Apetit

ANNUAL REPORT 2020

Apetit's integrated annual and corporate responsibility report provides information about Apetit Group's operations and impact, events in 2020 and the progress of strategic targets and corporate responsibility work.

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APETIT IN BRIEF

Apetit is a Finnish food industry company that focuses on plant-based food products and is firmly rooted in Finnish primary production.

Our main product groups are: frozen vegetable products and frozen ready meals, vegetable oils and rapeseed expeller. We also operate on the international grain markets.

Apetit builds its operations around domestic raw materials and sustainable practices. In our opinion, responsibility should run through the entire operational value chain, from the well-being of the environment to human well-being. This is reflected in our mission:
Good food for everyone. Locally.

KEY FIGURES 2020

PERSONNEL

370

AT THE END OF 2020

EBITDA

10.1

EUR million

USE OF FINNISH RAW MATERIALS

82%

IN FROZEN PRODUCTS

CO_2-EMISSIONS REDUCTION

37%

Net sales EUR 292.9 (296.9) million

EBITDA EUR 10.1 (0.8) million

EBITDA, 3.4% (0.3%) of net sales

Operating profit EUR 3.9 (-4.8) million

Operating profit, 1.3% (-1.6) of net sales

Profit for the period EUR 3.1 (-5.4) million

Investments EUR 7.8 (11.5) million

Earnings per share 0.52 (-0.71) EUR

Equity ratio 66.5% (55.0%)

Gearing 21.7% (35.9%)

Personnel, FTE 343 (452) employees

Proposed dividend 0.50 (0.45) EUR

SELECTED TOPICS FROM 2020

Apetit calculated the environmental footprint of its products

Apetit determined the environmental footprint of some of its selected products. The study calculated each product's carbon footprint, water footprint and eutrophication effect. The study was conducted in cooperation with the Natural Resources Institute Finland. Read more on page 21.

Finnish wok vegetables enter the frozen food market

Apetit became the first company to bring Finnish wok vegetable mixes to shops' frozen food sections in October 2020. Both Kotimainen Wok Vegetables and Apetit Kotimainen Wok Kale-Vegetables are made of 100 per cent Finnish vegetables.

The future belongs to oilseed plants

Avena Nordic Grain, responsible for Apetit Group's Oilseed Products and Grain Trade businesses, campaigns strongly to promote the cultivation of oilseed plants in Finland. Oilseed plants are an excellent option for crop rotation and soil improvement, among other things.

Novel food authorisation to BlackGrain From Yellow Fields

The rapeseed powder BlackGrain from Yellow Fields, the product of a long-term development process, was granted a novel food authorisation on December 2020. The development of the rapeseed powder continues and there are also new ingredients under development. The powder can be used as an ingredient in various types of snack products, breads and plant-based protein products, for example.

Wind power adopted at Apetit's plants

At the beginning of April 2020, Apetit started using electricity produced with wind power at all of its production facilities. As a result, the Group's plants used electricity produced solely from renewable sources for the remainder of the year. The Group's carbon footprint decreased by 37 per cent from the comparison year.

Stakeholder survey on the material themes of corporate responsibility

In autumn 2020, Apetit asked for its stakeholders' opinions on the material themes of the Group's corporate responsibility. The material themes of Apetit's corporate responsibility were updated on the basis of the survey results. Material themes are the foundation of development of the corporate responsibility work.

Apetit products added to retail sale in Sweden

In 2020, Apetit introduced a wide range of products into retail sale in Sweden. The Apetit brand products were welcomed warmly in Sweden and their selection was expanded once during the year.

Bioenergy plant for the Kantvik vegetable oil milling plant

The bioenergy plant being built for Apetit's Kantvik vegetable oil milling plant is near completion. Its deployment is targeted for summer 2021. Once running, the bioenergy plant will reduce the Group's CO_2 emissions significantly.

GOOD FOOD FOR EVERYONE. LOCALLY.

During the year, Apetit proceeded systematically with its target of improving profitability: annual profitability improved by nearly EUR 9 million. I am delighted to see that we are advancing at a good pace towards achieving the financial objectives for the strategy period.

Apetit published its updated strategy in May 2020. The objective is to build Apetit into a successful Finnish company focusing on plant-based food products. In the strategy, we have defined five strategic focus areas, the systematic implementation of which enables us to reach our objectives. These areas are: Optimising core business functions, Strong foothold in Sweden, Growth from plant-based added value products, Developing farming partnerships and Sustainable actions.

Optimising core business functions

As the company's size has decreased and the business has focused more strongly on our core business operations, we have paid particular attention to improving efficiency and simplifying the processes in all of our operations. In addition, we have both developed our own operating models and created new models through partnerships. In the grain trade, constituting the lion's share of the Group's net sales, we have focused on recovering our trading ability.

Strong foothold in Sweden

In food exports, we focus primarily on Sweden: the frozen foods market in Sweden is considerably larger than in Finland, holding clear and very important potential for us. Last year, we managed to introduce a total of 14 products into the product selection of Sweden's largest retail chain.

Towards the end of the year, we also took a significant step by signing a cooperation agreement with a local partner regarding the selling of our products to the Food Service sector in Sweden. The cooperation started at the beginning of February 2021. In addition to Sweden, we have also advanced systematically in other selected markets. In 2020, the value of food exports was EUR 5.3 million.

Growth from plant-based added value products

Vegetables are rooted deeply in Apetit's DNA. Many of our frozen vegetable products have already become classics in their field, but alongside them, we also aim to increase the range of our plant-based added value products.

We doubled the production capacity of plant-based and fish-based patties and balls in 2019. In addition to patties and balls, the production line also produces snack products: the hugely popular cauliflower and broccoli wings. The product family will be extended in the spring 2021 with the launch of vegetable rings. In our product development pipeline, there are also other interesting added value products, for both existing and new product groups. Alongside plant-based products, we want to focus more on local fish in the future.

Developing farming partnerships

Traditionally, Apetit has had strong bonds with field vegetable growers in the Satakunta region. Throughout the history of our Säkylä plant, our contract growers have provided us with high-quality domestic vegetables

that have been grown using the responsible farming practices developed and maintained by Apetit. The development and introduction of sustainable cultivation methods requires constant work, which we are continuing in a goal-oriented manner.

In 2020, we deepened cooperation with the growers of domestic rapeseed: we updated the contract farming model and the associated benefits, with the aim of motivating growers to cultivate oilseed plants and increasing their cultivation area in Finland. Domestic oilseed plants are an important, priority raw material for us.

Sustainable actions

Sustainable actions and their inclusion in the strategy is a bold statement by Apetit and, at the same time, a principle that guides all of our operations: at Apetit, responsibility means, first and foremost, concrete everyday actions. In our operations, we focus especially on reducing our climate impacts by investing in renewable energy solutions and energy efficiency and by developing material efficiency in production.

An example of this is the adoption of wind power at all our production facilities in April 2020. We were among the first companies to join the food industry's material efficiency commitment with the aim of improving material efficiency, especially when it comes to raw materials, water consumption and the amount of waste. Material efficiency is a good example of how sustainable actions have a direct impact on improving profitability.

An exceptional year

Last year was in many ways exceptional. The COVID-19 pandemic has challenged us to re-think many of our practices and operating models, even those that we have considered self-evident. Apetit's primary goals during the pandemic have been to ensure the health of employees, customers and other stakeholders while ensuring the undisrupted continuation of production, business operations and the food supply chain. As a whole, we succeeded in achieving these goals.

Despite the challenging operating environment, we have been able to maintain normal operations. In line with our internal objectives, we have even succeeded in improving our delivery reliability and optimising our production according to the needs of the supply chain.

The effects of the exceptional circumstances associated with the pandemic on Apetit's business operations varied considerably:

They affected the Food Solutions business most, occasionally leading to even dramatic changes in different sales channels. Food consumption shifted to people's homes to a significant degree during the exceptional situation in the spring as restaurants were closed and other public services, such as schools and day-care centres, scaled back their operations.

In both food and vegetable oils, the sales of consumer products were exceptionally high for a time, with demand then levelling off towards the end of the year. In the Food Service segment, demand naturally declined to a significant degree in the spring. Despite partial recovery, sales to the Food Service sector did not return to the normal level during the year.

In the Grain Trade business, the exceptional circumstances had only a minor impact, apart from increased market volatility.

In the big picture, the Finnish food supply chain has proved its resilience and functionality even under exceptional circumstances. This has led to a marked increase in the visibility and appreciation of domestic food production. This can also be seen in concrete buying decisions among consumers: four out of five consumers, or 80 per cent, now find it important to eat domestic food.

Sustainable food choices

Concerns arising from the COVID-19 pandemic and climate change, among other things, have brought the discussion about responsible and sustainable consumption to centre stage. As consumers, we can all make a difference with our choices. The food industry and food production also play significant roles in securing a sustainable future.

At Apetit, we want to offer food solutions made from sustainably grown and sourced raw materials – without forgetting food's significance for culinary experiences and shared moments. At the same time, we are developing our production to make it more environmentally friendly: all electricity used at the Group's production facilities is generated with wind power and we are also substantially increasing the use of renewable forms of energy in heating.

Sustainable food production is worth working for. With this work, we can ensure that tasty, high-quality Finnish raw materials and food made from them is available for everyone's enjoyment in the future, too. We will continue our determined work in line with our mission: Good food for everyone. Locally.

Thanks

Apetit has highly competent and motivated employees and expert partners. I would like to take this opportunity to thank our stakeholders: our shareholders, customers, contract growers, personnel and other partners.

Esa Mäki, CEO

APETIT'S DIRECTION

The strong foundation of Apetit's unique value chain is in Finnish primary production. Further strengthening of the value chain is at the core of Apetit's strategy.

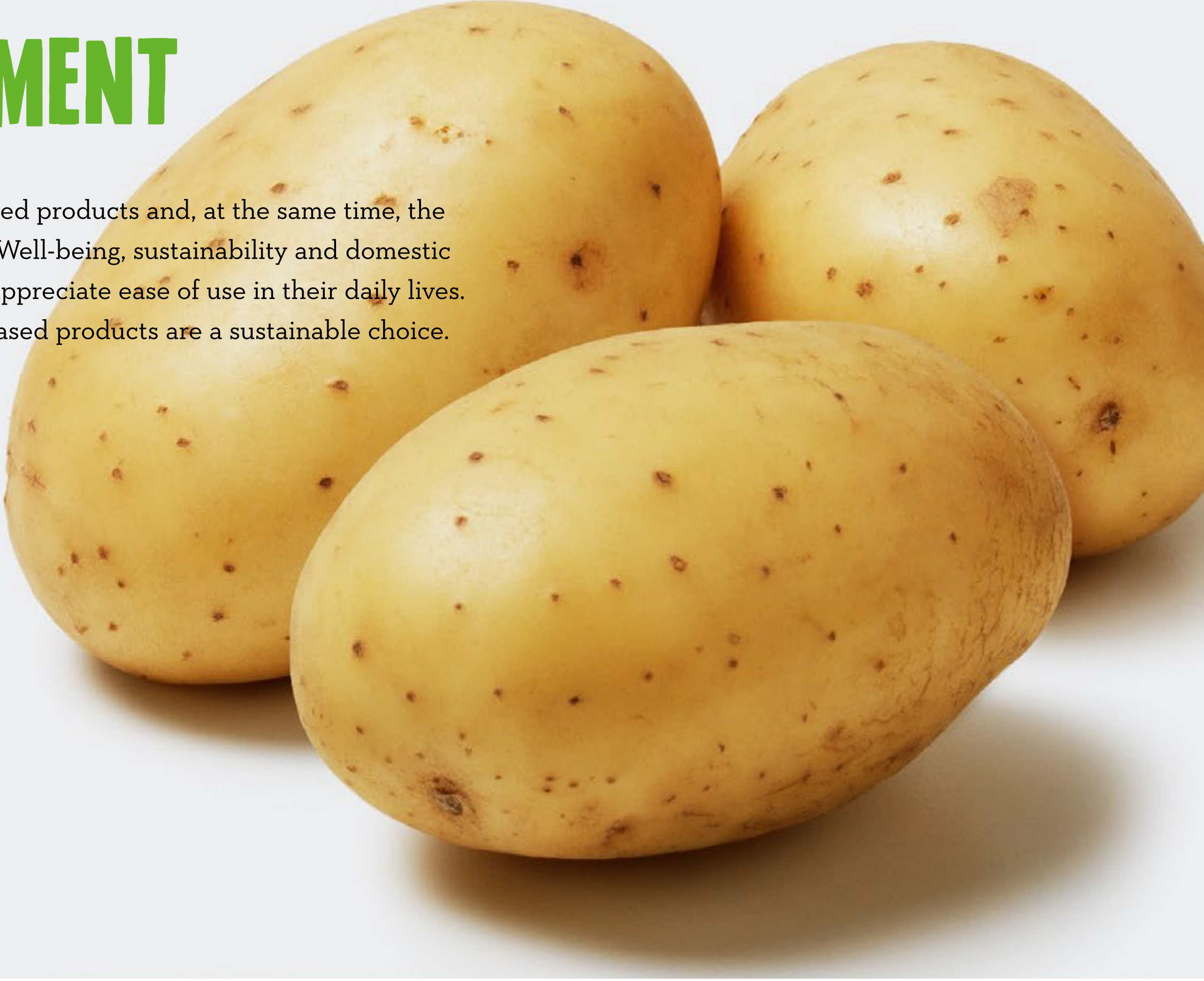
OPERATING ENVIRONMENT

Consumers want to increase their use of vegetables and plant-based products and, at the same time, the demand for vegetable-based proteins continues to grow strongly. Well-being, sustainability and domestic sourcing 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 and plant-based products are a sustainable choice.

Apetit is the largest Finnish operator in Finland, its principal market area, and the leading developer of a unique plant-based “from field to fork” value chain in its product groups. Apetit sells its products to retailers, the Food Service sector, food industry, animal feed industry and exports.

In Finland, grocery trade is highly concentrated. In the Food Service sector, sales are more evenly distributed and products are sold both directly to restaurant chains and through various public sector procurement clusters and Food Service wholesalers.

In the grain trade, Apetit operates under the Farmer’s Avena Berner brand. The consolidation process of industry and trade closely linked to primary production has changed the playing field in the grain trade in Finland in recent years. Apetit plays a particularly significant role in exporting Finnish grain: 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.



MARKET POSITION

	Frozen vegetables and frozen foods	Vegetable oils	Raw materials for feeds	Grain trade
Market share and competetive position	Apetit is the market leader in Finnish frozen vegetables and frozen ready meals. 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 international food trade, Apetit is still fairly unknown, but lately it has strengthened its position especially in the retail trade and Food Service sector in Sweden.	In vegetable oils, Apetit is the market leader in the food industry and Food Service channels and a significant player in the grocery trade. Competition from abroad has increased somewhat especially in industrial sales.	Apetit has a considerable share in the sales of oilseed-based raw materials for feeds in Finland.	Apetit is a significant operator and the only Finnish player in the Finnish grain market. The market share in the domestic grain trade varies from year to year. International players have expanded their operations in Finland, which increases competition in the grain trade value chain.
Competetive advantages	• Unique raw material sourcing model based on contract farming • Strong market position and highly regarded brand • Expertise in product development and production • In-house cultivation development based on a sustainable food supply chain • High degree of Finnish origin	• Economies of scale in production and sourcing • Very high production efficiency and delivery reliability • High-quality products for a broad customer base • Chemical-free and environmentally friendly process • High degree of Finnish origin	• No salmonella • Alternative as soy replacement	• The only Finnish player in the market • Expertise and personal service

APETIT ANSWERS TO FOOD TRENDS

Appreciation for the origin of food can be seen in consumption habits in Finland and the preference of domestic products and local food is still a growing trend. Consumers are interested in responsibility in the procurement and production chain and the traceability of products. Appreciation of local production is also related to the climate impacts of food.

Apetit works in close cooperation with Finnish primary producers. Each year, Apetit's contract growing produces approximately 34 million kilos of domestic vegetables and Apetit uses domestic rapeseed to as large an extent as possible in its vegetable oil production. Roughly 80 per cent of all of Apetit's raw materials for frozen foods are sourced from domestic suppliers.

