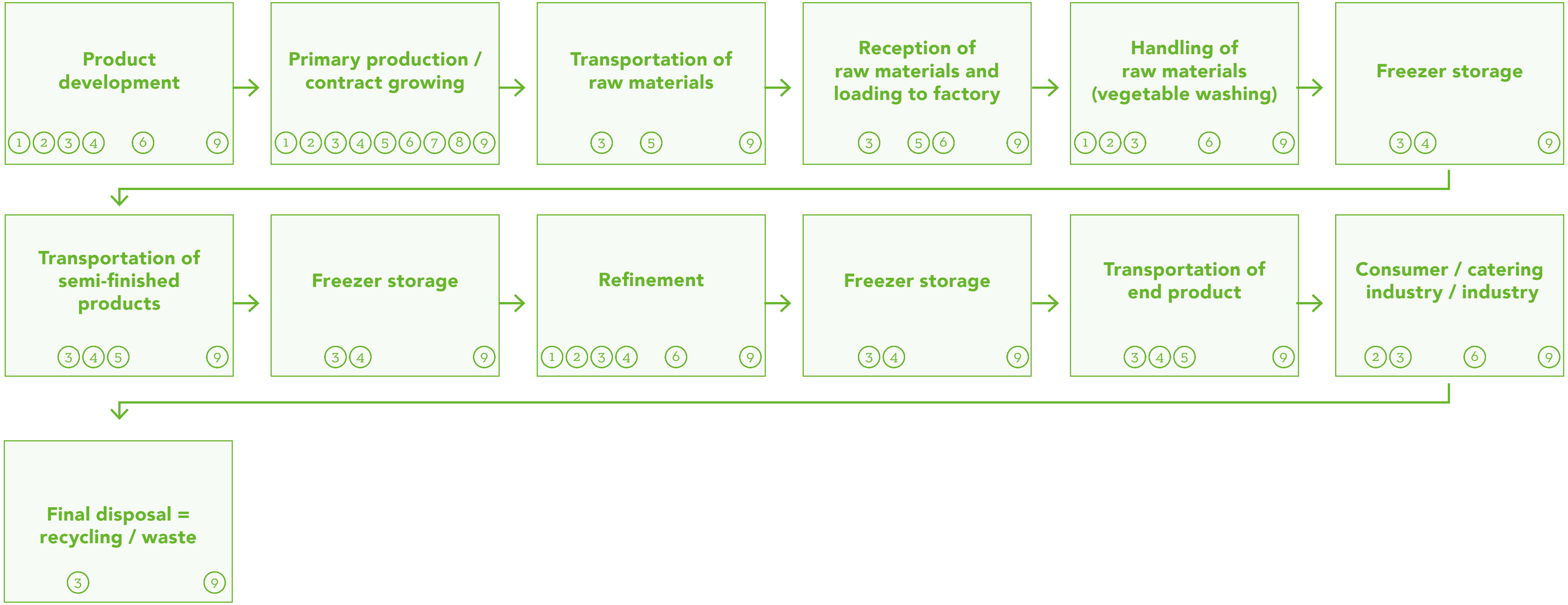
New Apetit organic vegetable mixes in packaging produced from renewable raw materials

Apetit's new frozen organic vegetable mixes are sold in packages made from the sugarcane-based Green PE material. The entire product family of Apetit organic vegetable mixes will be packaged in Green PE packaging in the future.

Green PE is an environmentally friendly packaging material that has all of the beneficial characteristics of traditional plastic. Green PE is manufactured from renewable plant-based raw materials. It is 100% recyclable in accordance with the recycling guidelines for normal plastic packaging. The use of the plant-based Green PE materials is part of Apetit's renewal of packaging solutions. In the adoption of eco-friendly packaging, attention is paid to the packaging material, amount of material used and recyclability of the material.

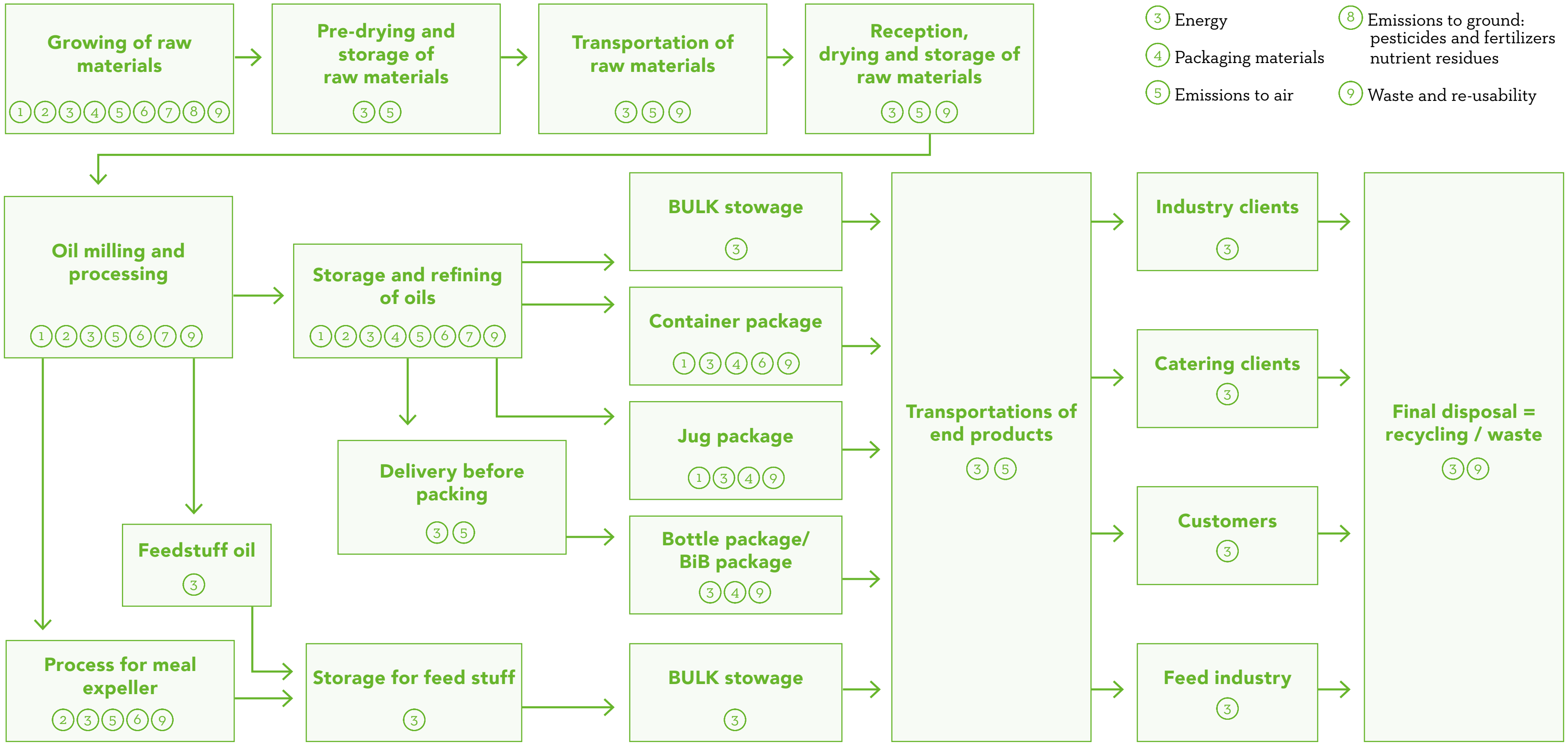
Life cycle of frozen vegetables and foods: environmental impacts

1 Raw materials
2 Water
3 Energy
4 Packaging materials
5 Emissions to air
6 Wastewater treatment plant/drainage
7 The water systems of area
8 Emissions to ground: pesticides and fertilizers/ nutrient residues
9 Waste and re-usability



Life cycle of oilseed products: environmental impacts

1 Raw materials
2 Water
3 Energy
4 Packaging materials
5 Emissions to air
6 Drainage
7 The water systems of area
8 Emissions to ground: pesticides and fertilizers nutrient residues
9 Waste and re-usability



Apetit focuses on safety at work and developing expertise

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 values – responsible operations, bold renewal and success through cooperation – were determined during a joint process and valuation.

Apetit had 373 (594) employees at the end of 2019 of which 93 per cent in Finland. The average number of employees converted to full-time was 452 (564). All Apetit's employees are covered by collective agreements (upper staff have a basic agreement).

Apetit does not use external labour, such as subcontractors or leased employees, to a significant extent. The number of employees at Apetit's Säkylä plant varies during the year based on the harvest season. The number of temporary employees increases for a period of about six months in the harvest season. During the harvest season, the number of employees at the plant is approximately 30 per cent higher. The additional employees are Apetit's temporary employees. No part-time employees were employed by the Group during 2019.

In 2019, 137 persons were recruited as new personnel, of which 37 with permanent (18 women, 19 men) and 100 with temporary contracts (55 women, 45 men). The personnel turnover rate was 11% (of which 41 per cent women and 59 per cent men).

A focus in 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.

AT 2019:

Some 280 Apetit employees took part in safety at work training. In addition to on-site safety training and occupational health and safety days organised at the production plants, topics related to safety at work are regularly covered in Apetit's online learning environment.

Apetit introduced a new online learning environment as a human resource development tool. Online training courses have been offered under four themes: Supervisory Work at Apetit; Apetit's Operating Methods; IT and Information Security; and Safety at Work at Apetit.

Actions aimed at improving well-being at work based on the Group's personnel strategy and personnel survey were particularly related to giving feedback and taking a proactive approach to the management of well-being at work.

Permanent and temporary personnel, 31st of December 2019	Temporary	Permanent
All	70	303
Women	46	133
Men	24	170

Employees and officials, 31st of December 2019	Officials	Employees
All	154	219
Women	82	97
Men	72	122

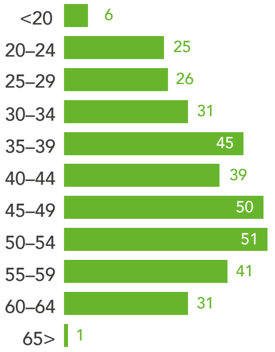
Percentage of women, 31st of December 2019, %	2019	2018
Corporate management	25	43
Board of directors	20	20
Supervisory board	24	23

New personnel and turnover rate	2019	2018
New personnel, permanent	37	76
New personnel, temporary	100	142
Personnel turnover rate, %	11	18

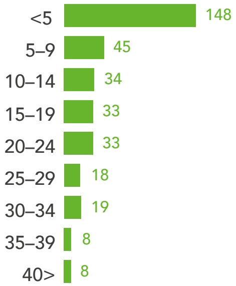
Women 48% (50%)

Men 52% (50%)

Age structure of personnel, 31.12.2019



Service years of personnel, 31.12.2019



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.

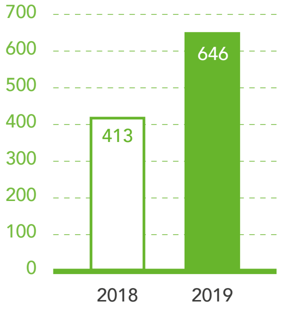
Production work involves repetitive movements that may cause musculoskeletal disorders. In addition, cold-storage facilities, as well as the use of machines and knives, increase the risk of illnesses and accidents. Apetit seeks to reduce this risk primarily through job-specific instructions and appropriate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

Developing expertise

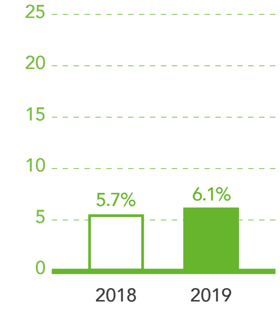
One of the most important goals of personnel development is ensuring sufficient and optimal talent. Key skills for Apetit's employees include a customer-focused approach, production and product development skills, project management capabilities and the ability to achieve actual results. Apetit encourages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

In 2019, Apetit introduced a new online learning environment as a human resource development tool. Online training courses have been offered under four themes: Supervisory Work at Apetit; Apetit's Operating Methods; IT and Information Security; and Safety at Work at Apetit. New courses are introduced on a quarterly basis. The topics covered in the courses offered in the online learning environment have included Apetit's ethical principles and operating policy as well as competition law, among other things. Safety at work has been covered from the perspectives of safe mobility, safety observations and occupational safety culture, for example. A total of 16 courses were offered during the year and the rate of participation was approximately 90 per cent.

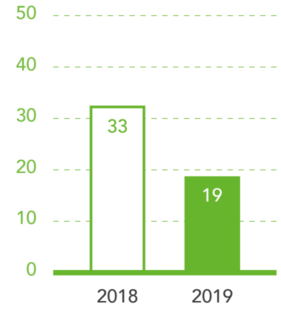
Work safety observations, pcs



Employee sickness absences of regular working time

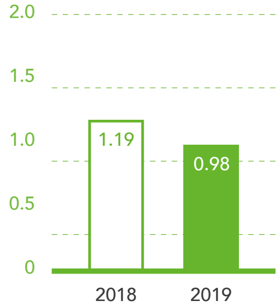


Occupational accidents, pcs



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

Training days for personnel, average per person



SAFETY AT WORK IS DEVELOPED BY MEANS OF A PROACTIVE OPERATING MODEL

Safety at work training is organised at all Apetit Group operating locations. In 2019, some 280 Apetit employees took part in safety at work training. In addition to on-site safety training and occupational health and safety days organised at the production plants, topics related to safety at work are regularly covered in Apetit's online learning environment. The training activities have led to a substantial increase in the number of safety observations, for example.

Key measures to develop safety at work 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 regarding production tasks. In 2019, Apetit continued to offer a reward for days without any incidents at each location.

All office employees are covered by personal development appraisals. In 2019, 96 per cent (96 per cent of women, 96 per cent of men) of appraisals were conducted. Also a large share of employees had personal development appraisals as a individual or in a group.

Well-being at work was developed based on the results of the personnel survey

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 the beginning of 2020 at Apetit was 3.9 (at the end of 2018: 3.9) on a scale of 1 to 5. The areas requiring development were decided on the basis of the results in each business segment and for the Group as a whole. According to results, the equality between genders is at good level.

In 2019, actions aimed at improving well-being at work based on the Group's personnel strategy and personnel survey were particularly related to giving feedback and taking a proactive approach to the management of well-being at work. A campaign called Compliment Your Colleague and a campaign focused on giving effective feedback were carried out to develop internal feedback within the organisation. Renewal-oriented training and work community games have also been used in the development of the work community. The Group has also focused on health management by providing additional training for supervisors on discussions and further measures related to active support.

Physical well-being at work has been developed by means of a Group-wide exercise campaign and a health event held at each municipality where Apetit operates. All of Apetit's personnel in Säkylä participated in a Working Capacity Day event, where the employees had the opportunity to try various sports as well as learn about the effect of nutrition and sleep on well-being.

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.

Aiming to be a highly attractive employer – opportunities for students

Apetit seeks to be a popular employer and to lead the way in renewing its industry, with interesting jobs and opportunities for professional development. In 2019, a total of 26 people have completed basic degrees and vocational degrees in the processing industry through Apetit's apprenticeship training activities. The people in apprenticeship training worked at the Säkylä and Pudasjärvi production plants.

Apetit cooperates with selected universities and other educational institutions that provide education in its field. Apetit has focused on co-operation with educational institutions through summer internships, final projects, apprenticeships and company visits. In summer 2019 there were summer interns at Apetit for example in marketing, production planning 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.

YRITYSKYLÄ PROVIDES STUDENTS AN OPPORTUNITY TO LEARN WORKING LIFE SKILLS AND PUT THEIR COMPETENCIES INTO PRACTICE

Apetit has partnered with Economy and Youth TAT on the Yrityskylä Helsinki-Vantaa learning environment since 2015. Yrityskylä offers school students an opportunity to learn about how companies and the society works by working in miniature companies.

In Yrityskylä, students familiarise themselves with working life by taking on jobs in various companies. The learning environment consists of colourful company booths with a market square in the middle. During the day, the students immerse themselves in various jobs and engage in close cooperation between the companies. The students are provided with tablets that come with personalised instructions, descriptions of work duties and compensation for the work day, which they can spend on the products and services of various companies during the day.

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 obtain feedback on customer experiences and sell products to customers.

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 2019, zero notifications were reported through the channel. Employees have a possibility to discuss about ethical and lawful behavior with the Group's legal department.

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.

Apetit provides training on the key principles of competition legislation to all office employees to ensure fair and transparent competition on the market.

Procurement based on quality

Apetit has an 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.

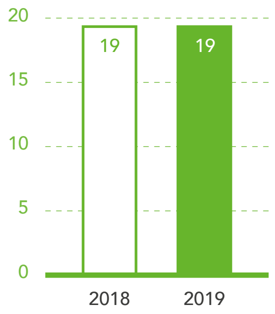
Acquisitions from growers, EUR million	2019	2018
Harvest season vegetables*	5.3	4.8
Oilseeds	8.7	9.8
Apetit in total	14.0	14.6

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

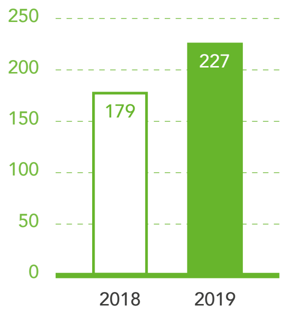
IN 2019:

Apetit developed its processes with regard to indirect procurement. All of the indirect service providers that operate on site at the plant or play a critical role with respect to food safety are assessed in accordance with the Group's supplier requirements. These assessments have already been conducted at the Säkylä plant and they are about to begin at the Kantvik milling plant. The topics covered in the supplier assessments include safety at work and environmental issues. Assessed indirect suppliers are required to commit to Apetit Group's ethical principles.

Supplier audits, pcs



Suppliers who have accepted and signed ethical supplier demands, pcs



NEW PATTY AND BALL PRODUCTION LINE TO THE SÄKYLÄ PLANT

Apetit invested approximately EUR 10 million in a new production line for vegetable and fish-based products in Säkylä. The new line doubles production capacity for patties and balls while improving energy efficiency. The technology used in the line also improves product safety and, for example, allergen management.

Vegetable and fish-based patties and balls have been among Apetit's fastest-growing product groups for the past few years. The prospects for continued growth are bright, supported by strong growth in consumer demand, Apetit's product development efforts and new openings in international trade.

The new production line enables more versatile product development with regard to product shapes, the raw material base, new flavours and the production of entirely new types of vegetable-based products. It also facilitates better customisation for different markets.

Construction of the line commenced in August 2018 and production was gradually started beginning in August 2019.

Apetit Group's economic footprint

NET SALES
296.9 M€ →

RAW MATERIALS, ITEMS AND SERVICES
259.7 M€

PERSONNEL
17.6 M€

SOCIETY
3.8 M€

INVESTMENT
12.3 M€

DIVIDENDS
2.5 M€

FINANCIAL MARKETS
0.7 M€

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 accordance with the Core option of the Global Reporting Initiative (GRI) standards.

Management systems according to material themes

MATERIAL ASPECT	DEFINITIONS AND BOUNDARIES	RELEVANT POLICIES AND PRINCIPLES AND THE MANAGEMENT SYSTEM
PRODUCT Risks/effects: Water use, impacts to biodiversity, eutrophication of waterways, impacts to climate (fertilizers), impacts on soil growth		
Product healthiness and nutrition	Apetit evaluates the healthiness and nutrition of its products in accordance with the general nutrition recommendations.	Product development strategy, nutrition-related commitments.
Responsible farming and domestic sourcing, including procurement practices	Contract growing, direct raw material purchases from Finland and abroad.	Apetit's responsible farming practices, ethical requirements for suppliers and the Apetit Group's procurement principles, corporate responsibility programme.
Impacts on nature	The full life cycle (including material efficiency) of the product, from growing to consumption and the final disposal of the packaging. Calculation boundaries for the direct impacts of the Group's own operations.	Corporate responsibility programme, quality management and environmental management systems of production plants.
Safety and traceability of products	Quality and traceability of grown and purchased raw materials. Product safety: measured by the number of product recalls.	Apetit's responsible farming practices, quality management and product safety management systems of production plants.
PLANET Risks/effects: Climate and environmental impacts in production (in particular energy use and waste generated), use of raw materials, climate impacts of transport. Refrigerant and vegetable oil leaks.		
Food waste and promoting the circular economy	Minimising food waste in own production operations and among customers and consumers through raw material efficiency in production as well as product development solutions. Promoting the circular economy through the use of side streams that are inevitably created in production.	Corporate responsibility programme.
Raw material efficiency and material efficiency	Developing the raw material efficiency and material efficiency of the Group's own operations.	Material efficiency commitment, quality management and environmental management systems of production plants.
Energy and water	Improving energy efficiency in own operations and increasing the efficiency of water consumption. Performance indicators based on the Group's own direct operations.	Energy efficiency commitment, quality management and environmental management systems of production plants, corporate responsibility programme.
Impacts on climate and the environment	Minimising the climate and environmental impacts of own direct production activities and contract growing. Performance indicators based on the Group's own direct operations.	Environmental management systems of production plants, Apetit's responsible farming practices, corporate responsibility programme.

MATERIAL ASPECT	DEFINITIONS AND BOUNDARIES	RELEVANT POLICIES AND PRINCIPLES AND THE MANAGEMENT SYSTEM
PEOPLE Risks/effects: Realization of equality and social impacts throughout the business chain, especially in procurement from foreign countries		
Employee satisfaction and well-being	Employee satisfaction and well-being are measured by an annual employee satisfaction survey. The survey is intended for all of Apetit's personnel.	Personnel strategy.
Competence and capability development	Part of the personnel strategy and measured by the employee satisfaction survey.	Personnel strategy.
Equality and diversity	Part of the personnel strategy and corporate responsibility programme, throughout the value chain. Measured by the employee satisfaction survey.	Personnel strategy, corporate responsibility programme, procurement principles.
Well-being and safety at work	Monitoring key indicators. For occupational accidents, the number of accidents involving external employees working at the production plant is also monitored.	Personnel strategy.
Social impacts in the supply chain	Throughout the value chain, Apetit requires its direct suppliers to commit to the Group's ethical supplier requirements.	Ethical supplier requirements, Apetit Group procurement principles, corporate responsibility programme.
PROFIT Risks/effects: Importance of harvest fluctuations in the Group's profit		
Business principles	Common business principles across all of Apetit Group's businesses.	Code of Conduct.
Financial performance	Realization of the financial targets in accordance with Apetit Group's strategy. Creating value for shareholders.	Financial targets defined in the Apetit Group's strategy.

GRI Reporting principles

Apetit reports on its sustainable operations in accordance with the Core option of the Global Reporting Initiative (GRI) standards and the material aspects identified by the company. 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.

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. 2018 emission coefficients were used to calculate the impacts for 2019, and for the comparison year 2018 with 2017 emission coefficients. Calculation of the climate impact includes CO2 emissions from energy production.

Energy consumption

Apetit Group's energy consumption data aggregates the energy generated from the consumption of electricity, steam, district heating and light fuel oil for the various plants.

Electricity consumption

All electricity used by Apetit's production facilities was procured on the market. Values for 2018 provided by the electricity supplier were used to calculate environmental impacts. Of all electricity, 44% was generated with fossil sources and peat, 28% with renewables and 28% with nuclear power.

The average specific CO_2 emissions from electricity generation for 2018 were 210 g/kWh (223 g/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 2018 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 2018 provided by the supplier were used to calculate environmental impacts.

The 2018 emission coefficient from Statistics Finland was used to calculate the environmental impacts of heating oil.

Other boundaries

Environmental indicators cover production plants in Säkylä, Pudasjärvi, Helsinki and Kirkkonummi. Key figures related to the Fresh Products business have been reported for the months 1-9 / 2019. The sale of Apetit's Fresh cut products business to Swedish company Greenfood was completed in 30 September 2019.

GRI Index

	GRI disclosure	More information	Location
General standard disclosures	GRI 102-1 Name of the organization		2
Standard version: 2016	GRI 102-2 Activities, brands, products, and services		16-19
	GRI 102-3 Location of headquarters		140
	GRI 102-4 Location of operations		16-19, 25
	GRI 102-5 Ownership and legal form		123
	GRI 102-6 Markets served		16-19
	GRI 102-7 Scale of the organization		4-5, 67
	GRI 102-8 Information on employees and other workers		42-43, 61
	GRI 102-9 Supply chain		15
	GRI 102-10 Significant changes to the organization and its supply chain		59-61, 64-65
	GRI 102-11 Precautionary Principle or approach		33-41, 63-64
	GRI 102-12 External initiatives		25
	GRI 102-13 Membership of associations		25
Strategy	GRI 102-14 Statement from senior decision-maker		8-9
	GRI 102-15 Key impacts, risks, and opportunities		13-15, 59-66
Ethics and integrity	GRI 102-16 Values, principles, standards, and norms of behavior		apetit.fi/en/responsibility/code-of-conduct/ apetit.fi/en/apetit-group/apetits-values/
	GRI 102-17 Mechanisms for advice and concerns about ethics	The principles of ethical business are defined in the Company's Code of Conduct.	46-47, apetit.fi/en/responsibility/ethical-channel-reporting-suspected-misconduct/

	GRI disclosure	More information	Location
Governance	GRI 102-18 Governance structure		21, 24, 124-130
	GRI 102-19 Delegating authority		21, 24, 124-130
	GRI 102-20 Executive-level responsibility for economic, environmental and social topics		21, 24, 124-130
	GRI 102-21 Consulting stakeholders on economic, environmental and social topics		25-26
	GRI 102-22 Composition of the highest governance body and its committees		124-130, 133-135
	GRI 102-23 Chair of the highest governance body		124, 127
	GRI 102-24 Nominating and selecting the highest governance body	Partly reported: only the evaluation of independence reported of nomination criterions	124-127
	GRI 102-26 Role of highest governance body in setting purpose, values, and strategy		124-128, 24-25
	GRI 102-29 Identifying and managing economic, environmental and social impacts		124-128, 24-25
	GRI 102-30 Effectiveness of risk management processes		64-65
	GRI 102-31 Review of economic, environmental, and social topics		64-65
	GRI 102-32 Highest governance body's role in sustainability reporting	The Board of Directors has approved the key sustainability issues discussed in the report.	24, 64-65
	GRI 102-33 Communicating critical concerns		124-130
	GRI 102-34 Nature and total number of critical concerns		50-51, 62-65
	GRI 102-35 Remuneration policies		131
	GRI 102-36 Process for determining remuneration		131

	GRI disclosure	More information	Location
Stakeholder engagement	GRI 102-40 List of stakeholder groups		25-26
	GRI 102-41 Collective bargaining agreements		42
	GRI 102-42 Identifying and selecting stakeholders		25-26
	GRI 102-43 Approach to stakeholder engagement		25-26
	GRI 102-44 Key topics and concerns raised		25-26
Reporting practice	GRI 102-45 Entities included in the consolidated financial statements		58
	GRI 102-46 Defining report content and topic Boundaries		49-52
	GRI 102-47 List of material topics		22, 50-51
	GRI 102-48 Restatements of information	No significant restatements.	GRI Index
	GRI 102-49 Changes in reporting	No significant changes.	GRI Index
	GRI 102-50 Reporting period	1 January 2019 - 31 December 2019	GRI Index
	GRI 102-51 Date of most recent report	6th of March 2018	GRI Index
	GRI 102-52 Reporting cycle	Annual.	GRI Index
	GRI 102-53 Contact point for questions regarding the report	comms@apetit.fi	GRI Index
	GRI 102-54 Claims of reporting in accordance with the GRI Standards		50-52
	GRI 102-55 GRI content index		53-57
	GRI 102-56 External assurance	No external assurance.	GRI Index
Management approach	GRI 103-1 Explanation of the material topic and its Boundary		50-52
Standard version: 2016	GRI 103-2 The management approach and its components		21-24, 50-51
	GRI 103-3 Evaluation of the management approach		21-24, 50-51

PRODUCT	GRI disclosure	More information	Location
Standard version: 2016	GRI 416-1 Assessment of the health and safety impacts of product and service categories	Partly reported: assessment based on nutritional commitments and development of product selection between 2017 and 2020.	30
Standard version: 2016	GRI 417-1 Requirements for product and service information and labeling		28
	GRI 417-2 Incidents of non-compliance concerning product and service information and labeling	No incidents	GRI Index
	GRI 417-3 Incidents of non-compliance concerning marketing communications	No incidents	GRI Index

PLANET	GRI disclosure	More information	Location
Standard version: 2016	GRI 301-1 Materials used by weight or volume	Partly reported: reported only for packaging materials.	36
Standard version: 2016	GRI 302-1 Energy consumption within the organization	Partly reported: reporting does not include a breakdown between renewable and non-renewable energy types.	38
	GRI 302-3 Energy intensity	Partly reported: reporting does not include a breakdown between renewable and non-renewable energy types. Intensity calculated in relation to energy consumption and tonnes produced.	38
	GRI 302-4 Reduction of energy consumption		38
Standard version: 2016	GRI 303-1 Water withdrawal by source		34
Standard version: 2016	GRI 304-2 Significant impacts of activities, products, and services on biodiversity		13, 28-32
Standard version: 2016	GRI 305-1 Direct (Scope 1) GHG emissions	Partly reported: based on energy consumption only.	38, 52
	GRI 305-4 GHG emissions intensity	Partly reported: based on energy consumption only.	38, 52
Standard version: 2016	GRI 306-1 Water discharge by quality and destination	Partly reported: reported only on Säkylä water treatment plant	34
	GRI 306-2 Waste by type and disposal method	Partly reported: only breakdown to waste types available	35, 37

PEOPLE	GRI disclosure	More information	Location
Standard version: 2016	GRI 401-1 New employee hires and employee turnover		42-43
Standard version: 2016	GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Partly reported: No fatalities. Reporting with gender breakdown not available.	44, GRI Index
Standard version: 2016	GRI 404-1 Average hours of training per year per employee	Partly reported: not available with breakdown to gender or employee contract type.	44
	GRI 404–3 Percentage of employees receiving regular performance and career development reviews		44-45
Standard version: 2016	GRI 405-1 Diversity of governance bodies and employees	Partly reported: does not include a breakdown by age group for the type of contract.	43, 124-128

PROFIT	GRI disclosure	More information	Location
Standard version: 2016	GRI 201-1 Direct economic value generated and distributed		4, 47-48
Standard version: 2016	GRI 204-1 Proportion of spending on local suppliers	Partly reported: reported for domestic raw material as a percentage of raw material and in euros purchased from farmers.	28, 47
Standard version: 2016	GRI 205-2 Communication and training about anti-corruption policies and procedures	Online courses in Apetit's Code of Conduct and Operating Policy (79 per cent completed) as well as competition law (80 per cent completed) are mandatory for officials.	46-47, apetit.fi/en/responsibility/code-of-conduct/
	GRI 205-3 Confirmed incidents of corruption and actions taken	No incidents.	GRI Index

BOARD OF DIRECTORS' REPORT, FINANCIAL STATEMENTS 2019 AND OTHER INFORMATION

CONTENTS

BOARD OF DIRECTORS' REPORT 2019

Apetit is a Finnish food industry company firmly rooted in Finnish primary production. Its product groups include frozen vegetables and frozen ready meals and vegetable oils. The company is also 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 2019, the fresh cut products business is reported as a discontinued operation in the financial statements. The Seafood business divested in 2017 is included in discontinued operations for the comparison year and it only affects the financial items. Apetit's shares have been quoted on Nasdaq Helsinki since 1989, and the company is domiciled in Säkylä.

The Food Solutions segment consists of Apetit Ruoka Oy and Apetit Ruokaratkaisut Oy. Apetit Suomi Oy, which was previously part of the segment, was merged with Apetit Ruoka Oy on 1 January 2020. 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.

Profit and financial position

NET SALES AND PROFIT OF CONTINUING OPERATIONS

Net sales in January–December were EUR 296.9 (259.9) million. Operational EBIT was EUR -3.0 (1.6) million and the reported operating profit was EUR -4.8 (0.5) million. The reported operating profit includes capitalisation of fixed costs arising from harvest-time production and an increase in grain stocks in the amount of EUR 0.0 (0.5) million. In addition, the reported operating profit includes a non-recurring item of EUR -1.6 million in legal expenses and impairment recognised due to a breach of contract by a foreign grain supplier. The dispute with the foreign grain supplier is described under the heading Disputes.

The share of the profit of the associated company Sucros was EUR -0.9 (-0.7) million in January–December.

Financial income and expenses totalled EUR -0.7 (-0.4) million.

The profit before taxes was EUR -6.4 (-0.6) million, and taxes on the profit for the period came to EUR 0.9 (0.0) million. Profit for the period came to EUR -5.4 (-0.4) million, and earnings per share amounted to EUR -0.87 (-0.07).

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 -5.9 (-23.5) million. The consolidated cash flow was significantly affected by grain shipping payments of EUR 22.3 million being allocated to the early days of 2020. The impact of the change in working capital was EUR -5.5 (-26.1) million. The effect of seasonality on the change in working capital is presented under the heading Seasonality of operations.

The net cash flow from investing activities was EUR 1.4 (-4.8) million. The cash flow from financing activities came to EUR 4.8 (15.2) million, including EUR 8.0 (19.5) million in net loan withdrawals and EUR -2.5 (-4.3) million in dividend payments. In addition, the Group recognised proceeds of EUR 0.7 million from the sale of Apetit Plc shares in the joint account that had not been converted into book-entry securities.