The climate impacts of food are a significant factor that influences people's consumption habits. This can be seen as a transition towards a vegetable- and fish-based diet, the reduction of wastage and interest in the products' origin and carbon footprint, for example. The promotion of responsible choices is also reflected in the growing importance of sustainable packaging solutions.

Apetit is constantly developing new plant- and fish-based food solutions that make it easy for consumers to increase the share of vegetables and Finnish fish on their plates. Frozen food is also an excellent way to reduce household food waste. Apetit has determined the environmental footprint of some of its selected products to further decrease the environmental impacts of its products. Apetit promotes sustainable packaging solutions by, among other things, increasing recyclability and thinning plastic packaging.

Finnish fish has become increasingly popular among Finnish consumers. Its sales in different product groups have increased and even fish species that used to be considered less valuable, such roach, have become more valued as a domestic raw material.

Apetit has responded to the increasing popularity of Finnish fish with its lakefish product family. The lakefish products are made of roach caught as part of fish stock management. In the past, the worst-case scenario was that fish caught as part of fish stock management ended up in a landfill. According to its environmental footprint calculation, manufacture of Apetit Lakefish Fingers curbs eutrophication in waterways.

Nutrition and the ease of use also influence food consumption habits in Finland. Consumers look for food that makes their busy daily lives easier and supports their well-being.

Apetit's product selection includes a wide range of fast-to-use and convenient food solutions, supporting a balanced diet that promotes well-being: vegetable-based patties and balls and lakefish products are at the core of this trend. Effortless food solutions that support a sustainable diet are an essential part of Apetit's product development.

STRATEGY

A key feature of the Apetit Plc's strategy for 2020–2022 is strengthening the existing unique value chain that has a strong foundation in Finnish primary production. The operations of the strategy season aim towards the objective of building Apetit into a successful Finnish company focusing on plant-based food products.

Five strategic focus areas of the Apetit Group

1. OPTIMISING CORE BUSINESS FUNCTIONS
We will improve process efficiency in all of our operations. We will scale our operations in relation to the company's existing size. We will improve resource efficiency through partnerships. We will develop our trading ability in the grain trade.

2. STRONG FOOTHOLD IN SWEDEN
We will strengthen the Swedish market as the primary focus area of food export. We will ensure and deepen our existing customer relationships and also build new customer relationships. We will develop and expand our market-specific product portfolio. We will build appropriate partnerships for other selected markets.

3. GROWTH FROM PLANT-BASED ADDED VALUE PRODUCTS
We will increase the sales of our existing product portfolio and expand our customer base. We will expand to new product segments. We will strengthen our commercial position in Foodservice channels. We will create a model for the commercialisation of the rapeseed protein ingredient.

4. DEVELOPING FARMING PARTNERSHIPS
FOOD SOLUTIONS: We will expand contract farming in pea and possible new plants. We will improve the preconditions for farming by developing cultivation measures, soil health and plant protection measures, among other things. We will make use of new opportunities, such as carbon farming.
OILSEED PRODUCTS: We will deepen our contract farming model to ensure the availability of Finnish raw materials.
GRAIN TRADE: We will become the farmer's primary partner by developing logistics solutions and utilising selected partnerships.

5. SUSTAINABLE ACTIONS
We will promote cultivation development and implement new sustainable cultivation methods. We will provide new diverse alternatives to increase plant-based and sustainable eating. We will make sustainability an even more intertwined part of all of our operations. We will decrease the Group's environmental and climate impacts in accordance with set objectives.

FINANCIAL OBJECTIVES

EBITDA WILL BE EUR 14 MILLION IN 2022
(continuing operations in 2019 EUR 2.5 million)

RETURN ON CAPITAL EMPLOYED
(ROCE %) > 8% (2019: -4,0%)

The realisation of set strategic objectives is based on regular harvest development and systematic execution of strategic measures. The company is open to corporate transactions that are in line with its strategy. The possible impacts of the ongoing COVID-19 pandemic on financial objectives will be reassessed later, if necessary.


MISSION:
GOOD FOOD FOR EVERYONE. LOCALLY.
VISION:
SUCCESSFUL FINNISH COMPANY FOCUSING ON PLANT-BASED FOOD PRODUCTS
MAKING EVERYDAY LIFE EASIER
Apetit KOTIMAINEN ORGANIC PEAS
Apetit BEETROOT BALLS
Apetit KOTIMAINEN LAKEFISH FINGERS
Apetit RAPESEED OIL
UNIQUE VALUE CHAIN
IMPORTANCE OF THE FOOD ORIGIN
WELL-BEING
DOMESTIC INGREDIENTS
STRATEGIC CHOICES:
OPTIMISING CORE BUSINESS FUNCTIONS • STRONG FOOTHOLD IN SWEDEN
GROWTH FROM PLANT-BASED ADDED VALUE PRODUCTS
DEVELOPING FARMING PARTNERSHIPS • SUSTAINABLE ACTIONS
CLIMATE-RESPONSIBLE ACTIONS
INTEGRATION INTO DOMESTIC PRIMARY PRODUCTION
CORE VALUES:
SUCCESS THROUGH COOPERATION
BOLD RENEWAL
RESPONSIBLE OPERATIONS

HOW WE CREATE VALUE

Resources

Personnel:
370 skilled employees

Natural resources:
Food raw material from contract growing and other procurement, energy, water, packaging materials.

Manufacturing and services:
Three production plants in Finland, experimental farm, grain warehouses in Finland and Estonia, grain trade buying and selling organizations in Finland and the Baltic countries.

Intangible capital:
Strong and well-known brands (Apetit, Avena, Neito), innovation and product development, company values and responsibility as part of the strategy. Finland's leading position in the frozen food and vegetable oil markets. Exporter of Finnish grain to the world. Strong expertise in all businesses.

Financial resources:
Stable equity
EBITDA, EUR 10.1 million
Return on investment 3.3%
Operating profit, EUR 3.9 million
Net sales, EUR 292,9 million

Social resources:
Strong commitment to cooperation with Finnish primary producers, close links with stakeholders, partners and customers.

Our operations

Apetit is a food industry company firmly rooted in Finnish primary production. Our operations are based on a unique value chain from field to table.

MISSION:

Good food for everyone. Locally.

Three business segments:
- Food Solutions
- Oilseed Products
- Grain Trade

Five strategic focus areas:
- Optimising core business functions
- Strong foothold in Sweden
- Growth from plant-based added value products
- Developing farming partnerships
- Sustainable actions

Output

For consumers, Food Service sector and industry:
- Sustainable, high-quality plant-based food solutions and raw materials that make everyday life easier and create well-being.
- More options for sustainable and plant-based eating with product development.

Reliable partner:
For Finnish primary producer, food trade, the Food Service sector and food industry companies.

Total taxes payable:
EUR 0.1 million

Owners:
Dividends EUR 2.8 million

For society:
- Cooperation and support for research institutes and projects.
- Partnerships and donations to local communities, support for Apetit-sponsored teams.

Impacts

Social impacts

Direct and indirect employment. Investments in occupational safety: target for 0 accidents at work.

Personnel:
Salaries and fees EUR 16.9 million

Growers and partners:
Raw materials, goods and services total EUR 263.4 million

Purchases from domestic farmers:
EUR 4.8 million vegetables
EUR 6.9 million rapeseed
EUR 50.3 million grain

Safe and pure food at an affordable price for consumers.

Well-being from plant-based raw materials for people and the environment.

83%
IN PERMANENT EMPLOYMENT RELATIONSHIP

Environmental impacts

Indirect effects from primary production: effects on biodiversity, eutrophication and climate effects.

Apetit Group's carbon footprint:
14,429 tonnes CO_2 eq. (Scope 1&2).

Target:
Reducing CO_2 emissions intensity by 50% by 2022.

Food solutions based on plant-based raw materials and on sustainable fish stocks.

WE REDUCED OUR CO_2 EMISSIONS BY
37%

SHARE OF UTILISATION WASTE
99%

FOOD SOLUTIONS

ESA MÄKI, DIRECTOR, FOOD SOLUTIONS

In its Food Solutions business, Apetit has formed a strong relationship with its Finnish contract growers. In 2020, the fields of the contract growers again produced almost 34 million kilos of domestic, responsibly grown vegetables for Apetit's frozen foods plant. These vegetables are also used in the first fully Finnish frozen wok vegetables, now to be found in shops' frozen food sections. Long-term cooperation is something that we want to foster in the future, too.

We carried out a detailed environmental footprint study in 2020 for three of our products, mainly on the basis of direct information from our own value chain. This gives us a good overview of the climate and environmental impacts of our products. The results were positive: for example, the production of Apetit Lakefish Fingers curbs eutrophication in lakes. On the basis of the results, we can also continue our sustainable actions for the further development of sustainable food solutions.

In 2020, we took many actions related to corporate responsibility. Our plants started using electricity produced with wind power, we launched a material review to reduce wastage and water consumption and we determined the carbon footprint of the entire Group's operations in more detail. Research-based information about how the climate impacts of our operations and products appear in different stages of the value chain helps us reduce our impacts on the environment and climate in the future.

NET SALES

60.1

EUR MILLION

EBITDA

8.4

EUR MILLION

OPERATING PROFIT

5.0

EUR MILLION

PERSONNEL

235

EMPLOYEES

Apetit's Food Solutions business is responsible for the production of Apetit's frozen vegetables, frozen foods and frozen pizzas. Frozen vegetables and frozen foods are produced in Säkylä and frozen pizzas in Pudasjärvi. In addition to products under its own Apetit brand, Apetit manufactures products for private labels. The main market for frozen vegetables and frozen foods is Finland but products are also exported to Sweden and Italy, for example. The customer base consists of customers in retail trade, the Food Service sector and the food industry.

OUR BUSINESS

OILSEED PRODUCTS

TERO HEIKKINEN, DIRECTOR, OILSEED PRODUCTS

The future belongs to oilseed plants! This was the theme of our campaign in 2020, aimed at increasing the cultivation area of domestic oilseed plants. Oilseed plants are an excellent option for crop rotation, improve natural soil fertility and, when planted in the autumn, provide vegetation cover for the winter, which helps in the carbon sequestration of the field. Oilseed plants can also increase Finland's self-sufficiency in proteins. We also promote the cultivation of oilseed plants in the RypsiRapsi 2025 project.

The rapeseed powder BlackGrain from Yellow Fields, the product of a long-term development process, was granted a novel food authorisation by the EFSA. This means that the development of the rapeseed powder can now continue towards making it an ingredient that creates added value in different products. The rapeseed powder has excellent nutritional values: it contains fibre, protein and good fats. Furthermore, by nature, it has a sufficient amount of essential amino acids. It can be used in a wide variety of different food products.

During 2021, the bioenergy plant built in conjunction with the Kantvik vegetable oil milling plant will start running. In future we can mill vegetable oils in a nearly fossil-free manner, mainly with renewable energy solutions. We are also currently taking steps towards production without any side streams.

NET SALES
65.8
EUR MILLION

EBITDA
3.0
EUR MILLION

OPERATING PROFIT
2.0
EUR MILLION

PERSONNEL
43
EMPLOYEES

Avena is responsible for Apetit's Oilseed Products business and is Finland's most significant producer of vegetable oils and rapeseed expeller. Its oilseed products are produced in its vegetable oil milling plant in Kirkkonummi. The main markets for oilseed products are Finland and the other Nordic countries. Avena's best-known consumer products are Apetit and Neito rapeseed oils. Other Oilseed Products customers include the Food Service sector, the food industry and the animal feed industry, which uses rapeseed expeller.

OUR BUSINESS

GRAIN TRADE

TERO HEIKKINEN, DIRECTOR, GRAIN TRADE
We have carried on the development of Avena's farmer services, with the aim of to be the best partner for a Finnish farmer. Our actions in 2020 included, among other things, opening a new reception site for oat and oilseed plants in Kuopio and increasing the opportunities of using different pricing alternatives: thus, we offer the farmer more flexibility in planning trading and his own activities. For example, Farmer's Avena Berner now offers growers the opportunity to acquire production inputs by paying with their grain and oilseed plant crops.

According to the Natural Resources Institute Finland, the domestic grain harvest in 2020 was the third smallest in the 2000s. The barley, wheat and rye harvests were one fifth smaller than on average. Drought in the early growing season, the abundant growth of second shoots and, finally, the delayed threshing decreased the harvest levels. The relatively small grain harvest in Finland decreased export deliveries from the previous year.

NET SALES
194.3
EUR MILLION

EBITDA
1.0
EUR MILLION EUROA

OPERATING PROFIT
0.1
EUR MILLION

PERSONNEL
53
EMPLOYEES

Avena is responsible for Apetit's Grain Trade business. The company operates actively in the market for grains, oilseeds and raw materials for feeds, both in Finland and abroad. Besides Finland, Avena also operates in the Baltic countries. Avena is a significant exporter of Finnish grains and a reliable partner for farmers, the food industry and the animal feed industry. Avena has a strategic partnership with Farmer's Berner; the co-operation is carried out under the name of the Farmer's Avena Berner.

APETIT AS AN INVESTMENT

1 The overall demand for plant-based eating is growing globally. The megatrends of well-being, health and sustainability are permanent reasons for people to put more plant-based products on their plate.

2 Strong brand: Apetit is the category leader in domestic frozen vegetable products and frozen foods as well as vegetable oils in Finland. Apetit's strategy is focused on businesses in which the competitive advantage is based on Apetit's core strengths and the management of the value chain.

3 The unique value chain and developing partnerships with farmers ensure high-quality and sustainably produced raw materials and their availability for Apetit products.

4 Apetit is a stable investment that is resilient to economic cycles and has an active dividend policy. Apetit's high equity ratio and low debt further improve the stability of business and enable investments in its growth and development.

RESPONSIBLE ACTIONS

At Apetit, responsibility runs through the entire value chain, from field to fork. For us, a responsible food supply chain means sustainable practices throughout our operations and safe, high-quality products made from ingredients that are grown sustainably.

CORPORATE RESPONSIBILITY AT APETIT

Apetit's corporate responsibility consists of concrete actions taken at different stages of the company's value chain to ensure responsible and sustainable food production. Indeed, sustainable actions is one of the strategic choices in Apetit's strategy.

Apetit's key areas of corporate responsibility are the development of growing methods, the climate and environmental impact of operations, material and raw material efficiency, sustainable packaging solutions, the responsible production of plant-based products, the minimisation of food waste, and occupational safety. The implementation of Apetit's ethical principles and equality both in its own and in its stakeholders' operations is also a key area.

This report describes Apetit's corporate responsibility actions and measures in 2020 and the social and environmental impacts of Apetit's operations at different stages of the value chain. Apetit Group's most significant indirect environmental impacts arise from the cultivation of plant-based raw materials. In its own operations, the largest impacts are caused by energy consumption.

With its operations, Apetit wants to develop mainly plant-based food solutions that make daily life easier and promote human well-being as well as the well-being of the environment.

The most material SDG goals for Apetit and its stakeholders, which are supported by Apetit's operations:

- 2 ZERO HUNGER
- 3 GOOD HEALTH AND WELL-BEING
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

We prefer domestic alternatives

82%

of the raw materials we used in frozen products 2020 were Finnish

-37%

Change of our carbon footprint in 2020 compared to 2019 (Scope 1&2)

The bioenergy plant of the Kantvik vegetable oil milling plant will start running by 2021. In the future, 95 per cent of the energy used by the Kantvik plant will be produced from renewable sources.

In April 2020, Apetit started using electricity produced with wind power at all of its production facilities.

The material review carried out at the Säkylä plant is part of Apetit's material efficiency commitment. Apetit wants to further decrease side streams at its production facilities.

New product innovations: A novel food authorisation was granted to BlackGrain From Yellow Fields. The new kind of use of rapeseed powder in food is an action that promotes sustainable food solutions.

ENVIRONMENTAL IMPACTS OF FOOD PRODUCTION AND CONSUMPTION

Primary production and the food industry carry out continuous development work to reduce the environmental and climate impacts of food production. However, food production and its resource usage influence climate and biodiversity, for example. Food production and food consumption cause approximately one fifth of the carbon footprint, or climate impacts, of all consumption.