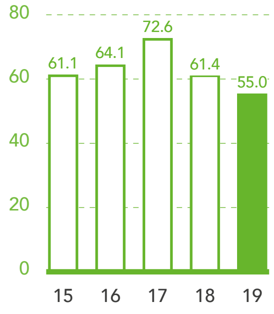
At the end of the period, the continuing operations had EUR 36.6 (24.4) million in interest-bearing liabilities and EUR 2.9 (2.6) million in liquid assets. Net interest-bearing liabilities totalled EUR 33.7 (21.8) million.

KEY INDICATORS

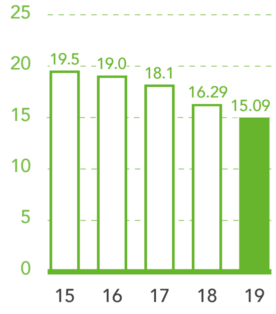
EUR million	2019	2018	Change, %
Continuing operations			
Net sales	**296.9**	259.9	**+14**
Operating profit	**-4.8**	0.5	
Operating profit, %	**-1.6**	0.2	
Operational EBIT	**-3.0**	1.6	
Operational EBIT, %	**-1.0**	0.1	
Profit before taxes	**-6.4**	-0.6	
Profit for the period	**-5.4**	-0.4	
Profit per share, EUR	**-0.87**	-0.07	
Group			
Profit per share, EUR	**-0.71**	-1.21	
Shareholders' equity per share, EUR	**15.09**	16.29	
Equity ratio %	**55.0**	61.4	
Return on equity (ROE), %	**-4.5**	-7.0	
Return on capital employed (ROCE), %	**-3.6**	-7.0	

Other key indicators and calculation of key indicators are presented in the Annual Report starting from page 120.

Equity ratio, %



Shareholders' equity per share, EUR



The consolidated balance sheet total stood at EUR 170.8 (164.6) million. At the end of the review period, equity totalled EUR 93.9 (101.1) million. The equity ratio was 55.0 (61.4) per cent, and gearing was 35.9 (21.5) per cent. The Group's liquidity is managed by committed credit facilities, fixed loans and a commercial paper programme. At the end of the period, the available credit facilities amounted to EUR 25 (25) million. The total of commercial papers issued stood at EUR 30.0 (21.0) million.

Overview of operating segments

FOOD SOLUTIONS

Net sales in the Food Solutions segment amounted to EUR 58.9 (74.2) million in January–December. Operational EBIT was EUR 1.5 (2.3) million, and the reported operating profit was EUR 1.5 (2.5) million.

Investment totalled EUR 10.0 (5.0) million in the Food Solutions business. The investments were mainly related to the construction of the new patty and ball production line and production development at the Säkylä frozen foods plant.

OILSEED PRODUCTS

Net sales in the Oilseed Products segment were EUR 65.0 (66.7) million in January–December. Operational EBIT was EUR 0.4 (2.2) million, and the reported operating profit was EUR 0.4 (2.2) million.

Investment totalled EUR 1.3 (1.0) million and was mainly related to the development of the bioenergy plant at the Kirkkonummi oil milling plant, the rapeseed protein ingredient development project and replacement investments at the production plant.

GRAIN TRADE

Net sales in the Grain Trade segment were EUR 194.9 (137.4) million in January–December. Operational EBIT was EUR -4.8 (-2.9) million, and the reported operating profit was EUR -6.7 (-4.2) million.

Investment totalled EUR 0.1 (0.1) million.

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

STRATEGY PERIOD 2018–2020

Apetit updated its strategy for 2018–2020 in spring 2018. Its focus areas were renewal, internationalisation and efficiency improvement.

During the strategy period, Apetit focused 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.

MEASURES TAKEN IN ACCORDANCE WITH THE STRATEGY PERIOD IN 2019

Apetit invested almost EUR 10 million in a new patty and ball production line at the Säkylä plant. The new production line went into operation at the beginning of August. The new line more than doubles the production capacity in this product group, meets current demand and enables 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. The planning of the bioenergy plant began in 2019 and it is expected to be commissioned in late 2020.

Apetit Group's Avena Nordic Grain Ltd and Farmer's Berner merged their purchasing and sales organisations in input and grain trades in August 2018 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. In 2019, the new operating model became established as part of the operations of both parties as planned.

Apetit divested the service sales operations of the Food Solutions business gradually in late April 2019. The divestment of the service sales operations was in line with Apetit's strategy of focusing on its core businesses and a natural continuation of the seafood business divestment in 2017. As part of the divestment of unprofitable operations, Apetit agreed on the sale of the fresh cut products business to the Swedish company Greenfood AB in July 2019 and the transaction was completed on 30 September 2019.

Increasing the share of food sales abroad has proceeded according to plan. The products with the highest demand internationally are vegetable patties and balls as well as vegan pizzas and peas. The key markets outside Finland are Italy and Sweden.

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. A patent was granted for its formula and production method at the beginning of August. The European Food Safety Authority is currently processing the novel food application and the expert opinion on the matter is expected to be completed in spring 2020.

Investment

Investment by continuing operations in non-current assets came to EUR 11.5 (6.1) million and was divided as follows: investment in Food Solutions totalled EUR 10.0 (5.0) million, in Oilseed Products EUR 1.3 (1.0) million and in Grain Trade EUR 0.1 (0.1) 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.

Apetit's values are Responsible operations, Bold renewal and Success through cooperation. The values took shape in a shared process between Apetit's management and employees in 2017 and they now constitute the foundation of all of Apetit's operations. The values were one of the training topics offered in the Taimi learning environment in 2019.

The key themes of the past year were the continued development of occupational safety culture as well as competence development through various training activities and, in particular, the Taimi learning environment introduced at the start of the year.

The company continued to implement measures to improve safety at work in 2019. The key measures included active communication about occupational safety and systematic safety observation practices. All of the company's production personnel participated in occupational safety training in 2019.

In 2019, there were 19 (33) 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 occupational accident statistics include both blue-collar and white-collar employees.

Apetit seeks to reduce sickness absences. In 2019, the sickness absence rate among production employees was 6.1 (5.7) per cent. However, in Apetit's continuing operations, the sickness absence rate at the Kantvik milling plant and the Säkylä plant decreased from the previous year. The sickness absence rate is the sickness absence time in relation to the theoretical regular working time. To support the achievement of the target, cooperation between HR, supervisors, the occupational healthcare unit and the insurance company has been increased in Apetit's health management, and supervisors have been provided with training in working capacity management.

The Apetit Suunta training programme for supervisors continued during the year. The training aims to strengthen supervisors' managerial and interaction skills, harmonise management styles and practices and support the supervisors in change management. All Group supervisors take part in the training.

An annual Group-wide survey on well-being at work was carried out in early 2020 and the results will be processed in all of the Group's operations during spring 2020. In 2019, actions aimed at improving well-being at work based on the Group's personnel strategy and personnel survey were particularly related to giving feedback and working capacity management. A campaign called Compliment Your Colleague and a campaign focused on giving effective feedback were carried out to develop internal feedback within the organisation. Renewal-oriented training and work community games have also been used in the development of the work community. The Group has also focused on health management by providing additional training for supervisors on discussions related to active support.

NUMBER OF EMPLOYEES IN THE GROUP ON AVERAGE

	2019	2018	2017
Food Solutions	**345**	**455**	451
Oilseed Products	**48**	**47**	45
Grain Trade	**60**	**62**	61
Seafood, discontinued operations	**-**	**-**	140
Total	**452**	**564**	697

There were several changes in personnel in Apetit Group's management in 2019. Esa Mäki started as Apetit's new CEO on 1 September 2019. Juha Vanhainen left the position of CEO on 31 August 2019. Ari Kulmala was appointed as Production Director, Timo Partola as Commercial Director and Sanna Väisänen as Director, Corporate Communications and Sustainability effective from 23 September 2019. Antti Snellman left his position at Apetit on 31 October 2019. Tero Heikkinen was transferred from the position of CFO to the position of Director, Oilseed Products and Grain Trade effective from 1 December 2019. Teemu Luovila was appointed as the new CFO and he took up his post on 20 January 2020. Apetit's Group Controller Max Portnoj served as interim CFO from 1 December 2019 to 19 January 2020. Anu Ora left the company to work for another company on 1 December 2019.

The Apetit Group had 373 (594) employees at the end of 2019.

The salaries and other remuneration paid to the employees in 2019 amounted to EUR 20.4 (23.8) million. Discontinued operations in 2019 represented EUR 2.8 million of this total.

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

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 2019.

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.

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.

No human rights violations or corruption or bribery cases were reported in 2019.

Research and development

The Group's research and development costs were EUR 1.3 (1.3) million, or 0.4% (0.4%) of net sales. In addition, EUR 0.2 (0.4) million in product development costs was capitalised on the balance sheet in relation to the development of the rapeseed protein ingredient.

In the Food Solutions business, research and development operations were mainly related to developing new products and creating cooperation networks that support operations. By strengthening the Group's expertise and further developing its product development process, Apetit has introduced a significant number of new products, product groups and concepts.

Apetit is improving its products and creating brand new products to provide easy, delicious food solutions with a high vegetable content for different meal situations for 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.

Vegetable and fish-based patties and balls have been Apetit's fastest-growing product group for quite some time. The popular lake fish product family was expanded in the autumn when Apetit launched freshwater fish fingers made from fish caught in Finnish lakes. Apetit's range of organic foods was complemented by new vegetable mixes, patties and soups. The cauliflower and broccoli wings launched in the autumn represent an entirely new way of increasing the consumption of vegetables. Both products quickly rose to the ranks of Apetit's best-selling products.

Through its products, Apetit seeks to make a long-term commitment to nutritional work in line with the principles of sustainable development. This was evident in the eight nutrition commitments that the company made in late 2017 for the two-year period 2018–2019. The purposes of the commitments included 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. The goals that were set were achieved in full by the end of 2019 in line with the commitment.

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, with Business Finland participating in its funding. 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. The project moved forward as planned in 2019, with the focus being on the product's commercialisation as well as further development and related planning. A patent was granted in Finland for its formula and production method at the beginning of August. The European Food Safety Authority is currently processing the novel food application and the expert opinion on the matter is expected to be completed in spring 2020.

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 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. In addition to in-house research and development activities, Apetit participates in selected projects and development programmes coordinated by various partners.

Alongside the development of conventional farming, Apetit is developing organic farming to suit industrial scale use under the company's own organic farming programme. 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 farming at Apetit's experimental farm started in spring 2019 and the first spinach and celery crop was harvested at the end of the growing season.

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 Food Solutions business.

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 production processes as well as water and energy consumption. Environmental impacts also arise from storage, transport and buildings. Apetit is committed to continuous improvement with regard to environmental issues.

The environmental impacts of Apetit's Food Solutions business are related to energy and water consumption and the treatment of process side streams and waste. In the Oilseed Products business, environmental impacts are mainly related to the combustion of odorous gases, the waste from weed separation at raw material reception and the bleaching clay used in processing. The company uses a chemical-free mechanical method for vegetable oil milling. 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 2019, 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 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. The planning of the bioenergy plant began in 2019 and the plant will be completed in late 2020.

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 subsequently provided additional information. In December 2019, the Regional State Administrative Agency issued a decision on keeping the environmental permit unchanged with regard to the discharge sites for wastewater.

The company is not aware of any significant individual environmental risks on the balance sheet date. The Group's environmental costs were EUR 0.9 (1.2) million, or 0.3 (0.4) per cent of net sales.

Environmental aspects are discussed in more detail in the Planet 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 second half of the year. This means that more fixed production overheads are recognised on the balance sheet in the second half of the year than during the first half 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. The Group's operational indicators were updated in 2019. After the change, Apetit presents the operational indicators without the IAS 2 capitalisation of fixed costs at inventory value. The change reduces the seasonal variation in the operational indicators during the year.

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 to ensure that the 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. 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.

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 operational activities do not involve significant environmental risks. The principal environmental risks at Apetit's production plants concern potential wastewater and vegetable oil leaks into the environment and refrigerant leaks. 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

The 2019 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 8 April 2019, Apetit Plc's Supervisory Board appointed Harri Eela as Chair and Marja-Liisa Mikola-Luoto as Vice Chair.

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

At its organisational meeting on 7 May 2019, 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 Chair of the Audit Committee, and Lasse Aho and Niko Simula were elected as its 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 Tuomo Korte, APA, as the auditor with principal responsibility, were appointed as the company's auditors for the period ending at the close of the 2020 Annual General Meeting.

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 94,700 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 6,255 Apetit Plc shares held by the company were transferred to the Board members on 3 December 2019.

Shares and share ownership

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.

OWN SHARES

At the end of the review period, the company held a total of 94,700 own shares acquired during previous years. These own shares represent 1.5 per cent of the company's total number of shares and votes. The company's own shares carry no voting or dividend rights.

SHARE PRICE AND TRADING

The number of Apetit Plc shares traded on the stock exchange during the review period was 1,251,917 (634,659), representing 20.0 (10.0) per cent of the total number of shares. The highest share price quoted was EUR 9.84 (15.25), and the lowest was EUR 7.66 (8.86). The average price of shares traded was EUR 8.54 (11.68). The share turnover for the year was EUR 10.7 (7.4) million. At the end of the review period, the market capitalisation was EUR 49.5 (56.9) million.

Events after the end of the financial year

The company had no significant events after the end of the financial year.

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.

Assessment of expected future development

The full-year operational EBIT is expected to improve year-on-year (EUR -3.0 million in 2019) and to show a profit.

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.

The parent company's distributable funds totalled EUR 55,145,677.80 on 31 December 2019, after deducting the loss for the financial year, EUR 1,564,184.61. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.45 per share be paid.

The Board of Directors will propose that a total of EUR 2,800,294.20 be distributed in dividends and that EUR 52,345,383.60 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	2019	2018
Continuing operations			
Net sales	(2)	**296.9**	259.9
Other operating income	(4)	**1.2**	1.8
Materials and services	(7)	**-252.4**	-207.2
Employee benefit expense	(5)	**-21.3**	-24.1
Depreciation, amortisation	(2,8)	**-5.5**	-4.0
Impairment	(2,8)	**-0.1**	0.0
Other operating expenses	(4)	**-23.6**	-25.8
Operating result	(2)	**-4.8**	0.5
Share of results of associated companies	(13)	**-1.0**	-0.7
Financial income	(9)	**0.1**	0.2
Financial expenses	(9)	**-0.8**	-0.6
Result before taxes		**-6.4**	-0.6
Received group contribution (from discontinued operations)		**-**	0.2
Income taxes	(10)	**0.9**	0.0
Result for the period, continuing operations		**-5.4**	-0.4
Result for the period, discontinued operations	(3)	**1.0**	-7.1
Result for the period, equity holders of the parent		**-4.4**	-7.5

EUR million	Note	2019	2018
Basic and diluted earnings per share, calculated of the result attributable to the shareholders of the parent company, EUR			
Continuing operations	**(11)**	**-0.87**	-0.07
Discontinued operations	**(11)**	**0.16**	-1.14
Equity holders of the parent	**(11)**	**-0.71**	-1.21

STATEMENT OF COMPREHENSIVE INCOME

EUR million	2019	2018
Result for the period	**-4.4**	-7.5
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges	**-0.4**	0.7
Taxes related to cash flow hedges	**0.1**	-0.1
Translation differences	**0.1**	0.0
Total comprehensive income	**-4.7**	-6.9
Attributable to		
Continuing operations, equity holders of the parent	**-5.7**	0.2
Discontinued operations, equity holders of the parent	**1.0**	-7.1

CONSOLIDATED BALANCE SHEET

EUR million	Note	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Intangible assets	(12)	**2.1**	3.2
Goodwill	(12)	**0.4**	0.4
Tangible assets	(12)	**33.1**	37.2
Right-of-use assets	(12)	**4.1**	-
Investments in associated companies	(13)	**19.4**	21.0
Other investments	(14)	**0.0**	0.0
Receivables	(15)	**0.3**	0.4
Deferred tax assets	(10)	**5.0**	5.8
Total non-current assets		**64.4**	68.0
Current assets			
Inventories	(17)	**66.4**	80.7
Trade receivables and other receivables	(16)	**37.0**	12.3
Cash and cash equivalents	(18)	**2.9**	2.6
Total current assets		**106.3**	95.7
Assets held for sale	(24)	**-**	0.9
Total assets	(2)	**170.8**	164.6

EUR million	Note	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent			
Share capital	(19)	**12.6**	12.6
Share premium account	(19)	**23.4**	23.4
Own shares		**-1.3**	-1.4
Fair value reserve and other reserves		**6.7**	7.1
Retained earnings		**56.9**	66.9
Net result for the period		**-4.4**	-7.5
Total equity attributable to the equity holders of the parent		**93.9**	101.1
Non-current liabilities			
Deferred tax liabilities	(10)	**0.1**	1.8
Non-current interest-bearing liabilities	(21)	**4.4**	2.4
Defined benefit plan obligations	(20)	**0.2**	0.2
Trade payables and other liabilities	(22)	**0.3**	0.2
Total non-current liabilities		**5.0**	4.7
Current liabilities			
Current interest-bearing liabilities	(21)	**32.2**	22.0
Income tax payable		**0.0**	0.0
Trade payables and other liabilities	(22)	**39.4**	35.0
Total current liabilities		**71.6**	56.9
Liabilities directly associated with assets held for sale	(24)	**0.2**	1.9
Total liabilities	(2)	**76.8**	63.5
Total equity and liabilities		**170.8**	164.6