Farming influences the surrounding nature and its biodiversity. The environmental impacts of farming arise from nutrient runoff and the production of farming inputs, such as pesticides and fertilizers, for example. Cultivation methods that improve natural soil fertility may reduce environmental impacts. The primary production of raw materials generally accounts for approximately 50 per cent of the carbon footprint of food.

The environmental impacts of production are especially caused by the generation of the heat and electricity used at production facilities. In general, food manufacturing and energy production account for roughly 40 per cent of the carbon footprint of food, while the share of logistics and packaging materials is approximately 10 per cent.

In its operations, Apetit concentrates on plant-based food solutions and cooperates with both contract growers and researchers to reduce the environmental impacts of farming. Apetit's plants have reduced their environmental impacts by starting to use electricity produced with wind power, for example.

ETL published its low-carbon roadmap

The low-carbon roadmap for the food industry was published on September 2020. Despite the moderate level of its own direct emissions, the industry is seeking a clear emission reduction in its roadmap. The Finnish Food and Drink Industries' Federation (ETL) pursues carbon neutrality and, at the level of the entire industry, the aim is a 75 per cent decrease in greenhouse gas emissions by 2035. The emissions decrease is calculated in proportion to the industry's net sales.

The low-carbon roadmap was published as a contribution to the path towards carbon-neutral Finland by 2035, a goal set in the Government Programme. In addition to the actions of the food industry, other key factors include the actions with which society and stakeholders can support the industry in its journey towards more sustainable climate solutions.

Apetit determined the environmental footprint of three products – this is how the environmental impacts of food arise

Apetit determined the environmental footprint of some of its selected products. The study analysed the carbon footprint, eutrophication effect and water footprint of Apetit Lakefish Fingers, Apetit Peas and Apetit Potato&Soup Vegetables. Apetit commissioned the study from the Natural Resources Institute Finland.

The study results provide a clear picture of how the climate impacts of Apetit's frozen products come about. For example, the climate impacts of root vegetable cultivation are small, which increases the role played by the heat and electricity that is used for washing, peeling and chopping root vegetables at Apetit's production facilities. On the other hand, peas require more nutrients, which increases the share of farming inputs in climate impacts.

Consequently, the essential aspects in Apetit's work to reduce the environmental impacts of the studied frozen vegetable products are the development of cultivation methods, energy efficiency in production and the utilisation of renewable energy sources.

In Apetit Lakefish Fingers, the single largest climate impact arises from non-fish raw materials. As a result, the key factors for Apetit in the reduction the carbon footprint of Lakefish Fingers are good material efficiency and the energy efficiency of Apetit's own production facilities as the energy consumed by production accounts for approximately one third of the product's carbon footprint.

ENVIRONMENTAL FOOTPRINT OF APETIT PRODUCTS

Primary production

15 % Potatoes& vegetables for soup

52 % Peas

12 % Lakefish fingers

Processing

74 % Potatoes& vegetables for soup

32 % Peas

31 % Lakefish fingers

49 % Lakefish fingers, other raw materials

Packaging & logistics

11 % Potatoes& vegetables for soup

16 % Peas

8 % Lakefish fingers

	Primary production	Processing	Packaging & logistics
PEAS AND POTATOES& VEGETABLES FOR SOUP	• Inputs and cultivation measures: seeds, pesticides, fertilizers • Fuel consumption related to cultivation measures and harvesting	• Washing, peeling, chopping and sprouting vegetables • Freezing • Sewage and waste disposal	• Used packaging materials • Transportation and storage
LAKEFISH FINGERS	• Fishing (fuel used by the fisherman, possible refrigeration equipment) • Production off fish paste	• Adding other raw materials, from paste to fish fingers • Cooking • Freezing	• Used packaging materials • Transportation and storage

CARBON FOOTPRINT:

Potatoes&vegetables for soup:
0,89 kg CO_2-eq

Peas:
0,75 kg CO_2-eq

Lakefish fingers:
2,0 kg CO_2-eq

Cultivation and its development

Apetit is firmly rooted in Finnish primary production. Apetit's approximately 140 contract growers cultivate some 34 million kilos of domestic vegetables for Apetit's Säkylä frozen foods plant. The Kantvik vegetable oil milling plant uses as much domestic raw materials as possible. The goal is to use 100 per cent Finnish rapeseed raw material.

Apetit is Finland's largest procurer of contract-grown field vegetables. The majority of vegetables used as Apetit's Säkylä frozen foods plant come from Finnish contract growers within an approximately 100-km radius of the Säkylä plant. The contract growers comply with the responsible farming practices that are continuously developed by Apetit. They cover general farming principles, plant-specific cultivation instructions as well as management of quality, product safety and environmental issues. The responsible farming practices are developed at Apetit's Räpi experimental farm.

For example, as part of Apetit's responsible farming practices, use of fertilisers is based on soil studies, preceding rotation crops and the crop being cultivated to ensure that fertiliser use is restricted to the amount required by the crops. The contract growers record cultivation measures in a cultivation register. This information can be used for traceability, the development of cultivation methods and the verification of environmental impacts, for example. The sustainable development of cultivation methods and the improvement of natural soil fertility play a key role in the reduction of Apetit's environmental impacts.

OF VEGETABLES
85%
FROM FINLAND

OF OILSEEDS
29%
FROM FINLAND

Avena, responsible for the Group's Oilseed Products business, campaigns strongly to promote the cultivation of oilseed plants in Finland. The benefits of oilseed plant cultivation include, among other things, an increasing versatility of crop rotation, oilseed plants' role as good preceding rotation crops and the extension of the vegetation cover period with winter rapeseed. Avena has also developed a contract farming model for oilseed plants to increase direct procurement.

In 2020, the field vegetable harvest was largely normal. Rains in early summer and, on the other hand, the hot weather in June posed challenges especially for spinach and pea.

The domestic oilseed plant harvest was smaller than in the previous year as the cultivation area decreased. The spring rapeseed harvest was also decreased by drought in the early growing season, heavy rape pollen beetle infestation, the abundant growth of second shoots and the delayed threshing. On the other hand, the winter rapeseed harvest level was excellent.

GOALS OF THE RESPONSIBILITY PROGRAMME

Commitment to the climate-responsible development of cultivation methods:

A study has been carried out on the environmental impacts of some selected products in cooperation with the Natural Resources Institute Finland, a research project focusing on the natural improvement of soil fertility has been started at the Räpi experimental farm in cooperation with Pyhäjärvi Institute and the deployment of carrot netting has been expanded on contract growers' fields.

Farmer's Avena Berner takes part in the RypsiRapsi2025 project, which aims at finding and implementing the best cultivation practices and increasing the oilseed plant harvest levels.

Certification of contract growers: FSA (Farm Sustainability Assessment) certification:

All Apetit's contract pea growers have reached the Silver level.

Development of organic cultivation methods with the aim of increasing the amount of organic farming on an industrial scale:

The organic training programme together with Pyhäjärvi Institute continues and the research to improve natural soil fertility started at the Räpi experimental farm.

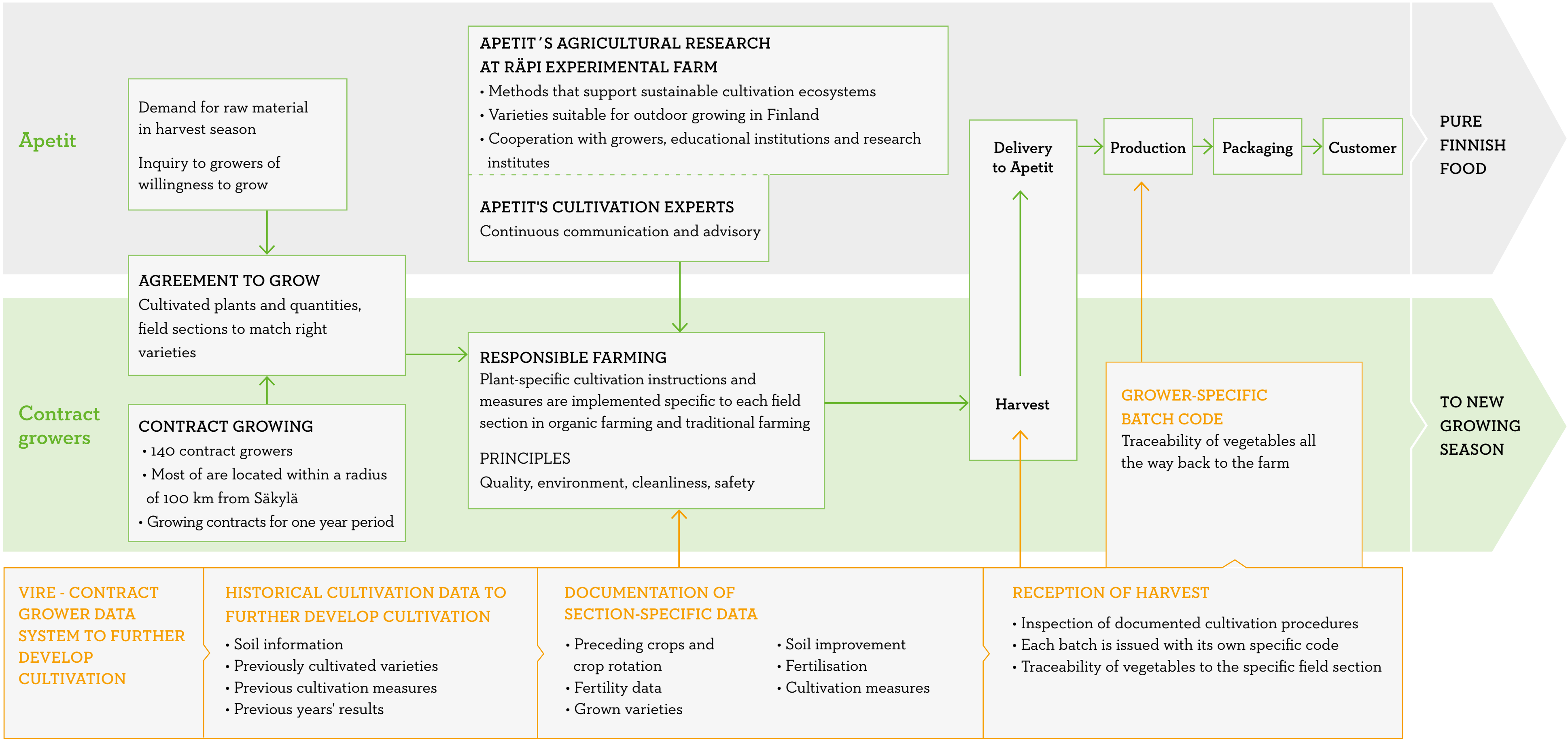
CASE RÄPI EXPERIMENTAL FARM CONDUCTS RESEARCH TO IMPROVE NATURAL SOIL FERTILITY

Apetit's Räpi experimental farm in Köyliö, Säkylä, conducts long-term R&D activities to develop field vegetable cultivation in Finland. Currently, the experimental farm is involved in research cooperation, which investigates means for improving natural soil fertility.

Research is conducted together with Baltic Sea Action Group's (BSAG) Carbon Action project and Pyhäjärvi Institute's BioEväät project.

The improvement of natural soil fertility promotes soil health and makes sustainable cultivation methods possible. It is hoped that information yielded by studies will help find practical means not only to improve soil fertility but also to mitigate nutrient runoffs into waterways and to promote carbon farming.

Pure Finnish food



Partner for farmers

Apetit is committed to promoting Finnish primary production because of its safety, purity and high quality. Each year, over 80 per cent of Apetit's frozen vegetables come from Finnish contract growers. There has already been close cooperation with nearby farmers for decades. Apetit also cooperates with other parties in various research and other projects related to cultivation methods at its Räpi experimental farm.

Avena, responsible for Apetit Group's Oilseed Products and Grain Trade businesses, is Finland's largest producer of vegetable oils and a partner of Finnish farmers in all matters related to the grain and oilseed trade. Avena uses domestic rapeseed to as large an extent as possible at its vegetable oil milling plant and is systematically seeking to increase vegetable oil production in Finland in cooperation with growers and operators over the long term. For example, it has updated the contract farming model to promote oilseed plant cultivation.

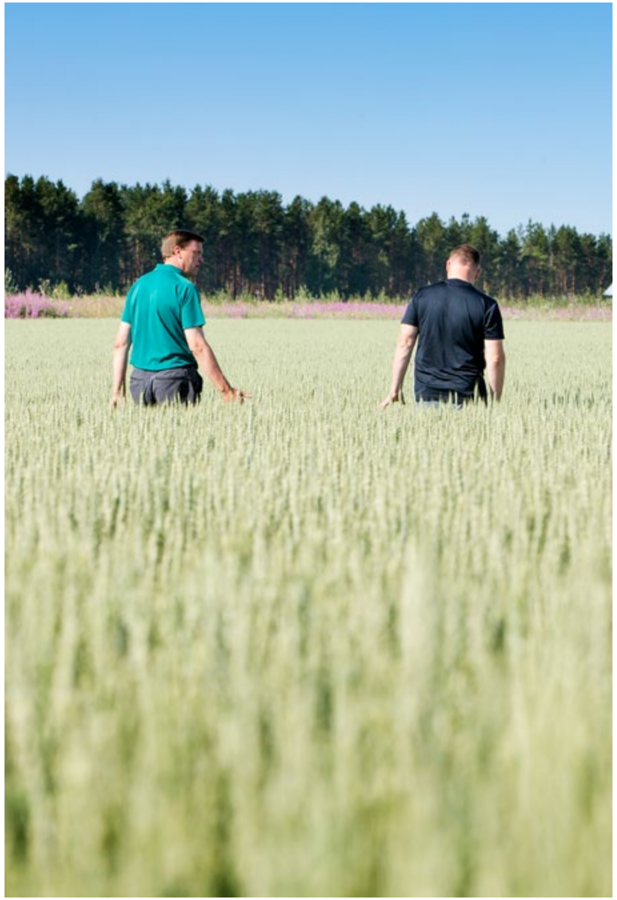
Farmer's Avena Berner is farmers' knowledgeable partner in grain and oilseed trade and in the use and procurement of agricultural production inputs. Avena is a significant exporter of Finnish grains. In 2020, Avena started the reception of oat and oilseed plants in Kuopio and launched a new grower financing model, in which production inputs can be paid with future grain and oilseed plant crops.

Finnish food production provides employment to roughly 340,000

Agriculture and the food industry provide employment to roughly 340,000 people in Finland, or more than 10 per cent of the employed. Approximately 10 per cent of taxes paid in Finland come from this sector. Agriculture creates EUR 1.2 billion in value added. The entire food sector generates more than EUR 15 billion per year in value added for the national economy. *

*Source: hyvaasuomesta.fi

Purchases from Finnish growers, MEUR	2020	2019	2018
Harvest season vegetables	4.8	5.3	4.9
Oilseeds	6.9	8.7	9.8
Grain trade	50.3	41.4	47.9
Total	62.0	55.4	62.6



Procurement principles

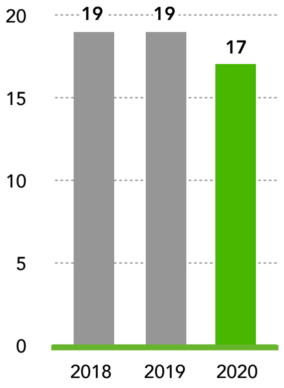
Apetit invests strongly in cooperation with Finnish primary production and sources almost 80 per cent of all of the food raw materials used in its frozen vegetables and frozen ready meals directly from its contract growers. In addition, Apetit uses raw materials sourced as direct procurement from Finland and abroad.

Both Finnish and foreign direct suppliers are required to comply with Apetit Group's ethical supplier requirements. In addition, suppliers must meet strict raw material quality requirements. Suppliers of packaging materials are responsible for the compliance of packaging. Purchases are mainly made in Europe, risk countries are assessed on a case-by-case basis. Suppliers and materials to be procured are approved together with the quality department, as a result of a rigorous approval process. Apetit prefers long-term partnerships with its suppliers, but also systematically strives to conduct tenders.

Foreign rapeseed that is purchased for the Kantvik vegetable oil milling plant mainly comes from the Baltic countries through Avena's own procurement organisation and is subject to the same quality criteria as domestic rapeseed.

Apetit conducts a supplier evaluation on its foreign suppliers. The supplier requirements cover both the suppliers' own operations and their value chain. Apetit Group requires that its suppliers commit to the principles of ethical, social and environmental responsibility documented in the Group's supplier requirements. Apetit Group's ethical supplier requirements are based on the guidelines of the UN's Global Compact initiative.

Supplier audits, pcs



Purchases of food raw materials from Finnish suppliers, %	2020	2019	2018
Frozen products	82	79	82
Oilseed products	29	37	53

GOALS OF THE RESPONSIBILITY PROGRAMME

Safe raw materials: in accordance with the procurement policy from Finland and the neighbouring regions:

82 per cent of the food raw materials purchased for frozen products by Apetit were Finnish origin. For oilseed products 29 per cent of the raw materials were Finnish.

Fish raw materials:

Fish raw materials that we purchase are, whenever possible, MSC/ASC certified and purchases are made taking into account the guidelines of the WWF's Seafood Guide: Apetit Ruoka Oy was certified with MSC certification to its own patty and ball productions. ASC certification is not yet achieved.

In the case of other animal-origin products we aim to favour those that have been produced in Finland and in an ethical way.

We use only barn eggs:

Apetit uses only barn eggs in its products. In meat and milk products a statement of responsible origin is always required.

CASE BROCCOLI FROM ECUADOR

Apetit sourced the majority of its raw materials from Finland and other European countries. An exception to this rule is broccoli: Apetit imports it from Ecuador due to the fact that the country's climate and growing conditions are excellent for growing broccoli. In 2020, Apetit's quality and procurement organisation audited the company's Ecuadorian broccoli supplier.

In the audit, the conditions of local farmers and employees, environmental management and the production plant's quality requirements were reviewed on site according to the basic SMETA audit requirements.

Through close, long-term cooperation with the supplier, Apetit seeks to help its partners develop their operations especially when it comes to human rights and environmental issues. Quality and responsibility are decisive factors in Apetit's procurement from abroad. Auditing ensures that the supplier meets both quality and responsibility requirements.

Climate impacts

Apetit Group's most significant climate impacts, which are related to its own activities, arise from the production of the energy it uses. Energy is used especially in production, product processing and freezing. The most significant indirect impacts arise from cultivation. The most essential ways in which Apetit can influence the Group's carbon footprint are the use of renewable energy solutions and the improvement of energy efficiency.

Apetit's direct emissions, or so-called stack discharges, account for less than 5 per cent of total emissions. Of the Group's own direct emissions and indirect emissions from the generation of purchased energy (Scope 1&2 emissions) 96 per cent comes from indirect emissions from the generation of purchased energy that Apetit uses. The most significant climate impacts arise from the production of the steam and electricity used at the plants. The Group's direct emissions consists of the use of fuel oil, for example.

Apetit has researched how the environmental impacts of some of its individual products are formed. For example, 15 per cent of the carbon footprint of Apetit Potato&Soup Vegetables come from cultivation and 60 per cent from Apetit's production. Freezing and especially the peeling, chopping and blanching of vegetables consume energy and influence the product's carbon footprint. However, factors in favour of freezing include the long shelf life and the reduction of food waste.

In April 2020, Apetit Group started using electricity produced with wind power at all of its production facilities. Among other things, the transition to using electricity produced from renewable sources decreased Apetit Group's carbon footprint calculated on the basis of energy use by 37 per cent.

The Kantvik bioenergy plant becoming operational in 2021 makes the Kantvik vegetable oil milling plant almost entirely powered by renewable sources. The bioenergy plant uses woodchips, among other materials, to produce steam for the needs of the vegetable oil milling plant.

Indirect impacts arise from cultivation and raw material purchases

Apetit's indirect climate impacts arise mainly from cultivation and the production of raw materials purchased. Of the food raw materials that Apetit purchases, over 95 per cent are vegetables, food items that generally have minor climate impacts.

GOALS OF THE RESPONSIBILITY PROGRAMME

50% reduction of CO_2 emissions intensity by 2022:

The emissions intensity for 2020 has decreased by 34 per cent from the comparison year. This decrease is especially attributable to the transition to renewable forms of energy.

WE REDUCED OUR CO_2 EMISSIONS BY 37%

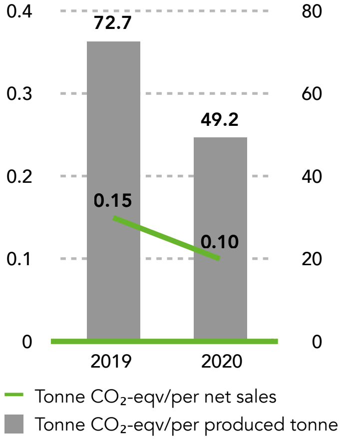
CASE MORE RENEWABLE ENERGY SOLUTIONS INTRODUCED

During the reporting year, the carbon footprint of Apetit Group's own operations (Scopes 1&2) decreased by 37 per cent from the comparison year. This decrease was especially attributable to the adoption of electricity produced with wind power. All of Apetit Group's production facilities have used wind power since April 2020.

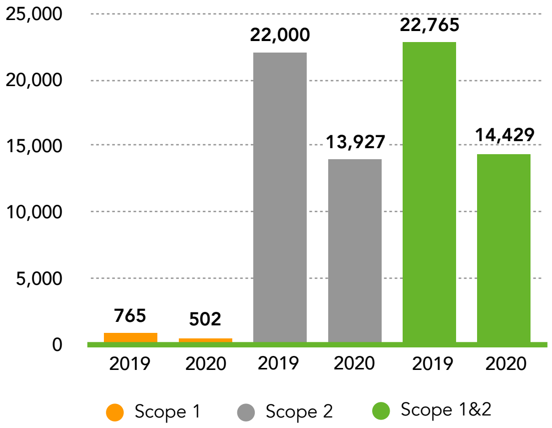
More renewable energy solutions will be introduced when the bioenergy plant to be built at the Kantvik vegetable oil milling plant is completed. The bioenergy plant will reduce Apetit Group's carbon footprint significantly by replacing fossil energy solutions. The bioenergy plant will produce energy from woodchips, among other sources.

Apetit participates in the Energy Efficiency Agreement system of Finnish industries and has committed to implementing the Food and Drink Industry Action Plan. In the Action Plan, the goal for improving the efficiency of energy use is to reduce energy use by 7.5 per cent in 2017–2025.

Intensity of direct and indirect CO_2 emissions (scope 1 and 2)



Direct and indirect CO_2 emissions, tonne CO_2-eqv.



Environment and biodiversity

The impacts of Apetit's operations on environment and biodiversity arise mainly indirectly from the primary production of food and the production of other materials and the utilization of the natural resources used for them.

The environmental impacts of agriculture arise in different ways. In addition to the impacts on land use, for example the use of fertilizers and pesticides can also have an impact to other species and organisms in the soil. Cultivation also affects local waterways through nutrient runoff. The impacts of Apetit's Räpi experimental farm on biodiversity are equivalent to those of normal cultivation activity. The aim of the Räpi experimental farm's R&D activities is to develop natural cultivation methods that also support the preservation of biodiversity on Finnish fields where field vegetables are grown.

In Apetit Group, environmental management is based on environmental legislation, current environmental permits and for environmental systems that are used on production sites. Some of Apetit's production operations require an environmental permit.

The main environmental risks at Apetit's production plants are related to possible wastewater and vegetable oil leaks into the environment and to refrigerant leaks from freazing machinery. No environmental accidents occurred in Apetit's production operations in 2020.

Raw material efficiency and material efficiency

Apetit Group’s three production facilities generate varying amounts of side streams. The Kantvik vegetable oil milling plant uses 99.9 per cent of seeds for vegetable oil. Wastage at the Pudasjärvi frozen pizza plant is also relatively small: 1 per cent of the Group's biowaste is generated at Pudasjärvi. The majority, or 96 per cent, of Apetit’s biowaste streams are generated at the Säkylä frozen foods plant.

Most of the Säkylä plant’s biowaste comes from production focusing on harvest time. However, much of this biowaste is not wastage created in production but soil and stones that come with vegetables from fields to the plant and are reported as part of biowaste. Root vegetable peeling waste also increases the amount of biowaste. Apetit reduces the amount of peeling waste by investing in new steam peelers

In 2020, a material review was implemented at the Säkylä frozen foods plant, on the basis of which Apetit is trying to reduce the amount of side streams that would be suitable for food use, for example.

GOALS OF THE RESPONSIBILITY PROGRAMME

Cutting down food waste and promotion of the circular economy by using side streams in production:

Apetit implemented a material review at the Säkylä frozen foods plant, analysing the plant’s side streams and water consumption. The Säkylä plant’s biowaste side streams were directed to the bioenergy plant and for use as animal feed.

CASE APETIT SIGNED A MATERIAL EFFICIENCY COMMITMENT AND CONDUCTED A MATERIAL REVIEW

In early 2020, Apetit joined the food industry’s material efficiency commitment with goals such as improving the efficiency of the use of raw materials, reducing the volumes of mixed waste and cutting back on water consumption.

To improve its material efficiency, Apetit conducted a material review at its Säkylä plant. The review systematically analysed the material flows of the production plant with the aim of finding concrete improvement measures that lead to the reduction of wastage, better utilisation of side streams, and cost savings. The development actions determined on the basis of the review will begin in 2021.

Energy efficiency

Energy use is the main factor influencing Apetit Group's direct emissions and indirect emissions from the generation of purchased energy. Apetit Group participates in the Energy Efficiency Agreement system of Finnish industries and has committed to implementing the Food and Drink Industry Action Plan by reducing its energy consumption by 7.5 per cent in 2017–2025.

At its production facilities, Apetit uses electricity, steam and district heat and at the vegetable oil milling plant also light fuel oil. The Group's most energy-intensive process can be found at the vegetable oil milling plant, where seeds are heated and milled into rapeseed oil.

Cooling, freezing and frozen storage at the Säkylä and Pudasjärvi plants are also processes that require a lot of energy. Especially the Säkylä frozen foods plant has improved the monitoring of energy consumption in different processes to develop energy efficiency. The Group's electricity consumption has increased due to new patty and ball production line at the Säkylä plant.

Logistics play a key role in all of the Group's business operations but Apetit has little own transportation fleet or work machinery. Apetit Group's business operations can influence logistics solutions especially by ensuring that loads are large and filled to the capacity. The amount of fuels used in logistics and, as a result, environmental impacts are mitigated by optimising shipping.

Energy intensity, MWh / produced tonne	2020	2019	2018
Frozen foods and vegetables	1.1	1.0	0.9
Frozen pizzas	1.5	1.5	1.4
Oilseed products	0.3	0.3	0.3
Apetit combined	0.5	0.4	0.4

Energy consumption, MWh	2020	2019	2018
Electricity	31,467	27,783	26,975
Steam	30,458	30,650	31,670
District heating	8,048	7,027	6,530
Light fuel oil	1,123	1,287	1,225
Energy consumption combined, MWh	71,096	66,747	66,400
Energy consumption combined, TJ	255.9	240.3	239.0

Renewable and non-renewable sources, per cent	2020	2019	2018
Renewable sources	34%	10%	11%
Non-renewable sources	66%	90%	89%

GOALS OF THE RESPONSIBILITY PROGRAMME

7.5% energy consumption reduction by 2025

Compared to 2019 consumption increased by 7 per cent and decreased by 5 per cent when compared to the Energy Efficiency Agreement comparison year 2016.

Water consumption

In its operations, Apetit Group's production facilities use household water, lake water and sea water. The highest water consumption occurs at the Säkylä frozen foods plant, where water is used in washing vegetables, for example. Household water is used at all production facilities. The Säkylä frozen foods plant uses lake water and household water to wash harvest season vegetables and to cool the equipment. The Säkylä plant's water consumption accounts for over 90 per cent of the entire Group's water consumption, when the sea water utilized in closed system at Kantvik plant is not included.

The material review conducted at the Säkylä frozen foods plant also paid attention to the use of water, with the aim of making it more efficient. For example, the monitoring of water used for washing harvest season vegetables has been developed during the reporting period.

The Kantvik vegetable oil milling plant and the Pudasjärvi frozen pizza plant use only a little water. The Kantvik plant uses sea water in a closed system to cool the equipment. This sea water has not been reported as used water.

As all Apetit Group's production facilities are in Finland, no water is taken from areas where water is scarce. Apetit has determined the eutrophication effects and water footprints of some of its selected products to reduce its environmental impacts.

Apetit Group's operations do not generate wastewater that would be directly hazardous to the environment. Water that is used at the Säkylä plant to wash harvest season vegetables and thus contains nutrients goes through Apetit's own wastewater treatment plant, the operations of which are subject to authorisation. If water was released to the environment without treatment, it would increase eutrophication.

Emissions to water, Säkylä mg/l	**2020**	**2019**	**2018**
Cleaned waste water m³	864,579	679,385	850,397
Nitrogen	14.5	12.1	6.7
Ammonium-nitrogen	2.5	0.1	0.1
Solids	15	14.3	18.7

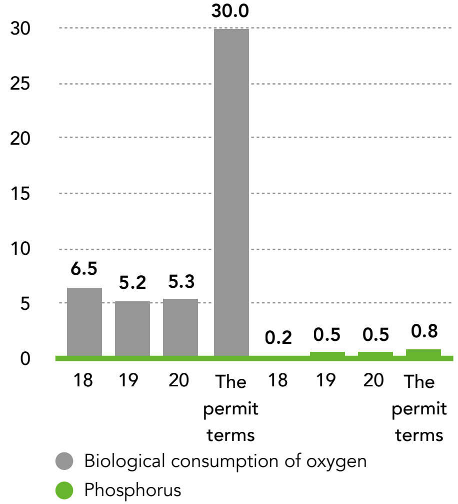
Water withdrawal, m³	**2020**	**2019**	**2018**
Sea water	654,616	606,709	516,087
Lake water	245,988	246,805	193,492
Household water	112,494	112,141	91,620
Water discharges, m³			
Municipal sewerage network	41,239	45,154	42,279
Sea	654,616	606,709	516,087
Wastewater treatment plant	294,021	308,737	215,952
Used water, m³			
	23,222	26,339	47,054

GOALS OF THE RESPONSIBILITY PROGRAMME

Boosting the efficiency of water consumption by recycling and processing:

Water withdrawal increased by 3 per cent compared to last year. Improving water efficiency is part of the development of material efficiency and material review.

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



Waste

A total of 99 per cent of Apetit Group's waste streams are non-hazardous waste that is either recovered or used in energy production or as animal feed. Approximately 65 per cent of the entire Group's waste is biowaste from the Säkylä frozen foods plant, consisting mainly of soil that comes to the plant with harvest season vegetables as well as vegetable peeling waste. Apetit seeks to reduce the amount of biowaste with the steam peeler investment. The Säkylä plant's biowaste was entirely used as bioenergy raw material and animal feed.

Approximately 0.01 per cent of the Group's waste streams is hazardous waste. Hazardous waste was mainly generated by the waste streams of the construction sites at the Säkylä and Kantvik plants. Apetit Group's waste is processed by an external operator that is responsible for the appropriate disposal of waste.

Waste generated by end products manufactured by Apetit Group consists of packaging waste and potential food waste. The aim is to increase the degree of recyclability of the packaging materials used by Apetit. Of Apetit products' consumer packaging waste, approximately 39 per cent is recyclable paperboard, 20 per cent is recyclable plastic and 33 per cent is recyclable plastic but that is incinerated.