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	2019	2018
Net result for the period		**-4.4**	-7.5
Adjustments, total *)		**4.7**	11.2
Change in net working capital		**-5.5**	-26.1
Interests paid		**-0.7**	-1.1
Interests received		**0.0**	0.1
Taxes paid		**-0.1**	0.0
Net cash flow from operating activities		**-5.9**	-23.5
Investments in tangible and intangible assets		**-12.3**	-6.7
Proceeds from sales of tangible and intangible assets		**0.0**	0.0
Proceeds from sales of business operations	(3)	**13.3**	-
Investments in associated companies	(13)	**-**	-0.6
Proceeds from sales of associated companies		**-**	0.6
Proceeds from other investments		**0.4**	-
Dividends received from investing activities		**0.0**	1.9
Net cash flow from investing activities		**1.4**	-4.8
Proceeds from/repayments of current loans	(21)	**9.0**	21.0
Proceeds from non-current loans	(21)	**-1.0**	-1.5
Repayments of lease liabilities	(21)	**-1.5**	-
Proceeds from disposals of shares on the joint book-entry account	(19)	**0.7**	-
Dividends paid		**-2.5**	-4.3
Cash flows from financing activities		**4.8**	15.2
Net change in cash and cash equivalents	(21)	**0.2**	-13.0
Cash and cash equivalents at the beginning of the period	(18)	**2.6**	15.7
Cash and cash equivalents at the end of the period	(18)	**2.9**	2.6

EUR million	Note	2019	2018
***) Adjustments to cash flow from operating activities:**			
Depreciation, amortisation and impairment		**6.2**	10.6
Gains and losses on sales of fixed assets and shares		**-2.5**	0.0
Share of results of associated companies	(13)	**1.0**	0.7
Financial income and expenses		**0.8**	1.4
Income taxes	(10)	**-0.7**	-1.5
Other adjustments		**0.0**	0.0
Total		**4.7**	11.2

Both continuing and discontinued operations are included in the consolidated statement of cash flows.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR million	Share capital	Share premium account	Fair value reserve	Other reserves	Own shares	Translation differences	Retained earnings	Total equity attributable to the equity holders of the parent	Total equity
Shareholders' equity at 1 January 2019	**12.6**	**23.4**	**-0.2**	**7.2**	**-1.4**	**-0.2**	**59.6**	**101.1**	**101.1**
Dividend distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-2.5**	**-2.5**	**-2.5**
Proceeds from disposals of shares on the joint book-entry account	**-**	**-**	**-**	**-**	**-**	**-**	**0.6**	**0.6**	**0.6**
Effect of transition to IFRS 16	**-**	**-**	**-**	**-**	**-**	**-**	**-0.2**	**-0.2**	**-0.2**
Change in liability to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-0.4**	**-0.4**	**-0.4**
Other changes	**-**	**-**	**0.0**	**-**	**0.0**	**-**	**-0.2**	**-0.1**	**-0.1**
Total comprehensive income	**-**	**-**	**-0.3**	**-**	**-**	**0.1**	**-4.4**	**-4.7**	**-4.7**
Shareholders' equity at 31 December 2019	**12.6**	**23.4**	**-0.5**	**7.2**	**-1.3**	**0.0**	**52.6**	**93.9**	**93.9**
Shareholders' equity at 1 January 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 at 31 December 2018	12.6	23.4	-0.2	7.2	-1.4	-0.2	59.6	101.1	101.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

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 20 February 2020, 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 10 July 2019, Apetit Plc signed an agreement on selling its fresh cut business to Swedish Greenfood AB. The transaction was completed on 30 September 2019. In these financial statements, the transferred business is reported as a discontinued operation.

Operating segments	Products and servicest
FOOD SOLUTIONS	
Apetit Ruoka Oy	Frozen foods
Apetit Ruokaratkaisut Oy	Service sales (ended in 2019)
Apetit Suomi Oy	Environmental services
FOOD SOLUTIONS, DISCONTINUED OPERATIONS, SOLD ON 30 SEPTEMBER 2019	
Kiinteistö Oy Kivikonlaita	Holding company of Kivikko's real estates
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

*ended in 2019

OILSEEDS PRODUCTS	
Avena Nordic Grain Oy	Trade in vegetable oils and protein feed
Avena Kantvik Oy	Manufacture of vegetable oils and protein feed
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 2019. 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

The Group has applied IFRS 15 Revenue Recognition as of 1 January 2018. 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 and frozen 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. Food Solutions has also sales in the European Union.

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 recognized using the effective interest method and dividend income when the right to the dividend is recorded.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when the accrued income taxes are levied on the same tax authority.

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. The 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:

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

The Group has applied IFRS 16 Leases as of 1 January 2019. Until the financial year 2018, leases of property, plant and equipment were classified as either finance leases or operating leases. In accordance with IFRS 16, which became effective as of 1 January 2019, an asset and a liability related to the lease are recognized in the balance sheet for the period the leased asset is available to the Group.

Fixed assets are valued at acquisition cost and depreciated on a straight-line basis over the lease term.

Assets and liabilities arising from leases are valued at present value. Rents are discounted using the Group's incremental borrowing rate. The rent payable is allocated to the principal and financial expenses. Finance costs are recognized in the income statement over the lease term at the same rate of interest on the remaining liability for each period.

As permited under the specific transition provisions in IFRS 16, the Group does not apply the standard to under 12 months short-term and low-value leases. Therefore, payments for short-term leases and low value leases are recognized as an expense 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 as 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 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 STANDARDS

The Group has applied IFRS 16 Leases from 1 January. The effect of the transition has been described in note 27 Changes in Accounting Principles.

IFRS 16 Leases, issued in January 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. IFRS 16 has been endorsed by EU in November 2017 and is effective for annual periods beginning on or after 1 January 2019.

IFRS 16 supersedes IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases. The Group has decided to use the practical expedients permitted by the standard and will not apply the standard to leases of less than 12 months or to assets with a low value.

The Group has reviewed its lease, service and purchase contracts and calculated the effects of IFRS 16. The balance sheet effect of the change in adopting IFRS 16 is not significant in relation to the Group's total balance sheet. The contracts consist mainly of leases of land, grain storage facilities, premises, machinery and vehicles.

2. OPERATING SEGMENTS

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

The Group has three continuing reportable segments: Food Solutions, Oilseed Products and Grain Trade. These segments produce different products and services from each other and are managed as separate units.

In July 2019, the Group agreed to sell its fresh cut business to the Swedish Greenfood Group. The transaction was approved by the Finnish Competition Authority on 27 September 2019 and closed on 30 September 2019. In the financial statements, the transferred business is reported as a discontinued operation.

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 1–12/2019

EUR million	Food Solutions	Oilseed Products	Grain Trade	Continuing operations	Discontinued operations, fresh cut products	Total
Total segment sales	58.9	65.0	194.9	318.8	15.8	334.6
Intra-group sales	0.0	-0.3	-21.6	-21.9	0.0	-22.0
Net sales	58.9	64.7	173.3	296.9	15.7	312.6
Operating result	1.5	0.4	-6.7	-4.8	1.4	-3.4
Assets	44.3	36.6	63.5	144.4	0.0	144.4
Unallocated						26.4
Total assets						170.8
Liabilities	12.3	5.0	22.3	39.6	0.0	39.6
Unallocated						37.2
Total liabilities						76.8
Gross investments in non-current assets	10.0	1.3	0.1	11.5	0.3	11.8
Business acquisitions and other investments	-	-	-	-	-	-
Depreciation, amortisation	-3.5	-1.0	-0.9	-5.5	-0.7	-6.2
Impairment	-0.1	-	-	-0.1	-	-0.1
Personnel, FTE	260	48	60	368	85	452

Fresh cut products is presented as a discontinued operation in the 2019 financial statements. In the 2018 financial statements, fresh cut products were treated as part of Food Solutions.

OPERATING SEGMENTS 1–12/2018

EUR million	Food Solutions	Oilseed Products	Grain Trade	Continuing operations	Discontinued operations, fresh cut products	Total
Total segment sales	74.2	66.7	137.4	278.3	23.2	301.5
Intra-group sales	0.0	-0.2	-18.2	-18.4	0.0	-18.4
Net sales	74.2	66.5	119.2	259.9	23.2	283.1
Operating result	2.5	2.2	-4.2	0.5	-7.4	-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	5.0	1.0	0.1	6.1	0.6	6.7
Business acquisitions and other investments	0.4	-	0.2	0.6	-	0.6
Depreciation, amortisation	-2.8	-0.9	-0.4	-4.0	-1.8	-5.8
Impairment	-	-	0.0	-	-4.7	-4.7
Personnel, FTE	348	47	62	457	107	564

GEOGRAPHICAL INFORMATION

EUR million	Revenue 2019	Revenue 2018	Non-current Assets 2019	Non-current Assets 2018
Finland	**178.2**	205.4	**64.3**	67.5
Norway	**16.1**	16.5	**-**	-
Germany	**23.3**	14.1	**-**	-
Sweden	**5.5**	4.4	**-**	-
Other countries	**89.5**	42.8	**0.1**	0.2
Total	**312.6**	283.1	**64.4**	67.6

The Group has no customers representing more than 10 percent of the Group's net sales in 2019.

3. DISCONTINUED OPERATIONS

Discontinued operations comprise fresh cut product business, which was classified as a discontinued operation in 2019. Additionally, the result for the discontinued operations includes an impairment of additional purchase price receivable of EUR 0.1 million relating to disposal of Seafood segment. The net sales of discontinued operations were EUR 15.8 (23.2) million, the operating result was EUR 1.4 (-7.4) million and the result for the period was EUR 0.9 (-7.1) million.

FRESH CUT PRODUCTS BUSINESS

Apetit Plc signed an agreement on selling its fresh cut product business to the Sweden-based Greenfood Group in July 2019. Greenfood is an importer, distributor and processor of fruit and vegetables that operates in the Nordic countries and Western Europe. The competition authority approved the transaction on 27 September 2019 and the transaction was completed on 30 September 2019. The arrangement was carried out as a business transfer that covered Apetit's plant property in Kivikko, including machinery and equipment. The employees of Apetit's fresh cut products business operations were transferred to Salico Oy, Greenfood AB's Finnish subsidiary, as existing employees.

Discontinued operations include fresh cut products. Apetit's net sales from the fresh cut products business operations totalled EUR 15.8 million in 2019, operating result was EUR 1.4 million in 2019 and it employed 102 employees.

EUR million	1–12/2019	1–12/2018
Net sales	**15.8**	23.2
Other income and expense items	**-14.4**	-30.6
Operating result	**1.4**	-7.4
Financial income and expense	**-0.1**	-0.1
Result before taxes	**1.3**	-7.5
Income taxes	**-0.3**	1.4
Result for the period, discontinued operations	**1.0**	-6.2

CASH FLOWS FROM DISCONTINUED OPERATIONS

EUR million	1–12/2019	1–12/2018
Net cash flow from operating activities	**0.3**	0.6
Net cash flow from investing activities	**-0.3**	-0.6
Cash flows from financing activities	**0.0**	0.0
Net change in cash and cash equivalents	**0.0**	0.0

CONSIDERATION RECEIVED

EUR million	1–12/2019
Cash received	13.8
Costs which were directly attributable to the sales of business and adjustments to consideration	-0.5
Carrying amount of net assets sold	-11.0
Gain on sale before income tax	2.2
Income tax expense	-0.4
Gain on sale after income tax	1.7

Gain on sale before income tax is included in Income and Expenses in the Result for the period, discontinued operations.

CARRYING AMOUNT OF NET ASSETS SOLD

EUR million	1–12/2019
Tangible assets	**11.3**
Inventories	**0.4**
Trade receivables and other current receivables	**0.0**
Trade payables and other current liabilities	**-0.6**
Net assets sold	**11.0**

CONSIDERATION RECEIVED

EUR million	1–12/2019
Cash received	**13.8**
Costs which were directly attributable to the sales of business and adjustments to consideration	**-0.5**
Net cash flow from disposal of business	**13.3**

SEAFOOD SEGMENT

Apetit Plc sold its seafood business in Finland, Norway and Sweden in October 2017. In Finland, Apetit remained a non-controlling shareholder of the sea food business, with a holding less than 20 per cent in Maritime Group.

EUR million	1–12/2019	1–12/2018
Net sales	-	-
Other income and expense items	-	-
Operating result	-	-
Financial income and expense	-0.1	-0.9
Result before taxes	-0.1	-0.9
Income taxes	-	-
Result for the period, discontinued operations	**-0.1**	-0.9

The result for the year 2019 includes a write-down of EUR 0.1 million (EUR 0.9 million in 2018) on the deferred consideration on the Seafood segment, after which the deferred consideration has been fully written off.

4. OTHER OPERATING INCOME AND EXPENSES

EUR million	2019	2018
Other operating income		
Government grants received	0.0	0.1
Gains from sales of non-current assets	0.0	0.0
Rental income	0.2	0.2
Fair value change based on derivative instruments, no hedge accounting	0.0	0.0
Other items	1.0	1.5
Total	**1.2**	1.8
Other operating expenses		
Rental expenses	1.7	2.8
Administrative expenses	1.9	2.1
Information technology expenses	2.0	2.1
Marketing expenses	2.6	3.0
Maintenance expenses	5.6	5.1
Other selling expenses	7.2	7.1
Other items	1.1	1.9
Non-recurring cost associated with a breach of contract	1.6	1.6
Total	**23.6**	25.8

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	2019	2018
Audit fees	0.2	0.1
Non-audit fees	0.0	0.0
Total	**0.2**	0.2

PricewaterhouseCoopers Oy has provided non-audit services to entities of Apetit Group in total 26 thousand euros during the financial year 2019. These services included tax services (5 thousand euros) and other services (21 thousand euros).

5. EMPLOYEE BENEFITS EXPENSE

EUR million	2019	2018
Wages and salaries	**17.6**	19.8
Pension costs	**3.1**	3.2
Other personnel costs	**0.7**	1.2
Total	**21.3**	24.1

Information on the remuneration and loans granted to the management is presented in Note 26. Information on the defined benefit plans is presented in Note 20.

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 Plc and Apetit Ruoka Oy have defined benefit plans.

6. R & D EXPENSES

R & D expenses of the Group amounted to EUR 1,3 (1,3) million, representing 0.4% (0.4%) of the net sales. In addition, a total of EUR 0.2 (0.4) million worth of development costs have been capitalised in the balance sheet.

7. MATERIALS AND SERVICES

EUR million	2019	2018
Raw materials and consumables	**223.9**	228.4
Change in stocks	**14.7**	-37.2
External services	**13.8**	16.1
Total	**252.4**	207.2

Materials and services include foreign currency gains and losses a total of EUR 0.3 (0.0) million.

Net sales include foreign currency losses and gains a total of EUR 0.0 (-0.1) million.

The ineffective portion of the change in fair value of hedge instruments totalled EUR -0.1 (0.0) million.

8. DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR million	2019	2018
Depreciation, amortisation		
Intangible assets	**0.8**	1.1
Buildings	**1.6**	1.6
Machinery and equipment	**1.5**	1.2
Right-of-use assets (Note 12)	**1.4**	-
Other tangible assets	**0.1**	0.2
Total	**5.5**	4.0
Impairment		
Intangible assets	**0.1**	0.0
Tangible assets	**0.0**	0.0
Total	**0.1**	0.0

9. FINANCIAL INCOME AND EXPENSES

EUR million	2019	2018
Financial income		
Interest income	**0.1**	0.1
Foreign currency gains	**0.0**	0.0
Other financial income	**0.0**	0.1
Total	**0.1**	0.2
Financial expenses		
Interest expenses	**-0.2**	-0.1
Foreign currency losses	**0.0**	0.0
Fair value change based on interest rate swaps, no hedge accounting	**0.0**	-0.1
Other financial expenses	**-0.6**	-0.4
Total	**-0.8**	-0.6

10. INCOME TAXES, DEFERRED TAX ASSETS AND LIABILITIES

EUR million	2019	2018
Income taxes, continuing operations		
Current period taxes	**-0.1**	0.2
Previous periods' taxes	**-**	0.0
Deferred taxes	**1.1**	-0.2
Total	**0.9**	0.0
Reconciliation of income taxes		
Result before taxes	**-6.4**	-0.6
Tax calculated at the tax rate of the parent company 20.0%	**1.3**	0.1
Previous periods' taxes	**-0.1**	-
Effect of associated company results	**-0.2**	-0.1
Other items	**-0.1**	0.0
Tax expenses in the income statement	**0.9**	0.0
Income tax expense is attributable to:		
Continuing operations	**0.9**	0.0
Discontinued operations	**-0.3**	1.5
Total	**0.7**	1.5

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET 2019, GROUP

EUR million	1 Jan. 2019	Recognised in income statement	Recognised directly in equity	Businesses divested	31 Dec. 2019
Deferred tax assets					
Carry forward of unused tax losses	5.2	0.6	-0.1	-	5.6
Deferred depreciation	0.4	0.0	-	-	0.4
Intangible and tangible assets	0.0	0.0	0.0	-	0.0
Derivative instruments	0.0	-	0.1	-	0.1
Other items	0.1	0.0	-	-	0.1
Total deferred tax assets	5.8	0.6	0.0	0.0	6.3
Offset against deferred tax liabilities					-1.3
Net deferred tax assets					5.0
Deferred tax liabilities					
Accumulated depreciation difference	-0.4	0.2	-	0.1	-0.1
Inventories	-0.8	0.0	-	-	-0.8
Intangible and tangible assets	-0.5	0.1	-	-	-0.4
Other items	-0.1	0.0	-	-	-0.1
Total deferred tax liabilities	-1.8	0.3	0.0	0.1	-1.4
Offset against deferred tax assets					1.3
Net deferred tax liabilities					-0.1

Apetit has not unrecognised deferred tax assets related to taxable losses. The taxable losses will expire in 2020 - 2029. Apetit has assessed if there will be sufficient taxable profit against which the losses can be utilised. The Group has estimated that the deferred tax assets will be fully recoverable during the next few years.

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET 2018, GROUP

EUR million	1 Jan. 2018	Recognised in income statement	Recognised in other comprehensive income	31 Dec. 2018
Deferred tax assets				
Carry forward of unused tax losses	4.5	0.7	-	5.2
Deferred depreciation	0.4	0.0	-	0.4
Intangible and tangible assets	0.1	-0.1	-	0.0
Derivative instruments	0.1	-	-0.1	0.0
Other items	0.2	0.0	-	0.1
Total deferred tax assets	5.3	0.6	-0.1	5.8
Deferred tax liabilities				
Accumulated depreciation difference	-0.4	0.0	-	-0.4
Fair value measurement of acquired assets and liabilities	-1.1	1.1	-	0.0
Inventories	-0.7	-0.1	-	-0.8
Tangible assets	-0.5	-0.1	-	-0.5
Other items	-0.4	0.3	0.0	-0.1
Total deferred tax liabilities	-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.

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the result 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 own shares in possession of the company. Diluted earnings per share is calculated by dividing the result 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	2019	2018
Result attributable to the shareholders of the parent company, basic and diluted, from continuing operations	**-5.4**	-0.4
Result attributable to the shareholders of the parent company, basic and diluted, from discontinued operations	**1.0**	-7.1
Result attributable to the shareholders of the parent company, basic and diluted, total	**-4.4**	-7.5
Weighted average number of outstanding shares (1,000 pcs)	**6,217**	6,211
Diluted average number of shares outstanding (1,000 pcs)	**6,217**	6,211
Basic and diluted earnings per share (EUR per share), from continuing operations	**-0.87**	-0.07
Basic and diluted earnings per share (EUR per share), from discontinued operations	**0.16**	-1.14
Basic and diluted earnings per share (EUR per share), total	**-0.71**	-1.21

12. INTANGIBLE AND TANGIBLE ASSETS, LEASES AND GOODWILL

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	2019	2018
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%.

Frozen product goodwill impairment testing

The key variables in the value in use calculation are budgeted gross margin, net sales and discount rate. The pre-tax discount rates used in frozen products group is 7.4% (7.3%). 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.

Sucros Group impairment testing

The key variables used in the calculation of value in use are the budgeted operating result and the discount rate. The pre-tax discount rate used in the calculations is 10% for Sucros' non-controlling interest. In addition to the value in use, cash and cash equivalents were taken into account in the calculation, whereby the value of capital was compared with the carrying amount. The value of the capital exceeded the carrying amount of the assets under test. No goodwill has been allocated to the Sucros Group.

Intangible assets 2019

EUR million	R & D expenses	Customer relation-ships	Other intangible rights	Advance payments	Total intangible assets	Goodwill
Acquisition cost 1 Jan.	0.9	6.3	7.7	0.2	15.1	5.2
Correction to the acquisition cost 1 Jan.	-	-6.3	-	-	-6.3	-4.8
Additions	-	-	0.3	0.2	0.6	-
Disposals	-0.4	-	-2.5	-	-2.9	-
Translation differences and other changes	-	-	0.0	-	0.0	-
Transfers between items	0.0	-	0.5	-0.3	0.2	-
Acquisition cost 31 Dec.	0.5	0.0	6.0	0.1	6.7	0.4
Accumulated amortisation and impairment 1 Jan	-0.2	-6.3	-5.5	-	-12.0	-4.8
Correction to the accumulated amortisation and impairment 1 Jan	-	6.3	-	-	6.3	4.8
Accumulated amortisation on disposals and transfers between items	0.1	-	1.7	-	1.8	-
Amortisation	-0.1	-	-0.7	-	-0.8	-
Accumulated depreciation 31 Dec.	-0.2	0.0	-4.5	-	-4.7	0.0
Book value 31 Dec. 2019	0.3	-	1.5	0.1	2.0	0.4

Intangible assets 2018

EUR million	R & D expenses	Customer relation-ships	Other intangible rights	Advance payments	Total intangible assets	Goodwill
Acquisition cost 1 Jan.	0.6	6.3	7.0	0.2	14.2	5.2
Additions	0.4	-	0.6	0.0	1.0	-
Disposals	-	-	0.0	-	0.0	-
Translation differences and other changes	-	-	0.0	-	0.0	-
Transfers between items	0.0	-	0.0	-	0.0	-
Acquisition cost 31 Dec.	0.9	6.3	7.7	0.2	15.1	5.2
Accumulated amortisation and impairment 1 Jan	-0.1	-2.7	-4.7	-	-7.4	-4.8
Accumulated amortisation on disposals and transfers between items	-	-	0.0	-	0.0	-
Amortisation	-0.1	-0.2	-1.0	-	-1.3	-
Impairment	-	-3.5	0.1	-	-3.3	-
Accumulated depreciation 31 Dec.	-0.2	-6.3	-5.5	-	-12.0	-4.8
Book value 31 Dec. 2018	0.7	-	2.2	0.2	3.1	0.4

Tangible assets 2019

EUR million	Land and water areas	Buildings and structures	Machi-nery and equip-ment	Other tangible assets	Construc-tion in progress	Total
Acquisition cost 1 Jan.	3.0	45.0	49.0	2.3	4.2	103.5
Additions	-	4.2	6.1	0.1	0.8	11.1
Disposals	-	-10.5	-6.4	-1.4	-	-18.2
Translation differences and other changes	-	-	0.0	-	-	0.0
Transfers between items	-	1.6	1.3	0.3	-3.7	-0.5
Acquisition cost 31 Dec.	3.0	40.3	50.1	1.3	1.3	95.9
Accumulated depreciation 1 Jan.	-0.2	-26.5	-38.6	-1.0	-	-66.2
Accumulated depreciation on disposals and transfers between items	-	3.4	4.1	0.2	-	7.7
Depreciation for the period	-	-1.6	-2.4	-0.1	-	-4.2
Accumulated depreciation 31 Dec.	-0.2	-24.7	-36.9	-0.9	-	-62.7
Book value 31 Dec. 2019	2.8	15.6	13.1	0.4	1.3	33.1

Tangible assets 2018

EUR million	Land and water areas	Buildings and structures	Machi-nery and equip-ment	Other tangible assets	Construc-tion in progress	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 between items	-	0.1	-0.1	-	0.0	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 between items	-	0.1	0.1	-	-	0.2
Depreciation for the period	-	-1.9	-2.5	-0.2	-	-4.5
Impairment	-	-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

Leases

This Note provides information for leases where the Group is a lessee.

AMOUNTS RECOGNISED IN THE BALANCE SHEET

The balance sheet shows the following amounts relating to leases:

EUR million	2019	2018
Right-of-use assets		
Land and water areas	**1.3**	2.6
Buildings and structures	**2.4**	3.1
Machinery and equipment	**0.3**	0.3
Total	**4.1**	6.1
Lease liabilities (Note 21)		
Non-current	**3.0**	5.0
Current	**1.2**	1.3
Total	**4.2**	6.3

Additions to the right-of-use assets during the 2019 financial year were EUR 0.9 million.

For the expected maturity analysis of lease liabilities, see Note 23 for details.

For the impact of the adoption of IFRS 16 Leases, see Note 27 for details.

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

The income statement shows the following amounts relating to leases:

EUR million	2019	2018
Depreciation charge of right-of-use assets		
Land and water areas	**0.1**	-
Buildings and structures	**1.1**	-
Machinery and equipment	**0.2**	-
Total	**1.4**	-
Interest expense (included in finance cost)	**0.1**	-
Expenses relating to other operating expenses		
Expenses relating to short-term leases	**0.1**	
Expenses relating to leases of low-value	**0.1**	
Expenses relating to variable lease payments	**1.6**	

The total cash outflow for leases in 2019 was EUR 3.3 million.

THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR:

The Group leases various land, warehouses, offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 2 months to 50 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The terms of the leases are negotiated on a case by case basis. Leases do not include covenants other than the lessor's interest on the leased assets. Leased assets are not used as collateral for loans.

Until the 2018 financial year, leases of tangible assets were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and corresponding liabilities at the date at which the leased asset is available for use by the Group.

For more details on how leasing activities are accounted for, see Note 1.

VARIABLE LEASE PAYMENTS

Some warehouse leases contain variable payment terms that are linked to volume generating from stock movements through the warehouse. Variable lease payments that depend on volume are recognised in the income statement in the period in which the condition that triggers those payments occurs.

EXTENSION AND TERMINATION OPTIONS

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

CRITICAL JUDGEMENTS IN DETERMINING THE LEASE TERM

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or to be terminated).

RESIDUAL VALUE GUARANTEES

The Group has no residual value guarantees.

13. INVESTMENTS IN ASSOCIATED COMPANIES

EUR million	2019	2018
Book value 1 Jan.	**21.0**	23.4
Acquisitions, other additions	**-**	0.6
Share of results for the period	**-1.0**	-0.7
Sales, deductions	**-0.6**	-0.3
Dividends	**0.0**	-1.9
Book value 31 Dec.	**19.4**	21.0

Group's holding in Sucros Group totals to 20 %. The book value of the shares in Sucros totalled to EUR 19.1 million. Sucros Group's beet factory and Frozen products category's factory are situated at the Säkylä industrial site.

Associated companies are consolidated using the equity method and they do not have public quotations.

Principles of goodwill impairment testing have been presented in Note 12.

Financial information for material associated company

	Sucros Group	
		Group's holding 20%
EUR million	2019	2018
Non-current assets	**22.4**	23.7
Current assets	**85.0**	94.2
Cash and cash equivalents	**1.3**	1.6
Deferred tax liability	**0.9**	0.8
Current liabilities	**11.8**	11.6
Equity	**96.0**	107.1
Share in net assets	**19.1**	20.0
Goodwill	**-**	-
Book value, 31 December	**19.1**	20.0
Net sales	**111.9**	166.6
Other income and expenses	**-114.4**	-157.9
Operating result	**-2.4**	8.7
Interest income and expenses	**0.0**	0.2
Taxes	**-0.3**	-1.8
Profit or loss	**-2.7**	7.1
Book value, 1 January	**20.0**	22.4
Profit or loss	**-0.9**	-0.7
Dividends received	**0.0**	-1.7
Book value, 31 December	**19.1**	20.0

The Sucros Group's financial year ends on 28 February. Apetit has consolidated the net result of Sucros from 1 January to December 31 based on the interim financial statements of Sucros. Financial information for material associated company is based on the latest approved financial statements of Sucros. Comparative figures for 2018 have been updated accordingly.

14. OTHER INVESTMENTS

EUR million	2019	2018
Investments in shares of unlisted companies	**0.0**	0.0
Total	**0.0**	0.0

15. NON-CURRENT RECEIVABLES

EUR million	2019	2018
Receivable on deferred consideration	-	0.1
Connection fees	**0.3**	0.3
Other non-current receivables	**0.0**	0.0
Total	**0.3**	0.4

16. TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES

EUR million	2019	2018
Trade receivables	**33.4**	6.0
Receivables based on derivative instruments, hedge accounting	**0.0**	0.0
Accrued income and deferred expenses	**0.8**	4.7
Other receivables	**2.7**	1.4
Receivables from associated companies		
Trade receivables	**0.1**	0.3
Other receivables	**0.0**	0.0
Total	**37.0**	12.3

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	2019	2018
Materials and consumables	**9.9**	5.2
Work in progress	**7.1**	6.9
Finished goods	**49.4**	68.7
Total	**66.4**	80.7

A write-down of EUR 1.4 (2.5) million in inventory value was booked to correspond the net realisation value.

18. CASH AND CASH EQUIVALENTS

EUR million	2019	2018
Cash and bank receivables	**2.9**	2.6
Total	**2.9**	2.6

19. SHAREHOLDERS' EQUITY

	Number of shares 1 000 pcs	Share capital EUR million	Share premium account EUR million	Total EUR million
31 Dec. 2019	**6,223**	**12.6**	**23.4**	**36.0**
31 Dec. 2018	6,217	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 EQUITY

Translation differences

The translation differences reserve includes translation differences arising from the translation of the financial statements prepared in foreign currency.

Fair value reserve

The fair value reserve includes a hedging reserve for the revaluation of the fair values of derivative instruments used for cash flow hedges.

Other reserves

Other reserves consist of the parent company's contingency reserve that includes a portion transferred from retained earnings by decision of the Annual General Meeting.

Own shares

Own shares include the acquisition cost of own shares that are in the Group's possession. The company possessed 130,000 own shares that have been repurchased during 2000-2001 and 2008. 35,300 shares have been distributed as part of the Board of Directors' remuneration between 2014 and 2019. At the end of the year the Group had 94,700 of it's own shares in possession. The acquisition cost of the own shares that are in the Group's possession totals EUR 1.3 million. The own shares represent 1.5% of the company's share capital and votes.

Recognised directly in equity

The proceeds from disposals of shares on the joint book-entry account recognised directly in equity totalled EUR 0.7 million. The deferred tax liability arisen from the sale EUR 0.1 million has also been recognised directly in equity.

Dividends

After the date of the financial statement the Board of Directors has proposed a dividend of EUR 0.45 per share to be paid.

For details on changes in equity, see statement of changes in shareholders' equity.

20. DEFINED BENEFIT PLAN OBLIGATIONS

EUR million	2019	2018
Pension obligations 1 Jan.		
Pension obligations 1 Jan.	**0.2**	0.2
Increases, decreases	**0.0**	0.0
Pension obligations 31 Dec.	**0.2**	0.2

Pension obligations 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 about 61 pensioners. Plans are administered in pension companies. Parent company's defined benefit obligation totals to EUR 1.9 (2.0) million and plan assets totals to EUR 1.7 (1.8) million. Net liability totals to EUR 0.2 (0.2) million.

EUR million	2019	2018
The amounts recognised in the balance sheet are determined as follows:		
Present value of funded obligations	**1.8**	2.0
Fair value of plan assets	**1.6**	1.8
Net liability (+) / asset (-)	**0.2**	0.2
Change in the defined benefit obligation		
Defined benefit obligation in the beginning of the year	**2.0**	2.1
Interest expenses	**0.0**	0.0
Actuarial gains (-) and losses (+)	**0.0**	0.1
Benefits paid	**-0.2**	-0.2
Defined benefit obligation at the end of the year	**1.8**	2.0
Change in plan assets		
Plan assets in the beginning of the year	**1.8**	1.9
Interest income	**0.0**	0.2
Contributions paid into the plans	**0.0**	0.0
Benefits paid	**-0.2**	-0.2
Plan assets at the end of the year	**1.6**	1.8

EUR million	2019	2018
Defined benefit expense in income statement		
Interest cost on pension obligation	**0.0**	0.0
Interest income on plan assets	**0.0**	0.0
Pension expense recognised in income statement	**0.0**	0.0
The amounts recognised in equity		
Gains and losses from change of financial assumptions	**0.2**	0.0
Experience gains and losses	**-0.2**	0.2
Return on plan assets excluding interest	**0.0**	-0.1
Remeasurements of post employment benefit obligations	**0.0**	0.0
Significant actuarial assumptions		
Discount rate (%)	**0.7**	1.9
Pension growth rate (%)	**1.6**	1.6
Inflation (%)	**1.3**	1.5

Changes in the assumptions, sensitivity 2019	Pension liability	
	Increase %	Decline %
Discount rate, change 0.5%	**-3.5**	**3.7**
Pension payments growth rate, change 0.25 %	**1.9**	**-1.9**
Life expectancy, change 5%	**-2.8**	**3.0**

Changes in the assumptions, sensitivity 2018	Pension liability	
	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

Sensitivity analysis relate to Apetit Plc's benefit plan.