Waste, tonne	**2020**	**2019**	**2018**
Non-hazardous waste			
Recycle/utilisation waste	8,186.5	7,546.6	6,377.8
Biowaste (to energy or feed stuff)	5,458.5	4,512.6	4,065.4
Refuse dump waste	20.7	28.4	31.7
Hazardous waste, tonne			
Hazardous waste treatment	6.5	4.5	3.8
Waste combined, tonne	8,193.0	7,589.5	6,413.4
Waste combined, kg per produced ton	54.7	48.5	39.6

Percentages of total waste			
Non-hazardous waste	99.9%	99.9%	99.9%
Hazardous waste	0.01%	0.01%	0.01%

99.9%

OF WASTE GENERATED WAS RECYCLABLE OR UTILISATION WASTE

27%

REDUCTION OF REFUSE DUMP WASTE

Products

Good food is made from carefully selected, high-quality raw materials that are pure and responsibly produced. With its products, Apetit wants to promote sustainable food choices and make them easier as well as create well-being for people. Approximately 95 per cent of the raw materials that Apetit uses in its frozen products are plant-based.

Apetit's product selection includes frozen vegetables, frozen vegetable and fish based ready foods, frozen pizzas and rapeseed oils. In addition, rapeseed expeller is also made of oilseed plants, to be used as feed raw material. Products are manufactured for the needs of retail trade, the Food Service sector and industry.

The key elements of Apetit's product policy are the origin of raw materials and products, the nutritional goals of products, responsible procurement principles, the accuracy of product information, and sustainable packaging solutions.

In product development, products are created in line with nutritional recommendations. Apetit's aim is to use iodised salt in its products, to achieve high fibre and protein content and to prefer good fats by using rapeseed oil. Sources used in the calculation of nutritional values are generally accepted databases (Fineli) and, when necessary, laboratory tests.

CASE CLIMATE IMPACTS OF FOOD

HOW ONE MEAL'S CLIMATE IMPACTS ARISE – A CARBON FOOTPRINT OF 0.46 KG OF CO_2 EQUIVALENT

The climate impacts of one meal made of Apetit products (Apetit Lakefish Fingers, Apetit Peas and Apetit Potato&Soup Vegetables) are 0.46 kg of CO_2 equivalent. The carbon footprint of the meal was calculated taking into account the entire life cycle of the products, from cultivation and fishing to transportation to stores and preparation at home. The meal size used in the calculation was 350 grammes.

The main climate impacts of the prepared meal arise from the shares of its main ingredients: Apetit Lakefish Fingers (44%) and Apetit Potato&Soup Vegetables (32%). The share of peas used as accompaniment is 8 per cent of the carbon footprint of the meal. Retail and logistics operations account for 10 per cent of the climate impacts and the remaining 6 per cent arises from the storage and preparation of food at home.

Thanks to the negative eutrophication effect of Apetit Lakefish Fingers, the whole meal curbs eutrophication.

Quality

Product quality and product safety are key factors in the food industry. Ensuring food safety requires the professional competence and responsibility of the people who work in the food supply chain as well as production-related risk prevention and monitoring. The production chain of Apetit’s frozen vegetables, frozen ready meals and rapeseed oils is monitored closely from field to fork.

Apetit Group’s production facilities in Säkylä, Kantvik and Pudasjärvi have food safety systems certified in accordance with the GFSI standard: BRC in Säkylä and food safety systems according to FSSC 22000 standard in Kantvik and Pudasjärvi.

In addition, a comprehensive SMETA audit, created to support ethical trading, has been carried out at the Säkylä plant. The Säkylä and Kantvik plants also have their own laboratories for ensuring product safety. During the reporting period, the Säkylä plant also received BRC certification for quality and food safety.

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

Withdrawals, pcs	2020	2019	2018
Frozen food products	0	2**	1*
Oilseed products	0	0	0
Apetit combined	0	2	1

Includes both public and instore withdrawals
* Weak product quality
**Incorrect labeling

CASE PRODUCT SAFETY PROCESS DEVELOPED - BRC CERTIFICATION FOR SÄKYLÄ PLANT

As a result of long-term work, Apetit's Säkylä plant received certification in accordance with the BRC (British Retail Consortium) quality and product safety standard in 2020. Quality and food safety system BRC is a tool for continuous improvement of the factory, with an emphasis on building an even stronger food safety culture. BRC is internationally renowned and advanced food safety standard.

For the development work required for BRC certification, Apetit has developed, among other things, supplier and raw material management, hygiene practices and the management of foreign objects and allergens. For example, approval processes for raw materials and suppliers have been further developed through risk assessments.

Apetit Group’s functions have the following certificates:

APETIT RUOKA
- BRC (Säkylä plant)
- FSSC22000 (Pudasjärvi)
- ISO 9001
- ISO 14001
- FSA - Farm sustainability assessment (contract growing of peas)
- MSC - Marine Stewardship council (Säkylä, patty and ball production)
- Organic certification (Säkylä)

AVENA KANTVIK OY
- FSSC 22000
- ISO 22000
- ISO 9001
- ISO 17025 (salmonella self-monitoring)
- Halal
- Kosher

AVENA NORDIC GRAIN OY
- ISO 9001
- GTP
- Halal
- Kosher

Packaging

The packaging of a food product is primarily intended to protect the shelf life of the product and to ensure product safety. Packaging may also play a significant role in reducing food waste.

Apetit uses mainly plastic and paperboard as product packaging materials. In addition, glass is used in Neito rapeseed oil bottles and metal is used in oil canisters sold for industrial use. Wood is used in the palletised transport of product batches.

Plastic is used as packaging material in many Apetit products: for example, all frozen vegetable mixes come in plastic packaging. Apetit rapeseed oils are also packaged into plastic bottles. In 2020, Apetit started to introduce thinner plastic in the packaging of frozen vegetables sold in retail stores. This will save a total of 25,000 kilos of plastic per year.

In Apetit products sold in retail stores, approximately 40 per cent of packaging materials used by Apetit are renewable. When it comes to plastic packaging, 28 per cent are made of recyclable materials and 2 per cent are made of renewable materials. In Apetit's corporate responsibility programme, one of the goals is to increase the use of recyclable packaging materials. Labelling on packaging has been developed in connection with labelling updates, especially with regard to recycling instructions.

Apetit's organic vegetable mixes and selected novelty products are packaged in recyclable Green PE packaging. Green PE is made of ethanol refined from sugar production by-product and does not contain fossil raw materials.

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.

GOALS OF THE RESPONSIBILITY PROGRAMME

Development of packaging solutions:

Making plastic packaging material 15% thinner by 2021: thinner packaging in use as of the beginning of 2021.

Increasing the recyclability of packaging and clearly labelling packaging with recycling symbols and instructions to help consumers recycle the packaging correctly: The amount of recyclable materials increased by 21 per cent compared to last year.

Where possible, favouring materials produced from renewable resources when making choices regarding packaging materials: The use of Green PE materials has increased by 157 per cent compared to last year.

Packaging materials, tonne	2020	2019	2018
Paper fibers	1,291.9	1,471.2	1,269.6
Plastics	690.0	739.0	714.1
Metals	0.3	0.3	0.3
Glass	49.5	46.4	53.4
Wood	1,931.3	2,255.7	2,101.5
Packaging materials combined	3,962.7	4,512.6	4,138.9
Packaging materials combined, per produced tonne	26.5	28.9	25.6
Share of renewable packaging materials, per cent	81%	83%	81%

Personnel

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

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. It is important that Apetit's employees can work in an encouraging and inspiring work atmosphere with rewarding tasks that they find meaningful.

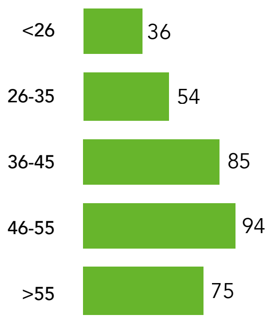
At the end of 2020, Apetit had 370 (373) employees, 93 per cent of them in Finland. In full-time equivalents, the average number of personnel was 343 (452).

Apetit does not use external labour, such as 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 this season, the number of employees at the plant is approximately 30 per cent higher than normally. There were two part-time employees employed by the Group during 2020. Subcontractors were used in construction projects that were being carried out in the industrial areas during the reporting period.

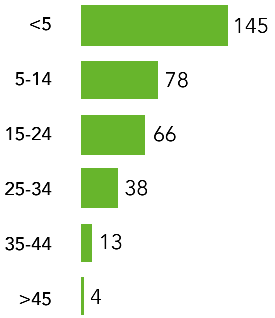
All Apetit's employees are covered by collective agreements. Upper-level staff have a basic agreement. Apetit complies with the Finnish Collective Agreements Act and trade union agreements in all personnel-related matters.

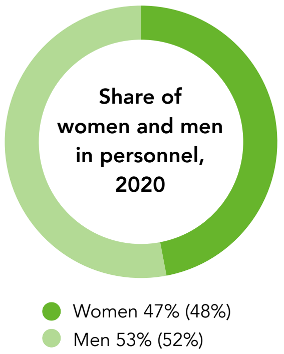
Corporate social responsibility at Apetit is based on a common operating policy and on shared values: responsible operations, bold renewal and success through cooperation. Apetit's practices are guided by the principles of its equality plan.

Age structure of personnel, 31.12.2020



Service years of personnel, 31.12.2020



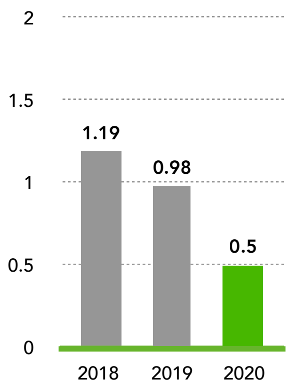


Competence development

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.

The Group develops competence with an internal online learning environment and external training, for example. All office employees are covered by personal development appraisals. A large share of employees have personal development appraisals individually or in a group. During the reporting period, 92 per cent of performance appraisals were conducted.

Training days for personnel, average per person



Employee satisfaction

Apetit monitors well-being at work and employee satisfaction by means of a Group-wide well-being at work survey, for example. In the survey, the personnel assess their experiences of personal well-being at work, the work atmosphere, safety at work, social support and supervisory work. The average result of the Työvire survey concerning year 2019 was 3.9 (2018: 3.9). The next survey will be conducted in the spring of 2021.

Number of personnel at the end of the year	2020	2019	2018
Permanent			
Women	129	133	242
Men	152	170	274
In Finland	281	276	484
Other lands	26	27	32
Permanent combined	307	303	516
Temporary			
Women	32	46	53
Men	31	24	25
In Finland	63	70	76
Other lands	0	0	2
Temporary combined	63	70	78
Apetit combined at the end of the year	370	373	594

Employee satisfaction survey (grade 1-5)	2020	2019	2018
Average	-*	3,9	3,9

* the survey will be conducted in spring 2021

Equal pay	2020
Women's share of basic salary of men's pay	
Employees	91%
Officials	86%
Senior officials and upper management	72%

Number of employees and officials at the end of the year	2020	2019	2018
Employees			
Women	92	97	195
Men	128	122	201
In Finland	220	219	396
Other lands	0	0	0
Employees combined	220	219	396
Officials			
Women	69	82	100
Men	55	72	98
In Finland	124	127	164
Other lands	26	27	34
Officials combined	150	154	198

Development discussions	2020	2019
Women	92%	96%
Men	92%	96%
Combined	92%	96%

New hired personnel and turnover	2020	2019	2018
New hired personnel			
Women	61	97	195
Men	48	122	201
In Finland	109	219	396
Other lands	0	0	0
Combined	109	219	396
- of which to permanent employment relationship	19%	27%	35%

Turnover, in, per cent	2020	2019	2018
Combined	32	31	39

New hired personnel and turnover*	2020	2019	2018
Terminated employments			
Women	69		
Men	51		
In Finland	120		
Other lands	0		
Combined	120		
- of which from permanent employment relationship	26%		

Turnover, out, per cent	2020	2019	2018
Combined	35	11	18

*Partly reported for the first time, omissions in comparison figures.

Well-being and safety at work

Safety at work is one of the key themes of Apetit's personnel strategy. The goal is to reduce occupational accidents to zero and to reduce sickness absences.

The key indicators of occupational safety, or the accident frequency rate, the number of occupational accidents, occupational safety observations and sickness absences, are monitored regularly.

At Apetit, the risk of occupational accidents is increased by, for example, cold-storage facilities, high noise level in some places, the use of machines and knives and potential slipperiness in production facilities. Production work also involves repetitive movements that may cause musculoskeletal disorders.

Apetit seeks to reduce the risk of accidents and illnesses in a proactive manner, especially through appropriate job-specific instructions and personal protective equipment. All occupational accidents and near misses in Apetit Group are investigated internally. On the basis of the investigation, actions are proposed to prevent similar situations from occurring in the future. Developments during the reporting period include, for

Occupational accidents LTA1	2020	2019	2018
Occupational accidents and accidents on way to work that cause sickness absence of at least one day	18	11	16

Occupational accidents TRI	2020	2019	2018
All recorded occupational accidents and accidents on way to work	26	25	54

Occupational accidents rate*	2020	2019	2018
LTA1	27.7	21.9	30.8
TRI	43.1	20.8	50.0

*per million working hours

GOALS OF THE RESPONSIBILITY PROGRAMME

Promote occupational safety and reduce the number of occupational accidents to zero:

Number of occupational accidents in 2020 was 18 (LTA1).

Increase employees' knowledge of the company's Code of Conduct with training and to require all employees to approve the ethical operating principles in writing and to operate in accordance with them:

Officials must comply with ethical principals course and commit to following the principals. Performance percentage at the end of reporting period: 70 %

CASE TWO YEARS WITHOUT OCCUPATIONAL ACCIDENTS IN KANTVIK

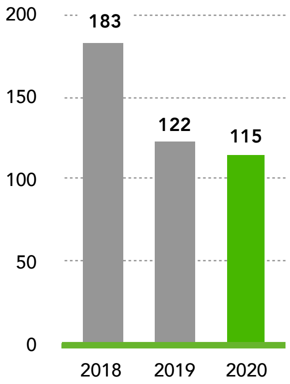
In June 2020, the Kantvik vegetable oil milling plant achieved the milestone of two years without occupational accidents. The long zero-accident period is attributable to, among other things, responding to occupational safety observations and prioritising occupational safety and health matters so that they are always the first topic in operational meetings, to ensure that there is enough time to handle them.

Apetit's Pudasjärvi frozen pizza plant has operated for more than six years without occupational accidents.

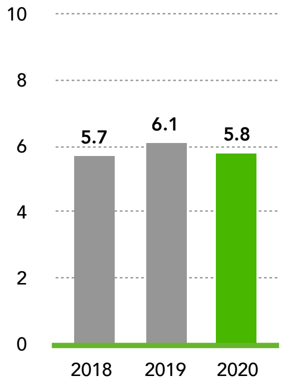
example, the further processing of accidents. The Group also improves the prevention of accidents through occupational safety observations.

Apetit Group has defined, statutory occupational safety and health processes, according to which it develops a safe working environment for employees and ensures their well-being and work and functional ability. Occupational safety and health representatives and shop stewards also contribute to the development of occupational safety and health. The entire Group's personnel are covered by occupational safety and health systems. Apetit purchased occupational health care services from an external service provider.

Absence days caused by occupational accidents



Employee sickness absence of regular working time, %



CASE THE CORONAVIRUS PANDEMIC AND EXCEPTIONAL CIRCUMSTANCES REQUIRED NEW ARRANGEMENTS

At Apetit Group, the exceptionality of the year, resulting from the coronavirus pandemic, could be seen in various arrangements made to protect the personnel and prevent exposure. The remote work recommendation was in force nearly throughout the reporting period. At the Group's industrial sites, meetings were restricted and respiratory protective equipment was used at work. Special arrangements were also made for lunches, for example.

Social impacts and society

As its direct stakeholders, Apetit has identified customers, employees, growers, shareholders, partners, goods and service providers as well as certain supervisory authorities. The company's indirect stakeholders include, for example, local communities, media, society, subcontractors, educational institutions and advocacy organisations.

In addition to direct employment, Apetit's operations have indirect impacts on the areas near its industrial sites. In 2020, Apetit's purchases of raw materials, goods and services totalled EUR 263.4 million.

Apetit has focused its support and sponsoring activities on the areas where the company's production facilities are located. In addition to support granted to sports facilities, for example, Apetit has chosen a sports team in each of its production locations to receive financial support. Apetit has partnered with Economy and Youth TAT on the Yrityskylä Helsinki-Vantaa learning environment since 2015.