21. INTEREST-BEARING LIABILITIES

EUR million	2019	2018
Non-current		
Loans from credit institutions	**1.4**	2.4
Lease liabilities (Notes 12,27)	**3.0**	0.0
Total	**4.4**	2.4

Loans from credit institutions have floating interest rates. EUR 1.4 (2.4) million of interest-bearing non-current debt is denominated in euros.

EUR million	2019	2018
Current		
Commercial papers	**30.0**	21.0
Loans from credit institutions	**1.0**	1.0
Lease liabilities (Notes 12,27)	**1.2**	-
Total	**32.2**	22.0

Interest-bearing loans reconciliation to consolidated statement of cash flows

EUR million	2019	2018
Non-current interest-bearing loans		
Book value at 1 Jan.	**2.4**	3.4
Proceeds from/repayments of non-current loans	**-1.0**	-1.0
IFRS 16 - effect of transition 1 Jan (Note 27)	**5.0**	-
IFRS 16 - additions during the year	**0.5**	-
IFRS 16 - payments, principal	**-1.2**	-
IFRS 16 - payments, interest	**0.1**	-
Divested businesses (fresh cut products), discontinued operations	**-1.5**	-
Book value at 31 Dec.	**4.4**	2.4
Current interest-bearing loans		
Book value at 1 Jan.	**22.0**	1.5
Proceeds from/repayments of current loans	**9.0**	21.0
IFRS 16 - effect of transition 1 Jan (Note 27)	**1.3**	-
IFRS 16 - additions during the year	**0.4**	-
IFRS 16 - payments, principal	**-0.4**	-
IFRS 16 - payments, interest	**0.0**	-
Divested businesses (fresh cut products), discontinued operations	**-0.1**	-
Book value at 31 Dec.	**32.2**	22.0

Reconciliation of the net debt

EUR million	Cash and cash equivalents	Commercial papers	Non-current loans from credit institutions	Current loans from credit institutions	IFRS 16 non-current lease liabilities	IFRS 16 current lease liabilities	Total
Net debt 1.1.2019	2.6	21.0	2.4	1.0	-	-	**21.8**
IFRS 16 - effect of transition 1 Jan (Note 27)	-	-	-	-	5.0	1.3	**6.3**
IFRS 16 - additions during the year	-	-	-	-	0.5	0.4	**0.9**
Sale of businesses, discontinued operations	-	-	-	-	-1.5	-0.1	**-1.6**
Cash flows	**0.2**	9.0	-1.0	0.0	-1.1	-0.4	**6.3**
Net debt 31.12.2019	**2.9**	**30.0**	**1.4**	**1.0**	**2.9**	**1.2**	**33.7**
Payments of lease liabilities during the year, total						1.5	

EUR million	Cash and cash equivalents	Commercial papers	Other loans	Total
Net debt 1.1.2018	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	2019	2018
Non-current		
Payables based on derivative instruments, non-hedge accounting	**0.3**	0.2
Total	**0.3**	0.2
Current		
Trade payables	**27.2**	24.1
Payables to associated companies	**0.6**	0.5
Payables based on derivative instruments, hedge accounting	**0.4**	0.0
Accrued expenses and deferred income	**8.3**	7.1
Other liabilities	**2.9**	3.4
Total	**39.4**	35.0

The material items in accrued expenses and deferred income consist of personnel expenses and accruals of material purchases. Accrued expenses and deferred income includes liabilities related to contracts with customers a total of EUR 0.6 (0.6) 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 relate to liquidity risk, currency risk, interest rate risk and 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, together with the business unit management.

1. Market risks

INTEREST RATE RISK

At the end of the financial year, the Group had a total of EUR 1.4 (2.4) million in non-current floating rate loans from financial institutions, commercial papers EUR 30.0 (21.0) million, EUR 1.0 (1.0) million in other current liabilities and EUR 2.9 (2.6) million in liquid cash assets. The maturity of commercial papers is usually under three months. The Group hedges the interest rate risk related to non-current and current loans and trade receivables sold to financial institutions through interest rate swaps with a nominal value of EUR 12.4 (13.4) million in the financial statements. Furthermore, The Group has sold trade receivables to financial institution a total of EUR 13.9 (13.0) million.

SENSITIVITY TO INTEREST RATE RISK ARISING FROM FINANCIAL INSTRUMENTS

With the balance sheet structure on 31 December 2019 (31 December 2018), a rise/decrease of one percentage point in interest rates would have decreased / increased Group's net result by EUR -0.2/0.2 (-0.2/0.2) 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 35.7 (31.9) 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 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 includes both physical purchases of electricity and the fixed power supply price agreements and has been outsourced in the Finnish companies. Management of the electricity risk is governed by a separate risk policy for the procurement of the electricity.

SENSITIVITY TO COMMODITY RISK ARISING FROM FINANCIAL INSTRUMENTS

If on 31 December 2019 (31 December 2018) derivative based commodity prices would have been increased/decreased by 10%, Group's net result would have increased/decreased by EUR -0.6/0.6 (0.3/-0.3) million and equity increased/decreased by EUR -1.4/1.4 (2.9/-2.9) 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 investments in foreign subsidiaries (translation risk). The most significant currency risk is caused mainly by the US dollar. The Group occasionally has significant dollar-denominated purchases from abroad.

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 and currency options. 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, together with the business unit management.

At the balance sheet date 31 December 2019 (31 December 2018) 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 2019				
Currency derivatives, no hedge accounting	**-**	**0.0**	**-**	**0.0**
Assets 2018				
Currency derivatives, no hedge accounting	-	0.0	-	0.0
Liabilities 2019				
Commodity derivatives, hedge accounting	**-0.4**	**-**	**-**	**-0.4**
Commodity derivatives, no hedge accounting	**-0.2**	**-**	**-**	**-0.2**
Interest rate swaps, no hedge accounting	**-**	**-0.3**	**-**	**-0.3**
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

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.

Nominal values of derivative instruments

EUR million	2019	2018
Currency derivatives, no cash flow hedge accounting	**0.7**	0.2
Commodity derivatives, cash flow hedge accounting	**27.7**	29.3
Commodity derivatives, no cash flow hedge accounting	**8.0**	2.5
Interest rate swaps, no cash flow hedge accounting	**12.4**	13.4

OTHER INFORMATION RELATED TO CASH FLOW HEDGE

The Group applies cash flow hedge accounting to commodity derivatives. Derivatives expire within one year. Due to cash flow hedge accounting EUR -0.4 (0.6) million was recognised in equity. Group's derivatives affected the income statement related to net sales EUR -0.5 (-2.6) million, purchases and other operating income and expense EUR -0.1 (-0.7) million, financial income and expenses EUR 0.0 (0.0) million and taxes EUR 0.2 (0.7) million. Profit and loss statement effects of cash flow hedges are materially netted against the opposing fair value change of the hedged item.

2. Credit risk

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	2019	2018
Not due	**36.8**	12.2
0–3 months past due	**0.1**	0.1
4–6 months past due	**0.0**	0.0
Over 6 months past due	**0.0**	0.1
Total	**37.0**	12.3

The Group has sold invoice receivables to the finance company during the financial year as part of improving working capital a total of EUR 13.9 (13.0) million euros.

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 (25) million was available in credit on 31 December 2019. The credit facilities expire in October 2022. The total amount of commercial papers issued were EUR 30.0 (21.0) million. Liquidity risk management is the responsibility of the parent company's Financing Department.

Group's derivative liabilities, trade payables and interest-bearing loan repayments and interest cash flows on 31 December 2019

EUR million	0–3 months	4–12 months	1–5 years	over 5 years
Loans from financial institutions and other loans	**-30.0**	**-1.0**	**-1.4**	**0.0**
Lease liabilities	**-0.3**	**-0.8**	**-1.8**	**-1.2**
Trade payables	**-27.8**	**0.0**	**0.0**	**0.0**
Derivative liabilities	**-0.5**	**0.1**	**-0.3**	**0.0**
Total	**-58.7**	**-1.8**	**-3.5**	**-1.2**

Group's derivative liabilities, trade payables 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	-

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 spring and summer.

EUR million	2019	2018
Interest-bearing liabilities	**36.6**	24.4
Liquid assets	**2.9**	2.6
Interest-bearing net debt	**33.7**	21.8
Equity	**93.9**	101.1
Interest-bearing net debt and equity total	**127.6**	122.9
Gearing, %	**35.9**	21.5
Equity ratio, %	**55.0**	61.4

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

EUR million	2019	2018
Inventories	-	0.1
Trade receivables and other receivables	-	0.8
Assets held for sale	-	0.9
Trade payables and other liabilities	**0.2**	1.9
Liabilities directly associated with assets held for sale	**0.2**	1.9

The obligations relating to the disposal of fresh cut product business amounted to EUR 0.2 million.

Assets and liabilities included in comparative figures relate to service sales operations of the Food Solutions business. Apetit divested service sales operations in early 2019.

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

EUR million	2019	2018
Pledges given for debts		
Other securities given	-	0.2
Guarantees	**2.3**	3.7
Non-cancellable service agreements that have not been capitalised in the balance sheet		
Within one year	**1.5**	1.6
After one year but not more than five years	**2.9**	4.1
After more than five years	**0.0**	0.0
Total	**4.5**	5.7

The non-cancellable service agreements that have not been capitalised in the balance sheet were included in the reported IAS 17 lease commitments in 2018. The total reported commitments in 2018 were EUR 11,4 million.

EUR million	2019	2018
Contingent assets		
The present value of proceeds from the sale of shares on the joint book-entry account.	-	0.7
Claim for damages associated with the foreign grain supplier's neglect of delivery	**3.1**	1.6
Investment commitments		
Food Solutions	**1.4**	7.1
Oilseed products	**3.3**	-

Other contingent liabilities

Liability to adjust value added tax on property investments

The Group is liable to adjust value added tax deductions on the 2009 - 2019 property investments, if the taxable use of the properties decreases. The maximum value of the liability is EUR 1.4 (1.0) million and the liability is valid until 2029.

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
Apetit Suomi Oy	Finland	100.0	100.0
Avena Nordic Grain Oy	Finland	90.0	90.0
Avena Kantvik Oy	Finland	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]
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 the Group owns indirectly through Foison Oy 5.3% of the shares in Avenal 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 chairman of the Supervisory Board was paid EUR 18,300 (16,500), the deputy chairman EUR 14,580 (12,480) 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	2019	2018
Veijo Meriläinen, chairman of the Board until 7 November 2018	**0**	38
Esa Härmälä, chairman of the Board from 7 November 2018 to 8 April 2019	**15**	32
Simo Palokangas, chairman of the Board from 8 April 2019	**33**	0
Lasse Aho, member of the Board	**29**	25
Annikka Hurme, member of the Board	**23**	22
Seppo Laine, member of the Board	**25**	23
Niko Simula, member of the Board	**25**	23
Juha Vanhainen, CEO until 31 August 2019 Including severance pay	**828**	635
Esa Mäki, CEO from 1 September 2019 alkaen	**100**	
Corporate management, eight members in 2019, 2018 six members (salaries informed based on the time served at the corporate management)	**1095**	892

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 2019, 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 members of the Board do not have any pension agreements with the Group companies. The agreed retirement age for the CEO is 63 years.

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

EUR 1 000	2019	2018
Amount recognized as an expense due to retirement benefit Juha Vanhainen, CEO until 30 November 2019	**111**	122

The key conditions of the CEO's terms of service are defined in his contract. The period of notice for the CEO is twelve months.

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

Transactions with related parties

EUR million	2019	2018
Sales to associated companies	**0.7**	1.0
Purchases from associated companies	**4.2**	3.2
Trade receivables and other receivables from associated companies	**0.1**	0.3
Trade payables and other liabilities to associated companies	**0.8**	0.6
Sales to other related parties	**0.1**	0.0
Purchases from other related parties	**0.6**	0.6
Receivables from other related parties	**0.0**	-
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. CHANGES IN ACCOUNTING POLICIES

Adoption of IFRS 16 Leases

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2019. As permitted under the specific transition provisions in the standard, the Group does not apply the standard to short-term and low-value assets. The Group applies the simplified approach in the transition and does not restate any comparative information. Instead the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of retained earnings on January 2019 as if the standard had been applied from the commencement date of the lease but discounted at the inception of the lessee's incremental borrowing rate as of 1 January 2019. New accounting policies have been presented in Note 1.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principle of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The used borrowing rate for lease terms of over five years was 2.0% and 1.4% for terms under five years. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January was 1.76%.

In applying the IFRS 16 Standard, management has made judgments with respect to the incremental borrowing rate and the lease term of open-ended leases. The length of the lease period is in principle determined by the length of the lease contract. If the lease is valid for an indefinite period or if there are options to extend the lease, the length of the lease will be estimated on a case-by-case basis, taking into account, inter alia, the expected useful life of the right-of-use asset.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as at 1 January 2019.
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Measurement of lease liabilities

EUR million	
Operating lease commitments disclosed as at 31 December 2018 (including VAT)	**11.4**
Deduction of VAT	-0.1
Operating lease commitments disclosed as at 31 December 2018 (excluding VAT)	**11.3**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	10.8
(Less): low-value leases not recognised as a liability	-0.1
(Less): short-term leases not recognised as a liability	0.0
(Less): non-cancellable service agreements not recognised as a liability	-5.7
Add/(less): contracts reassessed as lease contracts	1.0
Add/(less): adjustments as a result of a different treatment of extension and termination options	1.5
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	-1.2
Lease liability recognised as at 1 January 2019 (Note 21)	**6.3**
Of which are:	
Currents lease liabilities (Note 21)	**1.3**
Non-current lease liabilities (Note 21)	**5.0**
	6.3

Measurement of right-of-use assets
The associated right-of-use assets for property leases were measured on a retrospective basis as if new rules had always been applied.

Adjustments recognised in the balance sheet on 1 January 2019

EUR million	1.1.2019
Land and water areas, right-of-use	2.6
Buildings and structures, right-of-use	3.1
Machinery and equipment, right-of-use	0.3
Deferred tax asset	0.0
Non-current lease liabilities	5.0
Current lease liabilities	1.3
The net impact on retained earnings on 1 January 2019	**-0.2**

Other changes in IFRS accounting policies
Other standards, effective from the beginning of 2019, have not had a material impact on the financial statements.

28. 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

EUR 1 000	Note	2019	2018
Other operating income	(1)	**713**	644
Personnel expenses	(2)	**-2,503**	-1,985
Depreciation, amortisation and impairment	(3)	**-279**	-247
Other operating expenses	(4)	**-1,051**	-991
Operating loss		**-3,119**	-2,578
Financial income and expenses	(5)	**1,212**	2,544
Profit / loss before appropriations and taxes		**-1,907**	-35
Change in deferred tax assets	(6)	**343**	415
Net profit / loss		**-1,564**	381

PARENT COMPANY BALANCE SHEET

EUR 1 000	Note	31.12.2019	31.12.2018
ASSETS			
Long-term assets			
Intangible assets	(7)	**130**	17
Tangible assets	(8)	**2,940**	3,126
Investments in Group companies	(9,10)	**21,993**	21,993
Investments in associated companies	(9,10)	**13,371**	12,826
Other investments and receivables	(9,10)	**16**	17
Total long-term assets		**38,449**	37,978

EUR 1 000	Note	31.12.2019	31.12.2018
Short-term assets			
Long-term receivables	(11)	**10,041**	7,724
Deferred tax assets	(13)	**2,101**	1,899
Current receivables	(12)	**79,285**	76,034
Cash and cash equivalents		**1,907**	2,227
Total short-term assets		**93,335**	87,885
Total assets		**131,785**	125,863
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		**49,478**	51,020
Profit / loss for the period		**-1,564**	381
Total equity		**91,171**	94,659
Appropriations		**10**	10
Liabilities	(15)		
Long-term interest-bearing liabilities		**1,445**	2,409
Long-term non-interest-bearing liabilities		**787**	625
Current interest-bearing liabilities		**37,550**	27,569
Current non-interest-bearing liabilities		**820**	590
Total liabilities		**40,603**	31,194
Total equity and liabilities		**131,785**	125,863

PARENT COMPANY STATEMENT OF CASH FLOWS

EUR 1 000	2019	2018
Cash flow from operating activities		
Profit before extraordinary items	**-1,907**	-35
Adjustments*)	**-1,340**	-2,517
Change in working capital		
Change in non-interest-bearing current receivables	**153**	-12,551
Change in non-interest-bearing current liabilities	**1,211**	-181
Cash flow from operating activities before financial items and taxes	**-1,883**	-15,285
Dividends received	**-335**	10
Interests paid	**0**	-355
Interests received	**1,545**	968
Cash flow from operating activities	**-673**	-14,662
Cash flow from investing activities		
Investments in tangible and intangible assets	**-207**	-42
Proceeds from sales of tangible and intangible assets	**-**	33
Investments in associated companies	**-544**	-582
Investments in other investments	**408**	578
Dividends received	**-**	1,921
Cash flow from investing activities	**-343**	1,908

EUR 1 000	2019	2018
Cash flow before financing	**-1,016**	-12,754
Cash flow from financing activities		
Change in long-term loans	**-913**	-1,452
Change in short-term loans	**9,000**	21,000
Change in long-term subsidiary financing	**-2,208**	18,720
Change in short-term subsidiary financing	**-3,401**	-34,107
Dividends paid	**-2,487**	-4,344
Proceeds from disposals of shares on the joint book-entry account	**705**	-
Cash flow from financing activities	**696**	-184
Net increase/decrease in cash and cash equivalents	**-320**	-12,938
Cash and cash equivalents at beginning of financial year	**2,227**	15,164
Cash and cash equivalents at end of financial year	**1,907**	2,227

The 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, amortisation and impairment	**279**	247
Financial income and expenses	**-1,212**	-2,544
Gains and losses on sales of tangible and intangible assets	**-407**	-220
Yhteensä	**-1,340**	-2,517

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.

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 63 years.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. OTHER OPERATING INCOME

EUR 1 000	2019	2018
Gains from sales of non-current assets	**407**	248
Rental income	**137**	143
Service fees	**168**	230
Other	**1**	23
Total	**713**	644

2. PERSONNEL EXPENSES AND AVERAGE NUMBER OF PERSONNEL

EUR 1 000	2019	2018
Personnel expenses		
Wages and salaries	**2,046**	1,611
Pension expenses	**268**	217
Other social security expenses	**189**	156
Total	**2,503**	1,985

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

Personnel, FTE	**14**	16

The pension commitments to the members of the Board of Directors and the CEO: The retirement age of the CEO is 63 years.

3. DEPRECIATION, AMORTISATION 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 and amortisation over the period of their useful lives. Depreciation and amortisation have been applied since the month the asset was taken into use.

Depreciation and amortisation 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 depreciation and amortisation have not changed.

EUR 1 000	2019	2018
Depreciation and amortisation according to plan		
Intangible rights	**8**	-
Other capitalised long-term expenses	**27**	2
Buildings and structure	**211**	204
Machinery and equipment	**33**	37
Total	**279**	243
Impairment		
Buildings and structure	**0**	4
Total	**0**	4
Depreciation, amortisation and impairment according to plan, total	**279**	247

4. OTHER OPERATING EXPENSES

EUR 1 000	2019	2018
Rental expenses	**65**	71
Administrative expenses	**579**	476
Other operating expenses	**408**	444
Total	**1,051**	991
Audit fees		
Annual audit	**75**	82
Tax advice	**1**	4
Other services	**25**	41
Total	**101**	127

5. FINANCIAL INCOME AND EXPENSES

EUR 1 000	2019	2018
Dividend income		
From associated companies	**0**	1,921
From others	**0**	10
Total	**0**	1,931
Interest income from long-term investments		
From Group companies	**433**	237
Other interest and financial income		
From Group companies	**1,114**	731
From foreign currency gains	**0**	-
From others	**0**	0
Total	**1,114**	731
Financial income, total	**1,548**	2,898
Interest expenses and other financial expenses		
To foreign currency losses	**0**	0
From interest expenses	**96**	58
To others	**239**	296
Total	**335**	355
Financial expenses total	**335**	355
Financial income and expenses, total	**1,212**	2,544

6. INCOME TAXES

EUR 1 000	2019	2018
Change in deferred tax assets	**343**	415
Total	**343**	415

7. LONG-TERM ASSETS

Intangible assets 2019

EUR 1 000	Intangible rights	Other capitalised long-term expenses	Construction in progress	Total
Acquisition cost 1 Jan.	101	97	15	214
Additions	23	140	76	238
Disposals	-	-	-91	-91
Acquisition cost 31 Dec.	124	238	0	362
Accumulated amortisation 1 Jan.	-101	-96	-	-197
Amortisation for the period	-8	-27	-	-35
Accumulated amortisation 31 Dec.	-109	-122	-	-232
Book value 31 Dec. 2019	14	116	0	130

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 amortisation 1 Jan.	-101	-224	-	-325
Disposals, accumulated amortisation	-	130	-	130
Amortisation for the period	-	-2	-	-2
Accumulated amortisation 31 Dec.	-101	-96	-	-197
Book value 31 Dec. 2018	-	2	15	17

8. LONG-TERM ASSETS

Tangible assets 2019

EUR 1 000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	2,157	4,668	279	57	-	7,162
Additions	-	47	-	-	12	59
Acquisition cost 31 Dec.	2,157	4,715	279	57	12	7,220
Accumulated depreciation 1 Jan.	-	-3,840	-196	-	-	-4,036
Depreciation for the period	-	-211	-33	-	-	-244
Accumulated depreciation 31 Dec.	-	-4,051	-229	-	-	-4,280
Book value 31 Dec. 2019	2,157	664	50	57	12	2,940

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, accumulated 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

Revaluation 2019

EUR 1 000	Total
Revaluations are included in the carrying amount of land.	
Land and water areas 31 Dec. 2019	1,768

9. INVESTMENTS

Investments, other investments and receivables 2019

EUR 1 000	Holdings in Group companies	Holdings in associated companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	**21,993**	**12,826**	**13**	**4**	**34,836**
Additions	**-**	**544**	**-**	**-**	**544**
Disposals	**-**	**-**	**-1**	**-**	**-1**
Book value 31 Dec. 2019	**21,993**	**13,371**	**12**	**4**	**35,379**

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
Impairment	-	-	-27	-	-27
Book value 31 Dec. 2018	21,993	12,826	13	4	34,836

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

	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 Oy	Helsinki	20.0
Foodwest Oy	Seinäjoki	18.4
Foison Oy	Helsinki	53.1

Other shares, holdings and long-term receivables

	Book value EUR 1 000
Unquoted shares and holdings	12
Connection fees, long-term receivables	4
Total	16

11. LONG-TERM RECEIVABLES

EUR 1 000	2019	2018
Loans receivables from Group companies	9,508	7,300
Loans receivable	6	7
Other receivables	528	417
Total	10,041	7,724

12. SHORT-TERM RECEIVABLES

EUR 1 000	2019	2018
Accounts receivable	6	6
Amounts owed by the Group companies		
Accounts receivable	702	380
Loans receivable	78,021	74,620
Group account receivables	0	473
Other receivables	514	377
Total	79,237	75,850
Amounts owed by the associated companies	3	0
Accounts receivable	3	0
Other receivables from others	1	122
Personnel expenses	39	56
Other	40	178
Total		
Short-term receivables total	79,285	76,034

13. DEFERRED TAX ASSETS

EUR 1 000	2019	2018
Deferred tax assets, carry forward of unused tax losses	2,101	1,899

Deferred tax assets of EUR 343 (415) thousand have been recognised for the loss to be confirmed in 2019. The Company has assessed the usability of deferred tax asset items for future tax years. The company estimates that the deferred tax assets will be fully utilised.

14. CHANGES IN SHAREHOLDERS' EQUITY

EUR 1 000	2019	2018
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.	51,020	54,526
Other changes	-564	-
Retained earnings 1 Jan. after other changes	50,456	54,526
Transfer from previous year's profit	381	839
Dividends paid	-2,487	-4,344
Retained earnings 31 Dec.	49,478	51,020
Profit / loss for the financial year	-1,564	381
Shareholders' equity 31 Dec.	91,171	94,659
Distributable funds		
Contingency reserve	7,232	7,232
Retained earnings	49,478	51,020
Profit for the financial year	-1,564	381
Distributable funds 31 Dec.	55,146	58,633

15. LIABILITIES

EUR 1 000	2019	2018
Long-term liabilities		
Loans from financial institutions	**1,445**	2,409
Payables based on derivative instruments	**260**	209
Provisions for pensions	**528**	417
Total	**2,233**	3,035
Short-term liabilities		
Loans from financial institutions	**964**	964
Commercial papers	**30,000**	21,000
Trade payables	**168**	63
Total	**31,132**	22,027
Amounts owed to Group companies		
Other liabilities	**81**	61
Group account liabilities	**6,587**	5,605
Total	**6,668**	5,667
Amounts owed to associated companies		
Trade payables	**24**	21
Other liabilities		
Tax account payable	**271**	169
Accrued expenses and deferred income		
Personnel expenses	**251**	244
Accruals of expenses	**25**	31
Total	**276**	274
Long-term liabilities, interest-bearing, total	**1,445**	2,409
Long-term non-interest-bearing liabilities	**787**	625
Short-term liabilities, interest-bearing, total	**37,550**	27,569
Short-term liabilities, non-interest-bearing, total	**820**	590
Total	**40,603**	31,194

16. CONTINGENT LIABILITIES

EUR 1 000	2019	2018
Lease liabilities		
Real estate lease liabilities		
Falling due during the following year	**219**	239
Other lease liabilities		
Falling due during the following year	**35**	32
Falling due at later date	**57**	31
Other liabilities		
Guarantees	**72**	72
Contingent liabilities on behalf of the Group companies		
Guarantees	**2,197**	2,788
Liabilities total	**2,580**	3,162
Outstanding derivative instruments		
Interest rate swaps		
Nominal value of underlying instruments	**12,409**	13,372
Market value	**-260**	-209
Contingent assets		
Proceeds from the sale of shares in the joint book-entry account.	**-**	707

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFITS

The parent company's distributable funds totalled EUR 55,145,677.80 on 31 December 2019, of which EUR 1,564,184.61 is loss for the financial year.

The Board of Directors will propose to the Annual General Meeting that the distributable funds be used as follows:

Distributed as a dividend of EUR 0.45 per share i.e. a total of	EUR 2,800,294.20
Retained in shareholders' equity	EUR 52,345,383.60
Total	EUR 55,145,677.80

No significant changes have taken place in the financial position of the parent 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 20 February 2020

Simo Palokangas
Chairman

Lasse Aho

Annikka Hurme

Seppo Laine

Niko Simula

Esa Mäki
CEO

An auditor's report has been issued today.

Helsinki 20 February 2020

PricewaterhouseCoopers Oy
Authorised Public Accountants

Pasi Karppinen KHT

Tuomo Korte KHT

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 2019. 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.

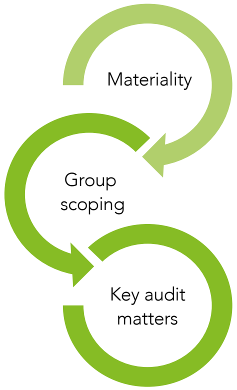
INDEPENDENCE

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

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. 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 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 substantive procedures performed on recorded 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 € 5.0 million. 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 the 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.

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

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 26 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 five 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 20 February 2020

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 2019 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: Jaakko Halkilahti, Mika Leikkonen, Marja-Liisa Mikola-Luoto, Petri Rakkolainen and Mauno Ylinen.

Säkylä, 24 February 2020

For the Supervisory Board

Harri Eela	Asmo Ritala
Chairman	Secretary

KEY INDICATORS

Financial ratios

Profitability

EUR million	Continuing operations 2019	2018	2017	2016	Inc. Discontinued 2015
Net sales	**296.9**	259.9	311.8	310.0	379.1
Exports from Finland	**134.4**	77.7	101.0	69.4	74.7
Operating result	**-4.8**	0.5	1.1	0.8	-1.0
% of net sales	**-1.6**	0.2	0.4	0.3	-0.3
R & D expenses	**1.3**	1.3	1.9	0.8	0.8
% of net sales	**0.4**	0.4	0.6	0.4	0.2
Financial income (+)/ expenses(-), net	**-0.7**	-0.4	-0.5	-0.6	-1.5
Result before taxes	**-6.4**	-0.6	1.6	1.0	-3.5
% of net sales	**-2.1**	-0.2	0.5	0.3	-0.9
Result for the period	**-5.4**	-0.4	2.9	2.0	-4.6
% of net sales	**-1.8**	-0.2	0.9	0.7	-1.2
Attributable to					
Shareholders of the parent company	**-5.4**	-0.4	2.9	2.0	-4.3
Non-controlling interests	**-**	-	-	-	-0.3

Finance and financial position

EUR million	Group total 2019	2018	2017	2016	2015
Return on equity, % (ROE)	**-4.5**	-7.0	2.5	1.7	-3.7
Return on capital employed, % (ROCE)	**-3.6**	-7.0	1.9	1.3	-1.5
Equity ratio, %	**55.0**	61.4	72.6	64.1	61.1
Net gearing, %	**35.9**	21.5	-9.6	12.4	19.0
Non-current assets	**64.4**	67.6	74.7	83.6	79.1
Inventories	**66.4**	80.9	45.8	65.3	74.8
Other current assets	**39.9**	16.1	34.2	34.8	44.0
Shareholders' equity	**93.9**	101.1	112.3	117.7	121.0
Distributable funds	**55.1**	58.6	62.6	66.3	67.3
Interest-bearing liabilities	**36.6**	24.4	4.9	19.1	36.5
Non-interest-bearing liabilities	**40.3**	39.0	37.6	46.8	40.4
Balance sheet total	**170.8**	164.6	154.7	183.7	197.9

Other indicators

EUR million	Continuing operations 2019	2018	2017	2016	Inc. Discontinued 2015
Gross investments excluding business acquisitions	**11.5**	6.1	5.2	7.7	9.1
% of net sales	**3.9**	2.3	1.7	2.5	2.4
Business acquisitions and other investments	**-**	0.6	0.4	0.0	0.1
% of net sales	**-**	0.2	0.1	0.0	0.0
Personnel, FTE	**452**	564	557	549	725

SHARE INDICATORS

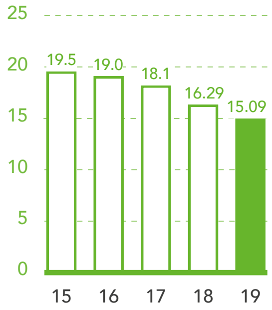
	Group total				
	2019	2018	2017	2016	2015
Earnings per share, EUR	**-0.71**	-1.21	-0.10	0.19	-0.69
Dividend per share, EUR	**0.45** [1]	0.40	0.70	0.70	0.70
Dividend per earnings, %	**-**	-	-	368.4	-
Effective dividend yield, %	**5.7**	4.4	5.0	5.4	5.5
P/E ratio	**-**	-	-	68.3	-
Shareholders' equity per share, EUR	**15.09**	16.29	18.10	19.00	19.53
Share performance, EUR					
Lowest price during the year	**7.66**	8.86	12.91	11.64	12.61
Highest price during the year	**9.84**	15.25	14.58	14.50	16.80
Average price during the year	**8.54**	11.68	13.67	12.97	14.12
Share price at the end of the year	**7.84**	9.00	14.12	12.97	12.65
Share turnover					
Share turnover (1,000 pcs)	**1 252**	635	835	561	696
Turnover ratio, %	**20.0**	10.0	13.0	8.9	11.0
Share capital, EUR million	**12.6**	12.6	12.6	12.6	12.6
Market capitalisation, EUR million	**49.5**	56.9	89.2	81.9	79.9
Dividends, EUR million	**2.8** [1]	2.5	4.3	4.3	4.3

	Group total				
	2019	2018	2017	2016	2015
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	**6,217,118**	6,210,652	6,202,128	6,197,815	6,192,435
Adjusted number of shares at the end of the period	**6,222,876**	6,216,621	6,206,150	6,200,771	6,195,287
Number of own shares	**94,700**	100,955	111,426	116,805	122,289

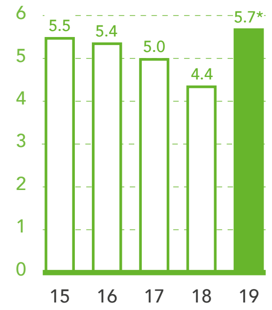
[1] Board's proposal

This note is not part of the audited consolidated financial statements
Comparison figures for 2018 have been updated due to changes in continuing and discontinued operations

Equity per share 2015-2019, EUR

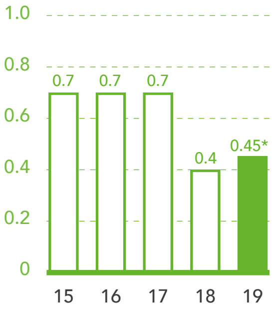


Effective dividend yield 2015-2019, %



* board's proposal

Dividend/share 2015-2019, EUR



* board's proposal

CALCULATION OF KEY INDICATORS

IFRS KEY FIGURES

Earnings per share (EUR) = $\dfrac{\text{Net income attributable to the equity holders of the parent}}{\text{Average number of outstanding shares during financial year}}$

Diluted earnings per share (EUR) = $\dfrac{\text{Net income attributable to the equity holders of the parent}}{\text{Average number of diluted outstanding shares during financial year}}$

ALTERNATIVE PERFORMANCE MEASURES

According to the ESMA Guidelines on Alternative Performance Measures, an Alternative Performance Measure (APM) is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. In addition to IFRS key figures, Apetit uses the following alternative performance measures:

Operational EBITDA = Operational EBIT – depreciation, amortisation and impairment and result 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 results of the associated companies not related to operating segments or other extraordinary and material items.