Apetit also cooperates in various primary production R&D projects with parties such as Baltic Sea Action Group and Pyhäjärvi institute. In 2020, Apetit Group invested EUR 1.0 million in research and development. Project-related research is also conducted at Apetit's Räpi experimental farm.

The mainly plant- and fish-based products manufactured by Apetit contribute to enabling users to adopt sustainable eating habits that improve their well-being.

The majority of Apetit's personnel work at the Group's Finnish production facilities or in its other locations in Finland. The food industry is one of the most female-dominated industries in Finland. According to the Finnish Food and Drink Industries' Federation's statistics, 48 per cent of food industry employees are female. In Apetit Group's operations in Finland, the share of women is 42 per cent among employees, 56 per cent among office employees and 47 per cent among the entire personnel.

PURCHASES FROM FINNISH GROWERS

62.0

EUR MILLION

Percentage of women, 31st of December 2020, %	2020	2019	2018
Corporate management	17	25	43
Board of directors	33	20	20
Supervisory board	17	24	23

Age structure, %	30–40	40–50	50–60	60–
Corporate management	0	67	33	0
Board of directors	0	17	50	33
Supervisory board	6	28	39	28

CASE SPONSORSHIP PROGRAMME

APETIT-SPONSORED TEAMS PROMOTE SPORTS AND WELL-BEING AMONG CHILDREN AND YOUNG PEOPLE

To support sports and well-being among children and young people, Apetit selects sports teams to be included in its sponsorship programme. In the selection of the teams, the emphasis is on the team's locally significant work to create equal sports opportunities for children and young people.

A team applying to become an Apetit-sponsored team must have clear principles for the prevention of bullying and discrimination: everyone must feel welcome to the team's activities and practise sports in their own way. The Apetit-sponsored teams for 2020 were Säkylän Karhukopla, the age group C girls of Pudasjärven Urheilijat's volleyball section and Siuntion Sisu.

Business principles

In all its operations, Apetit complies with the applicable law 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. No reports were submitted via the whistleblowing channel in 2020.

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. 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 Group's direct raw material suppliers are required to comply with Apetit's ethical procurement principles.

Use of data

As a rule, Apetit does not collect data that can be considered to be consumers' or private individuals' personal data. Exceptions to this include, for example, contacts related to the consumer service or the recruitment process: data associated with these are processed according to Apetit's privacy policies.

To support its business, Apetit mainly uses market and consumer information based on consumer research or sales figures, which it acquires from external parties and in which private individuals' data is not processed. Data-based added value that Apetit creates for its partners and consumers is created rather on the basis of professional assets and expertise than on the basis of data covered by privacy protection.

Personal data processed in Apetit's different operations are mainly associated with data used in business relations and customer interfaces and grower contact details yielded by business operations. When it comes to Apetit's personnel, personal data may only be processed by specifically appointed persons whose duties require this.

Apetit sends newsletters to consumers, growers and other partners. The newsletter mailing lists that contain personal data have been created on the basis of partner contact details, purchased professional contact detail lists and private individuals' newsletter subscriptions.

Apetit and its partners target online advertising using general databases that improve targeting as well as target groups created on the basis of Apetit's website analytics. Information used in marketing is not directly targeted at private individuals but target groups.

Apetit Group has regularly updated information security and data protection policies to ensure good data processing practices and privacy protection. The risk of abuse of data that is clearly harmful for private individuals is considered to be low, particularly due to the nature of the data managed by Apetit.

RESPONSIBLE BUSINESS

Apetit's corporate responsibility programme is based on material themes determined with its stakeholders.

CORPORATE RESPONSIBILITY PROGRAMME

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.

Apetit Group's corporate responsibility programme

Apetit's corporate responsibility program is based on material themes determined together with its stakeholders in terms of climate and environmental impacts, products, social impacts and financial responsibility. Apetit is updating its corporate responsibility program in the first half of 2021.

In its corporate responsibility 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 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 SDGs is mainly local.

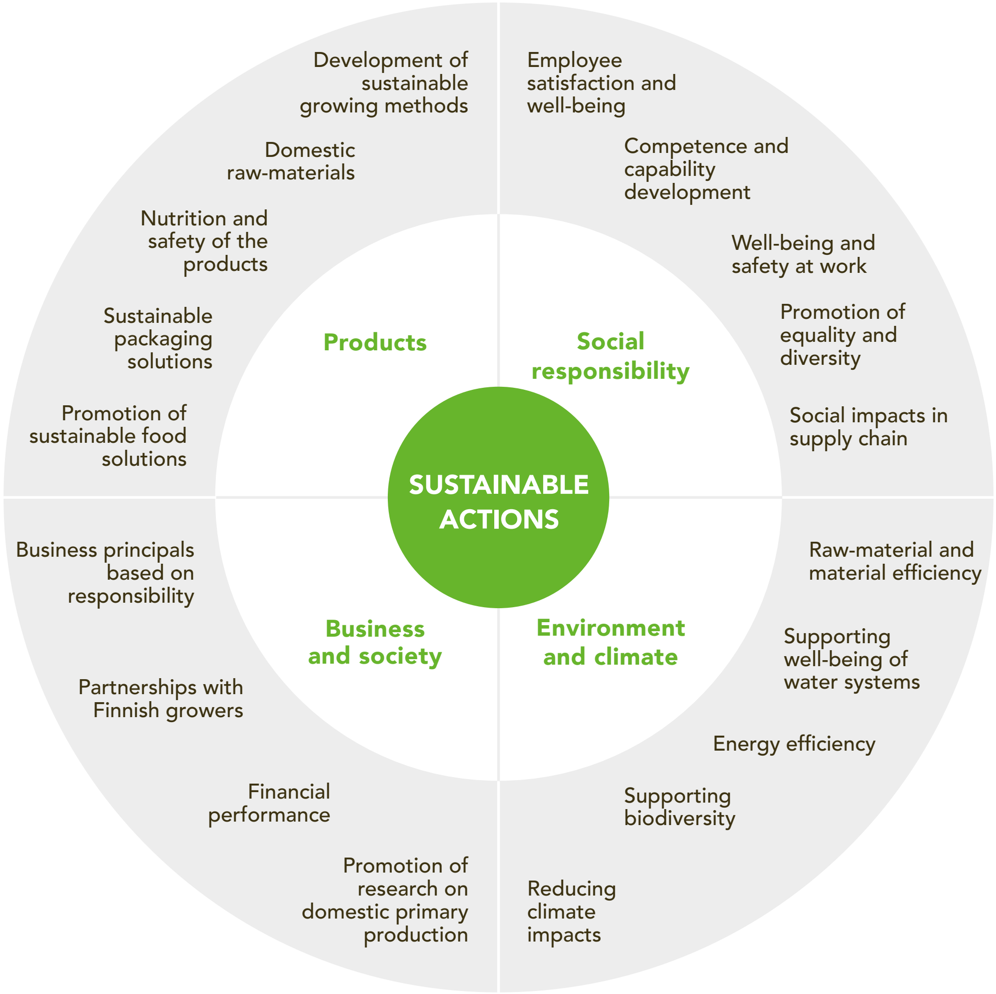
The Sustainable Development Goals initiative aims towards eliminating extreme poverty and facilitating sustainable development that takes the environment, the economy and people into consideration in equal measure.

The most material SDGs for Apetit and its stakeholders, which are supported by Apetit's operations:

APETIT'S MATERIAL THEMES OF CORPORATE RESPONSIBILITY

The material aspects of Apetit's corporate responsibility are closely intertwined with the company's value chain. The material themes have been analysed in an extensive project to determine the content of Apetit's corporate responsibility and updated on the basis of a stakeholder survey in 2020.

The material aspects of Apetit's corporate responsibility are divided under four areas: Products, Environment and climate, Social responsibility and Business and society. The related key material aspects are presented on the outer ring of the chart.



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 business and 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

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 ethical supplier requirements
Corporate responsibility programme

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.

TOGETHER 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 Material Efficiency Commitment and the national energy efficiency action plan.

Customers	Personnel	Farmers	Owners	Partners	Media	Society
• Retail, hotel, restaurant and catering sector, food industry • Consumers	• 370 employees (at the end of 2020) in three production facilities, in nine offices in Finland and in subsidiaries in Baltics	• 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 and consumers	High-quality, safe, 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, internal communication, 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, stakeholder communication.
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, customer meetings and stakeholder communication.
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.

MANAGEMENT SYSTEMS ACCORDING TO MATERIAL THEMES

MATERIAL ASPECT	MATERIAL TOPICS	RELEVANT POLICIES AND PRINCIPLES, COMMITMENTS AND MANAGEMENT SYSTEMS
PRODUCTS		
Nutritional value and safety of products	Apetit evaluates the nutrition of its products in accordance with the general nutrition recommendations. Product safety is measured by the number of product defects and recalls.	Operating policy, product development strategy, quality management and product safety management systems in production.
Development of sustainab-le cultivation methods	Development and adoption of sustainable cultivation methods especially for field vegetables and oilseed plants. Research projects, own development work.	Apetit's strategy, Apetit's responsible farming practices. BSAG's Baltic Sea commitment to introduce cultivation methods that support carbon farming to contract growers.
Domestic raw materials	Domestic raw materials' share of all raw materials used.	Product development strategy, procurement policy.
Sustainable packaging solutions	Sustainably produced packaging that guarantees product safety. Increasing recyclability.	Product development strategy, procurement policy.
Promotion of sustainable food choices	Development and promotion of sustainable food solutions: the full life cycle of the product, from primary production to consumption and the final disposal of the packaging.	Product development strategy, procurement policy, Apetit's responsible farming practices.
ENVIRONMENT AND CLIMATE		
Reduction of climate impacts	Reduction of the climate impacts of Apetit's own direct operations: renewable energy solutions, energy efficiency.	Operating policy, goals of the corporate responsibility programme.
Raw material efficiency and material efficiency	Improvement of material efficiency in own production operations, reduction of food waste among customers and consumers, circular economy solutions from production side streams.	Material efficiency commitment, quality management and environmental management systems of production plants.
Energy efficiency	Improvement of energy efficiency in own operations.	Energy efficiency agreement, quality management and environmental management systems of production plants, corporate responsibility programme.
Promotion of waterway health	Prevention of environmental accidents at production plants (nutrients contained by wastewater, vegetable oil leaks), development of cultivation methods to minimise nutrient runoffs. Use of domestic, local fish in products.	Operating policy, environmental management systems of production plants, Apetit's responsible farming practices, product development strategy.
Support for biodiversity	Development of cultivation methods to support biodiversity. Prevention of direct environmental accidents.	Operating policy, Apetit's responsible farming practices.

MATERIAL ASPECT	MATERIAL TOPICS	RELEVANT POLICIES AND PRINCIPLES, COMMITMENTS AND MANAGEMENT SYSTEMS
SOCIAL RESPONSIBILITY		
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.	Operating policy, ethical principles, personnel strategy.
Competence and capability development	Part of the personnel strategy and measured by the employee satisfaction survey.	Operating policy, ethical principles, personnel strategy.
Promotion of equality and diversity	Part of the personnel strategy and measured by the employee satisfaction survey.	Operating policy, ethical principles, personnel strategy.
Well-being and safety at work	Goal-oriented and precautionary work to prevent accidents. Monitoring on the basis of the number of occupational accidents and sickness absences.	Operating policy, ethical principles, personnel strategy.
Social impacts in the supply chain	Apetit requires its direct suppliers to commit to the Group's ethical supplier requirements.	Ethical principles, ethical supplier requirements, Apetit Group's procurement principles.
BUSINESS AND SOCIETY		
Responsibility-based business principles	Common business principles across all of Apetit Group's businesses. Personnel's commitment to the Group's ethical principles.	Operating policy, ethical principles, data protection policy.
Financial performance	Financial objectives defined in Apetit Group's strategy.	Accounting principles IFRS.
Partnership with Finnish farmers	Close cooperation and partnership with Finnish farmers, based on contract farming.	Apetit Group's strategy.
Promotion of research on domestic primary production	Development and adoption of sustainable cultivation methods especially for field vegetables and oilseed plants. Research projects, own development work.	BSAG's Baltic Sea commitment, Pyhäjärvi Institute's BioEväät research project.

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.

Apetit has published an annual corporate responsibility report since 2017. Up until 2017, Apetit published separate personnel and environmental reports. Apetit reports on corporate responsibility in conjunction with annual financial reporting.

Data on climate impact calculations

Apetit has calculated the carbon footprint of its operations in accordance with the GHG Protocol's standards and guidelines. Apetit has restricted the organisational scope on the basis of operational control; in other words, all operations controlled by Apetit are taken into account in the calculation. The calculation only includes Apetit's operations in Finland. The carbon footprint is expressed in tonnes of CO2 equivalent.

The calculation of emissions covers the operations with regard to Scope 1 and Scope 2 emissions. Scope 1 emissions refer to direct emissions from the company's own operations, or so-called direct stack discharges, caused by the emission sources, such as vehicles, that Apetit owns and operates. Scope 2 consists of indirect emissions from the generation of the energy that Apetit consumes.

Energy consumption

Energy consumption reported includes the electricity, heat, steam and light fuel oil consumption at Apetit's production plants.

Changes in reporting

Environmental indicators cover production plants in Säkylä, Pudasjärvi and Kirkkonummi. The previous report (the corporate responsibility report published on 5 March 2020) also included the environmental figures of the production plant related to Apetit's sold Fresh cut products business. In this report, the environmental figures related to the Fresh cut products business have been removed also from the figures of the comparison years 2018 and 2019.

The figures for the Fresh cut products business have also been removed from the comparative figures related to occupational health and safety. The sale of Apetit's fresh cut products business to the Swedish company Greenfood Ab was completed on 30 September 2019.

When calculating climate impacts, the calculation principles for the comparison year 2019 have been updated in relation to what has been reported earlier (in the corporate responsibility report published on 5 March 2020). The calculation of emissions for 2019 and 2020 has been conducted in accordance with the GHG Protocol's standards and guidelines.

Reporting period and contact information

The report describes the progress and results of Apetit's corporate responsibility work in 2020. Some of the information has been updated for January–February 2021. 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.

GRI-INDEX

	Standard version	GRI disclosure	More information	Location
Organizational profile	2016	GRI 102-1 Name of the organization		3
		GRI 102-2 Activities, brands, products, and services		3, 15-17
		GRI 102-3 Location of headquarters		147
		GRI 102-4 Location of operations		14
		GRI 102-5 Ownership and legal form		76
		GRI 102-6 Markets served		14-17
		GRI 102-7 Scale of the organization		14-17
		GRI 102-8 Information on employees and other workers		39-41
		GRI 102-9 Supply chain		14
		GRI 102-10 Significant changes to the organization and its supply chain		64-69
		GRI 102-11 Precautionary Principle or approach		31, 68-69
		GRI 102-12 External initiatives		50
		GRI 102-13 Membership of associations		50
Strategy	2016	GRI 102-14 Statement from senior decision-maker		6-7
		GRI 102-15 Key impacts, risks, and opportunities		31
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		GRI 102-17 Mechanisms for advice and concerns about ethics		45, apetit.fi/en/responsibility/ethical-channel-reporting-suspected-misconduct/

	Standard version	GRI disclosure	More information	Location
Governance	2016	GRI 102-18 Governance structure		49, 52-53, 132-139
		GRI 102-19 Delegating authority		49, 52-53, 132-139
		GRI 102-20 Executive-level responsibility for economic, environmental and social topics		49, 52-53, 132-139
		GRI 102-21 Consulting stakeholders on economic, environmental and social topics		50-51
		GRI 102-22 Composition of the highest governance body and its committees		132-139, 142-143
		GRI 102-23 Chair of the highest governance body		132
		GRI 102-24 Nominating and selecting the highest governance body	Partly reported: only the evaluation of independence reported of nomination criterions.	132-139
		GRI 102-25 Conflicts of interest		133
		GRI 102-26 Role of highest governance body in setting purpose, values, and strategy		49, 133-134, 137-139
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		GRI 102-31 Review of economic, environmental, and social topics		69-70
		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.	49
		GRI 102-33 Communicating critical concerns		132-139
		GRI 102-34 Nature and total number of critical concerns		52-53, 66-69
		GRI 102-35 Remuneration policies		140-142
		GRI 102-36 Process for determining remuneration		140-142
Stakeholder engagement	2016	GRI 102-40 List of stakeholder groups		43
		GRI 102-41 Collective bargaining agreements		39
		GRI 102-42 Identifying and selecting stakeholders		50-51
		GRI 102-43 Approach to stakeholder engagement		50-51
		GRI 102-44 Key topics and concerns raised		50-51

	Standard version	GRI disclosure	More information	Location
Reporting practice	2016	GRI 102-45 Entities included in the consolidated financial statements		63
		GRI 102-46 Defining report content and topic Boundaries		54
		GRI 102-47 List of material topics		48
		GRI 102-48 Restatements of information		54
		GRI 102-49 Changes in reporting		54
		GRI 102-50 Reporting period	1 January 2020 - 31 December 2020	GRI Index
		GRI 102-51 Date of most recent report	The previous report was published on March 5th 2020.	apetit.fi/en/for-investors/publications/previous-publi-cations/
		GRI 102-52 Reporting cycle	Annually.	GRI Index
		GRI 102-53 Contact point for questions regarding the report		54
		GRI 102-54 Claims of reporting in accordance with the GRI Standards		54
		GRI 102-55 GRI content index		55-59
		GRI 102-56 External assurance	No external assurance.	GRI Index
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	2016	GRI 204-1 Proportion of spending on local suppliers		26-27
	2016	GRI 205-2 Communication and training about anti-corruption policies and procedures		apetit.fi/en/responsibility/code-of-conduct/
	2016	GRI 205-3 Confirmed incidents of corruption and actions taken	No confirmed incidents.	GRI Index
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	Standard version	GRI disclosure	More information	Location
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		GRI 302-3 Energy intensity		33
		GRI 302-4 Reduction of energy consumption		33
Water	2018	GRI 303-1 Interactions with water as a shared resource		34
		GRI 303-2 Management of water discharge-related impacts		34
		GRI 303-3 Water withdrawal		34
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		GRI 403-4 Worker participation, consultation, and communication on occupational health and safety		42-43
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		GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		42-43
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	Standard version	GRI disclosure	More information	Location
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		GRI 404–3 Percentage of employees receiving regular performance and career development reviews		40-41
Diversity and equal opportunity	2016	GRI 405-1 Diversity of governance bodies and employees		39-41, 44
		GRI 405-2 Ratio of basic salary and remuneration of women to men		40
Supplier social assessment	2016	GRI 414-1 New suppliers that were screened using social criteria		27
Marketing and labeling	2016	GRI 417-1 Requirements for product and service information and labeling		36-37
		GRI 417-2 Incidents of non-compliance concerning product and service information and labeling		36-37
		GRI 417-3 Incidents of non-compliance concerning marketing communications	No incidents.	GRI index
Socioeconomic compliance		GRI 419-1 Non-compliance with laws and regulations in the social and economic area	No incidents.	GRI index

FINANCIAL REVIEW

FINANCIAL REVIEW

CONTENTS

BOARD OF DIRECTORS' REPORT

BOARD OF DIRECTORS' REPORT

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. In addition to the three reporting segments, Apetit will report Group Functions, consisting of the expenses related to Group management, strategic projects and listing on the stock exchange that are not allocated to the three business segments.

The Food Solutions segment consists of Apetit Ruoka Oy and Apetit Ruokaratkaisut Oy. Avena Nordic Grain Oy and its subsidiaries are responsible for Grain Trade and Oilseed Products. The result of the associated company Sucros Ltd is reported below the operating profit.

Apetit's shares have been quoted on Nasdaq Helsinki since 1989, and the company is domiciled in Säkylä.

Profit and financial position

NET SALES AND PROFIT OF CONTINUING OPERATIONS

Net sales in January–December were EUR 292.9 (296.9) million. Operating profit was EUR 3.9 (-4.8) million. The operating profit includes capitalisation of fixed costs arising from harvest-time production and a decrease in grain stocks in the amount of EUR -0.1 (-0.1) million.

The share of the profit of the associated company Sucros was EUR 0.3 (-0.9) million in January–December.

Financial income and expenses totalled EUR -0.5 (-0.7) million.

The profit before taxes was EUR 3.7 (-6.4) million, and taxes on the profit for the period came to EUR -0.6 (0.9) million. Profit for the period came to EUR 3.1 (-5.4) million, and earnings per share amounted to EUR 0.49 (-0.87).

CASH FLOWS, FINANCING AND BALANCE SHEET

Apetit Group's balance sheet position remained strong in terms of the equity ratio as well as liquidity. The Group's net liabilities on the balance sheet date totalled EUR 20.6 million.

The consolidated cash flow from operating activities amounted to EUR 26.8 (-5.9) million in January–December. The impact of the change in working capital was EUR 17.3 (-5.5) 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 -8.9 (1.4) million. The cash flow from financing activities came to EUR -19.7 (4.8) million, including EUR -15.3 (8.0) million in net loan repayments and EUR -2.8 (-2.5) million in dividend payments.

At the end of the period, the Group's interest-bearing liabilities amounted to EUR 21.7 (36.6) million and liquid assets to EUR 1.1 (2.9) million. Net interest-bearing liabilities totalled EUR 20.6 (33.7) million.

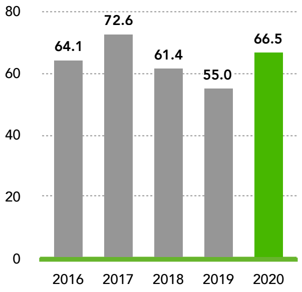
The consolidated balance sheet total stood at EUR 142.8 (170.8) million. At the end of the review period, equity totalled EUR 95.0 (93.9) million. The equity ratio was 66.5 (55.0) per cent, and gearing was 21.7 (35.9) per cent. The Group's liquidity is managed by committed credit facilities, fixed loans and a commercial paper programme. At the end of the period, the available credit facilities amounted to EUR 29 (29) million. The total of commercial papers issued stood at EUR 15.0 (30.0) million.

KEY INDICATORS

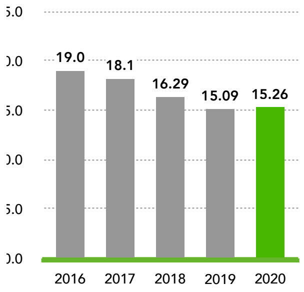
EUR million	2020	2019	Change, %
Continuing operations			
Net sales	**292.9**	296.9	**-1**
Operating profit	**3.9**	-4.8	
Operating profit, %	**1.3**	-1.6	
Profit before taxes	**3.7**	-6.4	
Profit for the period	**3.1**	-5.4	
Profit per share, EUR	**0.49**	-0.87	
Group			
Profit per share, EUR	**0.52**	-0.71	
Shareholders' equity per share, EUR	**15.26**	15.09	
Equity ratio %	**66.5**	55.0	
Return on equity (ROE), %	**3.4**	-4.5	
Return on capital employed (ROCE), %	**3.3**	-4.0	

Other key indicators and calculation of key indicators are presented in the Annual Report starting from page 73.

Equity ratio, %



Shareholders' equity per share, EUR



Overview of operating segments

FOOD SOLUTIONS

Net sales in the Food Solutions segment amounted to EUR 60.1 (58.9) million in January–December. Operating profit was EUR 5.0 (2.5) million.

The Food Solutions segment's investments totalled EUR 2.9 (10.0) million and were mainly associated with production efficiency improvements in Säkylä.

OILSEED PRODUCTS

Net sales in the Oilseed Products segment were EUR 65.8 (65.0) million in January–December. Operating profit was EUR 2.0 (1.5) million.

Investment totalled EUR 4.7 (1.3) million and was mainly related to the construction of the bioenergy plant at the Kirkkonummi vegetable oil milling plant and the plant's environmental and efficiency investments, such as an odorous gas scrubber and oil milling efficiency improvements.

GRAIN TRADE

Net sales in the Grain Trade segment were EUR 194.3 (194.9) million in January–December. Operating profit was EUR 0.1 (-5.6) million.

Investment totalled EUR 0.1 (0.1) million.

Impacts of the covid-19 pandemic on apetit's businesses

In Apetit Group, the impacts of the COVID-19 pandemic vary by business. Thanks to its proactive and systematic approach, Apetit has been able to maintain normal operations.

FOOD SOLUTIONS

The COVID-19 pandemic has affected the Food Solutions business the most.

The retail demand for food increased clearly when the exceptional situation started in the spring: food consumption has shifted to people's homes to a significant degree as restaurants and other public services, such as schools and day-care centres, scaled back their operations. Consequently, the sales of consumer products were exceptionally high for a time in the early stages of the exceptional circumstances, with demand levelling off later.

Demand has decreased significantly in the Food Service sector as restaurants and other public services, such as schools and day-care centres, scaled back their operations. In the summer, demand in the Food Service channel began to gradually increase compared to the early stages of the exceptional situation but, at the annual level, it was still substantially below the pre-pandemic period.

OILSEED PRODUCTS

In the Oilseed Products business, the demand for vegetable oils grew particularly in the retail segment and decreased in the Food Service channel, similarly to the Food Solutions business.

GRAIN TRADE

In the Grain Trade business, the COVID-19 pandemic has only had a minor impact, mainly in the form of increased market volatility in the early stages of the pandemic.

Apetit aims to anticipate the business impacts of the pandemic to the greatest extent possible and consider the impacts of various scenarios on the Group's operations in the short term as well as the long term.

APETIT'S MEASURES RELATED TO THE COVID-19 PANDEMIC

Apetit's goal during the COVID-19 pandemic has been to ensure the health of employees, customers and other stakeholders while ensuring the undisrupted continuation of production, business operations and the food supply chain. To this end, the production units and other operations have implemented various arrangements to minimise interaction between employees and with outside parties, increased the use of personal protective equipment, further improved hygiene standards at various work areas and instructed office employees to work remotely.

Apetit ensures the functioning of the food supply chain by complying with the guidelines issued by the authorities and by preparing for both exceptional and normal operating conditions in its businesses. The precautionary measures take into account all of the key functions in the company's value chain, such as raw material sourcing and the procurement of materials as well as production and logistics, customer cooperation, sales and support functions. During the COVID-19 pandemic, the Finnish food supply chain has proved its resilience and functionality even under difficult and exceptional circumstances. This has led to a marked increase in the visibility and appreciation of domestic food production.

Value creation at apetit

Apetit's ability to create value is based on strong integration with Finnish primary production, the unique value chain, strong and attractive brands and products, continuous improvement of operational efficiency, and sustainable actions at every stage of the value chain.

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

Strategy

STRATEGY PERIOD 2020–2022

Apetit Plc published its strategy for 2020–2022 in May 2020. A key feature of the renewed strategy is strengthening the existing unique value chain that has a strong foundation in Finnish primary production. The operations of the strategy period aim towards the objective of building Apetit into a successful Finnish company focusing on plant-based food products.

In its strategy, Apetit focuses on utilising its existing strengths and strengthening them further in all of its business areas. A key factor in everything Apetit does is ensuring future success.

Apetit has identified the phenomena in the operating environment that both steer and support the company's strategy and its implementation: The demand for plant-based food products is on the increase. As culinary trends, making daily life easier, well-being and the origin of food are highlighted further. In addition, the frozen foods market will grow. In the big picture, climate change will increase extreme weather phenomena and seasonal variations in harvest. Climate-responsible everyday actions are emphasised in the building of a sustainable food supply chain through different value chains.

STRATEGIC FOCUS AREAS AND KEY MEASURES IN 2020

Optimising core business functions

We will improve process efficiency in all of our operations. We will scale our operations in relation to the company's existing size. We will improve resource efficiency through partnerships. We will develop our trading ability in the grain trade.

Key measures in 2020:

- Construction of a bioenergy plant in conjunction with the Kantvik vegetable oil milling plant in Kirkkonummi.
- Development of functions and practices to match current business operations.
- Creation and development of appropriate partnership networks.
- Trading ability development in the grain trade by improving operational coordination.

Strong foothold in Sweden

We will strengthen the Swedish market as the primary focus area of food exports. We will ensure and deepen our existing customer relationships and also build new customer relationships. We will develop and expand our market-specific product portfolio. We will build appropriate partnerships for other selected markets.

Key measures in 2020:

- Introduction of the Apetit brand products (14 products) into the product selection of ICA, the largest retail chain in Sweden.
- Launch of sales cooperation with a local partner for the Food Service channel in Sweden.
- Establishment of new partnerships and the launch of cooperation in other markets.
- Systematic increase of the total export volume.

Growth from plant-based added value products

We will increase the sales of our existing product portfolio and expand our customer base. We will expand to new product segments. We will strengthen our commercial position in the Food Service channel. We will create a model for the commercialisation of the rapeseed protein ingredient.

Key measures in 2020:

- Continuous development of new plant- and fish-based products and product groups.
- Launch of new product groups: first fully Finnish wok vegetables to shops' frozen food sections.
- More customer-oriented operating model in the Food Service channel.
- Investment decision to start the small-scale production of the rapeseed ingredient in summer 2021 and the launch of the assessment of options related to the commercialisation of the ingredient.

Developing farming partnerships

Food Solutions: We will expand contract farming in pea and possible new plants. We will improve the preconditions for farming by developing cultivation measures, soil fertility and plant protection measures, among other things. We will make use of new opportunities, such as carbon farming.

Oilseed Products: We will deepen our contract farming model to ensure the availability of Finnish raw materials.

Grain Trade: We will become the farmer's primary partner by developing logistics solutions and utilising selected partnerships.

Key measures in 2020:

- New contract growers and a record in pea cultivation area.
- Further development of Apetit's responsible farming practices

and their implementation among contract growers.
- Active participation in projects promoting soil fertility and carbon sequestration.
- Renewal and deepening of the oilseed plant contract farming model.
- Establishment and development of Farmer's Avena Berner cooperation.

Sustainable actions

We will promote cultivation development and implement new sustainable cultivation methods. We will provide new diverse alternatives to increase plant-based and sustainable eating. We will make sustainability an even more intertwined part of all of our operations. We will decrease the Group's environmental and climate impacts in accordance with set objectives.

Key measures in 2020:
- Adoption of wind power at all of the Group's production facilities.
- Joining the food industry's material efficiency commitment.
- Material review at the Säkylä production facility.
- Calculation of the environmental footprint of selected products.
- Development and standardisation of the Group's carbon footprint calculation to comply with the GHG Protocol (Scope 1 and 2).

Financial objectives

EBITDA will be EUR 14 million in 2022 (continuing operations in 2019 EUR 0.8 million)

Return on capital employed (ROCE %) > 8% (2019: -4.0%)

The realisation of set strategic objectives is based on regular harvest development and systematic execution of strategic measures. The company is open to corporate transactions that are in line with its strategy. The possible impacts of the ongoing COVID-19 pandemic on financial objectives will be reassessed later, if necessary.

Investment

Investment by continuing operations in non-current assets came to EUR 7.8 (11.5) million and was divided as follows: investment in Food Solutions totalled EUR 2.9 (10.0) million, in Oilseed Products EUR 4.7 (1.3) million, in Grain Trade EUR 0.1 (0.1) million and in Group Functions EUR 0.1 (0.0) million.

Personnel

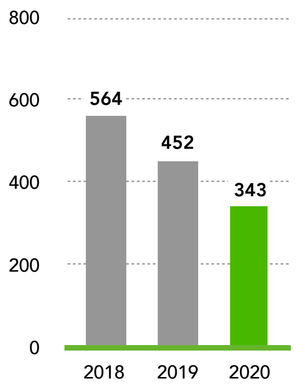
Apetit's personnel strategy focuses on creating a safe and encouraging work atmosphere, enabling inspiring and goal-oriented leadership, developing competence, creating a bold corporate culture that enables experiments and improving the company's employer image.

At Apetit, occupational safety culture is developed in line with the principle of continuous improvement. The key measures taken in 2020 to improve occupational safety were active and inclusive occupational safety communications and incident investigation as well as systematic safety observation practices.