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

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

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

Capital employed = Intangible assets + tangible assets + investments in associated companies + trade receivables + inventories + trade payables

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

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

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

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

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

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

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

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

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

This note is not part of the audited consolidated financial statements

SHAREHOLDERS ON 3 FEBRUARY 2020

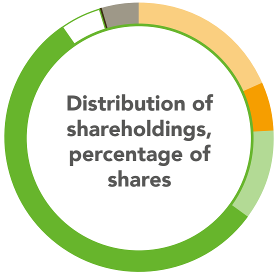
	Number of shares	%	Number of votes	%
Valio's Pension Fund	520,108	8.2	520,108	8.8
Jussi Capital Oy	400,864	6.3	400,864	6.8
Eela Esko	392,392	6.2	392,392	6.6
Nordea Nordic Small Cap Fund	347,860	5.5	347,860	5.9
EM Group Oy	141,747	2.2	141,747	2.4
Nordea Bank ABP	132,539	2.1	132,539	2.2
MCentral Union of Agricultural Producers and Forest Owners	125,485	2.0	125,485	2.1
Skandinaviska Enskilda Banken AB, Helsingin sivukonttori	91,245	1.4	91,245	1.5
Säkylän municipality	65,822	1.0	65,822	1.1
Laakkonen Mikko	63,283	1.0	63,283	1.1
Top 10 sub-total	2,281,345	36.1	2,281,345	38.5
Nominee-registered shares	276,061	4.4	276,061	4.7
Other shareholders	3,665,470	58.0	3,365,165	56.8
External ownership total	6,222,876	98.5	5,922,571	100.0
Shares owned by the company	94,700	1.5		
Total	**6,317,576**	**100.0**		

Distribution of ownership on 3 February 2020

	% of shareholders	% of shares
Companies total	2.8	18.4
Financial and insurance institutions	0.1	5.9
Public organisations	0.3	10.9
Private households	95.7	55.3
Non-profit organisations	0.9	5.0
Foreign owners	0.2	0.1
Nominee-registered		4.4
Total		100.0

Distribution of shareholdings on 3 February 2020

Shares		Number of shareholders	% of shareholders	Number of shares	% of shares
1	100	5,851	51.3	240,648	3.8
101	500	4,048	35.5	983,686	15.6
501	1000	882	7.7	659,296	10.4
1001	5000	533	4.7	1,055,756	16.7
5001	10000	49	0.4	322,704	5.1
10001	50000	31	0.3	565,527	9.0
50001	100000	6	0.1	428,964	6.8
100001	500000	6	0.1	1,540,887	24.4
500001		1	0.0	520,108	8.2
Total		**11,407**	**100.0**	**6,317,576**	**100.0**



- Companies total 2.8%
- Financial and insurance institutions 0.1%
- Public organisations 0.3%
- Private households 95.7%
- Non-profit organisations 0.9%
- Foreign owners 0.2%

- Companies total 18.4%
- Financial and insurance institutions 5.9%
- Public organisations 10.9%
- Private households 55.3%
- Non-profit organisations 5.0%
- Foreign owners 0.1%
- Nominee-registered 4.4%

CORPORATE GOVERNANCE STATEMENT OF APETIT PLC 2019

This Corporate Governance Statement of Apetit Plc has been drawn up in accordance with the Finnish Corporate Governance Code 2020 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 2020 published by the Securities Market Association, which came into effect on 1 January 2020.

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 8 April 2019, Apetit Plc's Board of Directors comprised the five members elected by the Supervisory Board on 16 April 2018. Lasse Aho, Annika Hurme, Esa Härmälä, Seppo Laine and Niko Simula formed the Board of Directors during 1 January - 8 April 2019.

At a meeting held on 8 April 2019, the Apetit Plc Supervisory Board decided to elect five members to the Apetit Plc Board of Directors. Lasse Aho, Annikka Hurme, Seppo Laine, Simo Palokangas and Niko Simula were elected as members of the Board of Directors. Apetit Plc's Supervisory Board Simo Palokangas as the chairman of Board of Directors.

Information on members of the Board of Directors

Simo Palokangas, b. 1944, Finnish honorary title of Vuorineuvos, M.Sc. (Agric.)
Chairman since 8 April 2019
Share ownership 31 December 2019: 12 005 shares

Lasse Aho, b. 1958, M.Sc. (Soc.)
Principal occupation: CEO, Olvi plc
Member since 2015
Share ownership 31 December 2019: 6 824 shares

Annikka Hurme, b. 1964, M.Sc.
Principal occupation: Valio Ltd, CEO
Member of the Board since 2017
Share ownership 31 December 2019: 2 379 shares

Seppo Laine, b. 1953, Yrittäjäneuvos (Finnish honorary title), APA
Principal occupation: Professional board member
Member since 2016
Share ownership 31 December 2019: 4 616 shares

Niko Simula, b. 1966, L.L.M. with court training
Principal occupation: farmer
Member since 2015
Share ownership 31 December 2019: 3 919 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 maximized, 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 realization
- convenes at least once a year without the operating organization'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 organizational 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 2019

The Apetit Plc Board of Directors convened 9 times in 2019. The meeting attendance rate of members was as follows:

Simo Palokangas	100%
Lasse Aho	92%
Annikka Hurme	85%
Seppo Laine	100%
Niko Simula	100%
Esa Härmälä	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 Niko Simula. The Committee convened four times in 2019. 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 familiarize 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 organization 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 TERM

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 28 March 2019 the Supervisory Board consisted of 18 members elected by the general meeting. On 28 March 2019, 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, the period up to 30 September 2019
Member since 2015
Deputy member Antti Paukkuri, the period up to 30 September 2019

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

Marika Palmén, b. 1977
Member since 2015
Deputy member Mari Saarinen, the period up to 30 September 2019

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

4. MEETINGS OF THE SUPERVISORY BOARD IN 2019

The Supervisory Board convened four times in 2019. The average attendance rate of members was 76%.

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 2019 the Nomination Committee convened five to discuss matters pertaining to the Committee's tasks. The average attendance rate of the Committee's members was 88 %.

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

Heikki Laurinen, b. 1967, M.Sc. (Agric.)
CFO Central Union of Agricultural Producers and Forest Owners

Tero Maaranen, b. 1970, M.Sc. (Econ. & Bus. Adm.)
CFO EM Group Ltd.

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

Simo Palokangas, b. 1944,
Finnish honorary title of Vuorineuvos, M.Sc. (Agric.)
Chairman of the Apetit Plc Board

CEO

CEO in the period up to 31 august 2019
Juha Vanhainen, b. 1961, M.Sc. (Tech.)
Share ownership 31 December 2019: 20,067 shares

CEO in the period 1 september 2019 onwards
Esa Mäki, b. 1966, M.Sc. (Agriculture and Forestry)
Share ownership 31 December 2019: 124 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 2019: 350 shares

Tero Heikkinen, b. 1974, M.Sc. (Econ & Bus. Admin)
Director Grain Trade and Oilseed products
Share ownership 31 December 2019: 0 shares

Ari Kulmala, b. 1967, MBA, Production Engineer
Production director
Share ownership 31 December 2019: 0 shares

Timo Partola, b. 1972, M.Sc (Econ.)
Commercial director
Share ownership 31 December 2019: 0 shares

Asmo Ritala, b. 1958, LL.M.
Corporate Counsel
Share ownership 31 December 2019: 0 shares

Sanna Väisänen, b. 1977, Master of Arts, Communications Director, Communications and Sustainability
Share ownership 31 December 2019: 0 shares

Max Portnoj
Interim CFO, b. 1980, M.Sc.
Share ownership 31 December 2019: 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 centralized 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 organization'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:

Organizational structure and division of tasks

The basis for internal control is the function-specific line organization that is further divided into departments, units and teams, as necessary. The organizational units are allotted defined tasks and responsibilities required for the company's operations. The task of the operating organization'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 organization 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 organizational level. The task of the operating organization'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 organized IT systems. The IT function ensures that the company's data resources can be utilized in the planning, management, execution and monitoring of the company's business.

Responsibility for the effectiveness of internal control

The operating organization'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 organization 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 organization.

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 third 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 based on 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 organization.

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 2019 there were no internal audit engagements.

REMUNERATION, INSIDER ISSUES

Remuneration

SUPERVISORY BOARD

The Annual General Meeting on 28 March 2019, decided to pay to the members of the Supervisory Board the following remunerations and allowance;

- the monthly remuneration paid to the Supervisory Board's chairman is EUR 1,000 (2018: 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 2019 the Supervisory Board met four times. The average attendance rate of members was 76 %. The members of the Supervisory Board were paid a total of EUR 48 180 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 8 April 2019:

- 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 2019 the Board of Directors met thirteen times. The average attendance rate of members was 95 %. In 2018 the members of the Board of Directors received a total of EUR 149 490 in remuneration and allowances. These are itemized 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 until 31 August 2019. Esa Mäki, MSc. (Agriculture and Forestry) started as the CEO on 1 September 2019. Key terms of service of the CEOs are defined in CEO contracts. Juha Vanhainen had a supplementary defined contribution pension agreement and payments made to the plan amounted to EUR 111,086 in 2019.

Also Esa Mäki has a supplementary defined contribution pension agreement. No payments have been made in 2019.

The salary and benefits paid to the CEO Juha Vanhainen in 2019 amounted to EUR 827,968.45. The salary and benefits paid to the CEO Esa Mäki in 2019 amounted to EUR 100,010.00.

The CEO has no debuty CEO.

Insider issues

The insider guidelines confirmed by Apetit Plc's Board of Directors on 23 October 2019 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 i) executive's subjects to disclosure requirements, ii) persons on the Permanent Insider list, and iii) project-specific insiders.

The Company maintains non-public lists of executive's subjects to disclosure requirements and persons closely associated with them and persons on the Permanent Insider List. The Company maintains a list of Project-specific insiders, which is also not public. Persons on the project-specific list of insiders will be informed in writing or otherwise of evidence of the subscription and the obligations arising therefrom, for example by e-mail. Insiders must confirm receipt of the notice.

Upon becoming a reporting officer of the Company, the person shall promptly submit a basic statement to the Registrar of the Company's insider register. The basic notice will be given on the form sent by the Company. The reporting officer must always make a new notification whenever there is a change in the circumstances stated on the form. Notice of a change in circumstances must be given promptly. A corresponding disclosure obligation applies to persons who, according to the information received from the Company, enter the Company's permanent insider list.

Executive's subjects to disclosure requirements and permanent insiders are not allowed to trade in the company's financial instruments for 30 days prior to the publication of the company's business report, semi-annual report and financial statement release. The trading restriction shall expire on the day following the 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 2019 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: Fininno Oy,
Oy Scanhomes Ltd. Finland
Chairman of the Board: 1point5 Oy

Shareholding in Apetit: 800 shares (31.12.2019)

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 (31.12.2019)

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:

PÄIVI HAKASUO
Member since 2018
b. 1971
debuty member
Timo Hurme

MARIKA PALMÉN
Member since 2018
b. 1977

MIIKA KARILAINEN
Member since 2018
b. 1982
deputy member
Kirsi Roos

Board of Directors

SIMO PALOKANGAS
Chairman of the Board since 2019
Member of the Board since 2019
b. 1944, Finnish honorary title of Vuorineuvos, M.Sc.

Main simultaneous positions of trust:
Member of the Board: Biolan Oy

Employment history:
HK-Ruokatalo Group Oyj, CEO, 1995–2006
Lännen Tehtaat Oyj, CEO, 1987–1994
Munakunta, CEO, 1979–1987

Shareholding in Apetit: 12,005 shares (31.12.2019)

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: 6,824 shares (31.12.2019)

ANNIKKA HURME
Member of the Board since 2017
b. 1964, M.Sc.

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: 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: 2,379 shares (31.12.2019)

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, Pohjaset Oy,
Health City Finland Oy, Trevian Asset Management Oy
Board member: Fysiopalvelu Easy Move Oy, Lehto Group Oyj

Employment history:
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: 4,616 shares (31.12.2019)

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: 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: 3,919 shares (31.12.2019)

CEO and corporate management

ESA MÄKI
CEO and Director, Food Solutions
Since 2019
b. 1966, M.Sc.
(Agriculture and Forestry)

Main simultaneous positions of trust:
Board member: The Finnish Food and Drink Industries' Federation (ETL), Köyliön-Säkylän Sähkö Oy, Pintos Oy
Supervisory Board Member: LähiTapiola Lännen Keskinäinen Vakuutusyhtiö

Employment history:
HKScan Corporation, EVP Meat Balance & Supply Chain, 2019
Atria Finland Ltd., Vice President, Export and Industry Sales, 2015–2018
Best In Oy, Managing Director, 2015–2018
Finnprotein Oy, Director, Finnprotein bankruptcy estate, 2014
Biolan Oy, Managing Director
(Biolan Oyand Favorit Tuote Oy), 2008–2014
HKScan Oyj, different director level positions, 2003–2008
Atria Oyj, different director and manager level positions 1994–2003

Shareholding in Apetit: 124 shares (31.12.2019)

TERO HEIKKINEN
Director, Grain Trade and Oilseed Products
since 2019
Working for Apetit Group since 2008
b. 1974, M.Sc. (Econ & Bus. Adm.)

Main simultaneous positions of trust:
Apetit Plc, CFO, 2017–2019
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: – (31.12.2019)

MAX PORTNOJ
Interim CFO
Employed in Apetit Group since 2018
s. 1980, M.Sc.

Employment history:
Group Controller, Apetit Oyj, 2018–2019
Business Controller, MTV, 2015–2018
Business Controller, Neste Oyj, 2012–2015
Business Controller, Nokia, 2010–2012

Shareholding in Apetit: – (31.12.2019)

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: 350 shares (31.12.2019)

ARI KULMALA
Production Director
Employed in Apetit
Group since 2019
b. 1967, MBA,
Production Engineer

Employment history:
Director, Production and steering of overall operations, A-Rehu Oy, 2016–2019
Production Director, Finnprotein Oy, 2012–2015
CEO, JPT-Industria Oy, 2011–2012
Production Director, Hankkija-Maatalous Oy, 2007–2011
Mill Manager, Suomen Rehu Oy/Hankkija-Maatalous Oy 2001–2007
Production supervisor, Rehuraisio Oy, 1992–2001

Shareholding in Apetit: – (31.12.2019)

TIMO PARTOLA
Commercial Director
Employed in Apetit
Group since 2019
b. 1972, M.Sc. (Econ.)

Employment history:
Marketing Director, Findus Finland Oy, 2010–2019
Marketing Manager, Olvi Plc, 2005–2010
Marketing Manager, GEDYS IntraWare GmbH, 2001–2004
Category Development Manager, Kraft Foods Finland, 1998–2001

Shareholding in Apetit: – (31.12.2019)

SANNA VÄISÄNEN
Director, Corporate Communications and Sustainability
Employed in Apetit Group since 2018
b. 1977, Master of Arts, Communications

Employment history:
Director, Communications, Marketing and IR, Apetit Plc, 2018–2019
Senior Manager, Group Communications, Componenta Plc, 2013–2017
Manager, Internal Communications, Componenta Plc, 2011–2013
Communications Manager, IR and Financial Communications, Metsä Board Corporation, 2009–2011
Communications Manager, Team Leader, Metsä Group, 2006–2009
Communications Consultant, Infor Consulting Oy, 2003–2006

Shareholding in Apetit: – (31.12.2019)

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: – (31.12.2019)

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

The company's shareholders are hereby invited to the Annual General Meeting, which will be held on Thursday 26 March 2020 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 16 March 2020 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 20 March 2020 through the company's website at apetit.fi/en/annual-general-meeting-2020/, 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 abovementioned 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 23 March 2020.

DIVIDEND PAYMENT

The Board of Directors proposes that a dividend of EUR 0.45 per share be paid for 2019 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 30 March 2020. The Board of Directors proposes to the Annual General Meeting that the dividend be paid on 7 April 2020.

FINANCIAL REPORTING IN 2020

Apetit Plc released its financial statements bulletin for 2020 on Friday 21 February 2020 at 8.30 a.m. The annual report was published on the company's website in the week beginning 2 March 2020.

Interim reports for 2020 will be published as follows:

- Business Review for January–March: Friday 8 May 2020 at 8.30 a.m.
- Half year financial report for January–June: Friday 21 August 2020 at 8.30 a.m.
- Business Review for January–September: Wednesday 4 November 2020 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/sijoittajille. 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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