In 2020, there were 18 (19) occupational accidents that led to at least a one-day absence. The accident frequency rate was 28 (18). 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 2020, the sickness absence rate among production employees was 5.9 (6.1) per cent. The sickness absence rate is the sickness absence time in relation to the theoretical regular working time.

Number of employees in the Group on average



During the year, the Apetit Suunta supervisor training programme continued among the Group's new supervisors. 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.

Apetit monitors well-being at work and employee satisfaction by means of a Group-wide well-being at work survey, for example. In the survey, the personnel assess their experiences of personal well-being at work, the work atmosphere, safety at work, social support and supervisory work. The average result of the Työvire survey conducted in 2020 was 3.9 (3.9). The next survey will be conducted in spring 2021.

Apetit Group had 345 (373) employees at the end of 2020.

The salaries and other remuneration paid to the employees in 2020 amounted to EUR 16.9 million (EUR 20.4 million, including discontinued operations and EUR 17.6 million for continuing operations).

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 2020.

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 regulations, 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 2020.

Research and development

The Group's research and development costs were EUR 1.0 (1.3) million, or 0.4% (0.4%) of net sales. In addition, EUR 0.2 (0.2) million in product development costs was capitalised on the balance sheet during the financial year in relation to the development of the rapeseed ingredient.

In the Food Solutions business, research and development operations were mainly related to developing new products and creating cooperation networks that support operations.

Apetit is improving its products and creating brand new products to provide easy, delicious plant-based food solutions for different meal situations for people who value food that tastes good, is healthy and is produced responsibly. New products are developed to match market-specific preferences and nutritional recommendations, and for convenient everyday meals.

Vegetables, vegetable oils and whole grains are an important part of a healthy diet. In its products, Apetit pays special attention to attractive appearance and good taste, in addition to nutritional values, as only food that is actually eaten is nourishing.

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.

In December 2020, the European Commission granted a novel food authorisation for Apetit's rapeseed ingredient, the BlackGrain from Yellow Fields rapeseed powder. Apetit continues to assess options related to the commercialisation of the ingredient and to develop new rapeseed-based ingredients.

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 soil fertility and promote carbon sequestration, 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 research projects and development programmes coordinated by various partners.

Environment

Apetit Group's operations are guided by its operating policy and ethical principles, the goals of which include responsible environmental management and the management of environmental impacts. 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 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 energy consumption 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. Environmental impacts also arise from storage, transport and buildings. Apetit is committed to continuous improvement with regard to environmental issues.

Apetit participates in the Energy Efficiency Agreement system of Finnish industries and has committed to implementing the Food and Drink Industry Action Plan. The target for improving energy use in the food industry is 7.5 per cent for the 2017–2025 agreement period. In 2020, Apetit's energy consumption was 0.5 (0.4) MWh per tonne produced.

As part of improving its energy efficiency and increasing its use of renewable energy, Apetit is building a bioenergy plant in conjunction with its vegetable oil milling plant in Kirkkonummi. The plant is scheduled for completion in 2021. The bioenergy plant will replace the current energy solution that uses non-renewable fuels and will significantly reduce the Group's CO2 emissions.

All of the electricity used by Apetit Group's production facilities has been generated from renewable energy sources starting from 1 April 2020. Going forward, Apetit's production facilities run exclusively on wind power. Apetit Group's total CO2 emissions decreased by 37 per cent from the comparison year 2019.

All of Apetit's production facilities 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 impacts at the production facilities.

In October 2020, the Centre for Economic Development, Transport and the Environment for Southwest Finland requested Apetit to submit an application for reviewing the environmental permit terms and conditions of the wastewater treatment plant in the Länsi-Säkylä industrial area by the beginning of May 2021. Apetit will submit the application for the permit review to the Regional State Administrative Agency for Southern Finland.

The company is not aware of any significant individual environmental risks on the balance sheet date. The Group's environmental costs were EUR 1.0 (0.9) million, or 0.3 (0.3) per cent of net sales.

Environmental aspects are discussed in more detail in Apetit's corporate responsibility 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.

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'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 builds its operations around domestic raw materials and sustainable practices. At Apetit, corporate responsibility covers the continuous improvement of operations throughout the value chain, from the cultivation and procurement of raw materials and production to customers and ultimately to consumers. Through our actions, we want to increase the well-being of both the environment and people. The idea is also part of our mission: Good food for everyone. Locally.

"Sustainable actions" is one of Apetit's strategic focus areas: We will promote cultivation development and implement new sustainable cultivation methods. We will provide new diverse alternatives to increase plant-based and sustainable eating. We will make sustainability an even more intertwined part of all of our operations and decrease the Group's environmental and climate impacts in accordance with set objectives.

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. The material themes of corporate responsibility were updated in late 2020 on the basis of a stakeholder survey conducted earlier in the autumn.

More information about Apetit's corporate responsibility is available in the corporate responsibility report. Apetit reports on its sustainable operations in accordance with the Core option of the Global Reporting Initiative (GRI) standards.

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 assessed and developed regularly.

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 operational 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 international markets and is thus exposed to currency risks arising from changes in exchange rates. Under normal circumstances, currency risks are low. Financial risk management is discussed in more detail in Note 24 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.

Statement of non-financial risks 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.

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 facilities 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

CORPORATE GOVERNANCE STATEMENT

The 2020 Corporate Governance Statement for Apetit Plc has been considered by the Apetit Plc's Board of Directors and is published separately from the Board of Directors' report.

ANNUAL GENERAL MEETING 2020

Apetit Plc's Annual General Meeting was held in Säkylä on 26 May 2020. The Annual General Meeting adopted the parent company's financial statements and the consolidated financial statements, and discharged the members of the Supervisory

Board, the Board of Directors and the CEOs from liability for the financial year 2019.The Board of Directors' proposals to the Annual General Meeting were approved without changes. The Annual General Meeting decided to distribute a dividend of EUR 0.45 per share in accordance with the Board's proposal. The dividend was paid on 4 June 2020.

ELECTION OF THE SUPERVISORY BOARD

The Annual General Meeting 2020 confirmed that the Supervisory Board will have 18 members elected by the Annual General Meeting. Five persons were appointed to replace members of the Supervisory Board completing their term. Jaakko Halkilahti, Marja-Liisa Mikola-Luoto, Petri Rakkolainen and Mauno Ylinen were re-elected. Olli Saaristo was elected as a new member of the Supervisory Board.

Heikki Laurinen and Pekka Perälä were elected by the Annual General Meeting as the members of the Supervisory Board's Nomination Committee.

Apetit Plc's Supervisory Board appointed Harri Eela as Chair and Marja-Liisa Mikola-Luoto as Vice Chair.

COMPOSITION AND COMMITTEES OF THE BOARD OF DIRECTORS

The Supervisory Board decided to elect six members to Apetit Plc's Board of Directors. Lasse Aho, Annikka Hurme, Antti Korpiniemi, Simo Palokangas, Kati Rajala 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, 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. Lasse Aho was elected as the Chair of the Audit Committee and Niko Simula as a member.

In accordance with the decision of the Supervisory Board, the Board members will be paid an annual remuneration of EUR 19,560 and the Chair and Deputy Chair will receive an annual remuneration of EUR 39,060 and EUR 24,120, respectively. A total of 60 per cent of the annual remuneration will be paid in cash and 40 per cent in the form of Apetit Plc 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.

AUDITOR

The Annual General Meeting appointed Pasi Karppinen, APA, and PricewaterhouseCoopers Oy, Authorised Public Accountants, with Tuomo Korte, APA, as the auditor with principal responsibility, as the company's auditors for the period ending at the close of the 2021 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 106,426 Apetit Plc shares held by the company (the company held a total of 89,230 treasury shares on 31 December 2020).

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

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

The authorisation is valid until the 2021 Annual General Meeting.

USE OF THE AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

In accordance with a decision made by the Supervisory Board regarding the remuneration of Board members, a total of 5,470 Apetit Plc shares held by the company were transferred to the Board members on 2 December 2020.

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.

TREASURY SHARES

At the end of the review period, the company held a total of 89,230 treasury shares acquired during previous years. These treasury shares represent 1.4 per cent of the company's total number of shares and votes. The company's treasury shares carry no voting or dividend rights.

FLAGGING ANNOUNCEMENTS

In 2020, Apetit received two flagging announcements:

On 13 May 2020, Apetit Plc received a notification under Chapter 9, Section 5 of the Securities Market Act, according to which the holding of Berner Oy in Apetit Plc's shares and votes had exceeded the 5 per cent threshold on 12 May 2020.

On 13 May 2020, Apetit Plc received a notification under Chapter 9, Section 5 of the Securities Market Act, according to which the holding of Jussi Capital Oy in Apetit Plc's shares and votes had decreased below 5 per cent on 12 May 2020.

SHARE PRICE AND TRADING

The number of Apetit Plc shares traded on the stock exchange during the review period was 1,627,429 (1,251,917), representing 25.8 (20.0) per cent of the total number of shares. The highest share price quoted was EUR 10.80 (9.84) and the lowest was EUR 7.12 (7.66). The average price of shares traded was EUR 8.94 (8.54). The share turnover for the period was EUR 14.5 (10.7) million. At the end of the review period, the market capitalisation was EUR 67.6 (49.5) million.

MANAGERS' TRANSACTIONS

Apetit's managers' transactions related to Apetit's securities during the review period have been published as stock exchange releases and can be read on the company's website.

Short-term risks

The most significant short-term risks for Apetit Group are related to, in addition to the COVID-19 pandemic, 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 areas and customer relationships.

Assessment of expected future development

The full-year operational EBIT from continuing operations is expected to improve year-on-year (EUR 3.9 million in 2020).

Events after the end of the financial year

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

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 55,197,731.79 on 31 December 2020, after adding the profit for the financial year, EUR 2,852,348.19. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 per share be paid.

The Board of Directors proposes that a total of EUR 3,114,173.00 be distributed in dividends and that EUR 52,083,558.79 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.

APPENDICES TO THE BOARD OF DIRESTORS' REPORT

KEY INDICATORS

Financial ratios

Profitability

	Continuing operations				
EUR million	2020	2019	2018	2017	2016
Net sales	**292.9**	296.9	259.9	311.8	310.0
Exports	**134.0**	134.4	77.7	101.0	69.4
Operating profit	**3.9**	-4.8	0.5	1.1	0.8
% of net sales	**1.3**	-1.6	0.2	0.4	0.3
R & D expenses	**1.0**	1.3	1.3	1.9	0.8
% of net sales	**0.4**	0.4	0.4	0.6	0.4
Financial income (+)/ expenses(-), net	**-0.5**	-0.7	-0.4	-0.5	-0.6
Result before taxes	**3.7**	-6.4	-0.6	1.6	1.0
% of net sales	**1.3**	-2.1	-0.2	0.5	0.3
Result for the period	**3.1**	-5.4	-0.4	2.9	2.0
% of net sales	**1.0**	-1.8	-0.2	0.9	0.7
Attributable to					
Shareholders of the parent company	**3.1**	-5.4	-0.4	2.9	2.0

Finance and financial position

	Group				
EUR million	2020	2019	2018	2017	2016
Return on equity, % (ROE)	**3.4**	-4.5	-7.0	2.5	1.7
Return on capital employed, % (ROCE) *	**3.3**	-4.0	-7.0	1.9	1.3
Equity ratio, %	**66.5**	55.0	61.4	72.6	64.1
Net gearing, %	**21.7**	35.9	21.5	-9.6	12.4
Non-current assets	**67.7**	64.4	67.6	74.7	83.6
Inventories	**58.7**	66.4	80.9	45.8	65.3
Other current assets	**16.3**	39.9	16.1	34.2	34.8
Shareholders' equity	**95.0**	93.9	101.1	112.3	117.7
Distributable funds	**55.2**	55.1	58.6	62.6	66.3
Interest-bearing liabilities	**21.7**	36.6	24.4	4.9	19.1
Non-interest-bearing liabilities	**26.1**	40.3	39.0	37.6	46.8
Balance sheet total	**142.8**	170.8	164.6	154.7	183.7

Other indicators

	Continuing operations				
Milj. euroa	2020	2019	2018	2017	2016
Gross investments excluding business acquisitions	**7.8**	11.5	6.1	5.2	7.7
% of net sales	**2.7**	4.0	2.3	1.7	2.5
Gross investments excluding business acquisitions	**0.0**	-	0.6	0.4	-
% of net sales	**0.0**	-	0.2	0.1	-

	Group				
	2020	2019	2018	2017	2016
Personnel, FTE	**343**	452	564	697	729

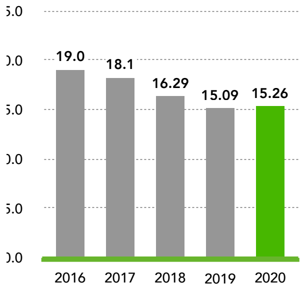
SHARE INDICATORS

	Group				
	2020	**2019**	**2018**	**2017**	**2016**
Earnings per share, EUR	**0.52**	-0.71	-1.21	-0.10	0.19
Dividend per share, EUR	**0.50**	0.45	0.40	0.70	0.70
Dividend per earnings, %	**96.6**	-	-	-	368.4
Effective dividend yield, %	**4.7**	5.7	4.4	5.0	5.4
P/E ratio	**20.8**	-	-	-	68.3
Shareholders' equity per share, EUR	**15.26**	15.09	16.29	18.10	19.00
Share performance, EUR					
Lowest price during the year	**7.12**	7.66	8.86	12.91	11.64
Highest price during the year	**10.80**	9.84	15.25	14.58	14.50
Average price during the year	**8.94**	8.54	11.68	13.67	12.97
Share price at the end of the year	**10.70**	7.84	9.00	14.12	12.97
Share turnover					
Share turnover (1,000 pcs)	**1,627**	1,252	635	835	561
Turnover ratio, %	**25.8**	20.0	10.0	13.0	8.9
Share capital, EUR million	**12.6**	12.6	12.6	12.6	12.6
Market capitalisation, EUR million	**67.6**	49.5	56.9	89.2	81.9
Dividends, EUR million	**3.1****	2.8	2.5	4.3	4.3

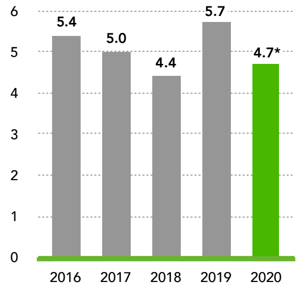
	Group				
	2020	**2019**	**2018**	**2017**	**2016**
Number of shares					
Number of shares	**6,317,576**	6,317,576	6,317,576,	6,317,576	6,317,576
Average adjusted number of shares	**6,223,332**	6,217,118	6,210,652,	6,202,128	6,197,815
Adjusted number of shares at the end of the period	**6,228,346**	6,222,876	6,216,621,	6,206,150	6,200,771
Number of own shares	**89,230**	94,700	100,955,	111,426	116,805

* In 2020, the calculation formula for the key indicator has changed
** Proposal of the board of directors

Shareholders' equity per share, EUR

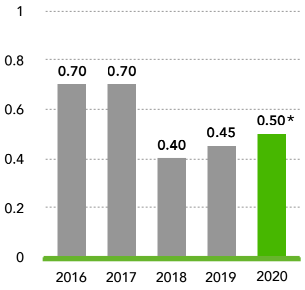


Effective dividend yield 2016-2020, %



*Board's proposal

Dividend/share 2016-2020, EUR



*Board's proposal

CALCULATION OF KEY INDICATORS

IFRS KEY FIGURES

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

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

ALTERNATIVE PERFORMANCE MEASURES

According to the ESMA (European Securities and Markets Authority) 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. Beginning from year 2020 Apetit quit the use of profit-based alternative performance measures. In addition to IFRS key figures, Apetit uses and reports the following alternative performance measures:

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

Return on capital employed (ROCE), % = $\frac{\text{Operating profit}}{\text{Capital employed, average of the last five quarter ends}} \times 100$

Capital employed = Equity + interest-bearing liabilities

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

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

Interest-bearing net liabilities = Interest-bearing liabilities - Cash and cash equivalents - Short term investments

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

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

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

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

Market capitalisation = Basic number of outstanding shares x Closing share price

MAJOR SHAREHOLDERS ON 31 DECEMBER 2020

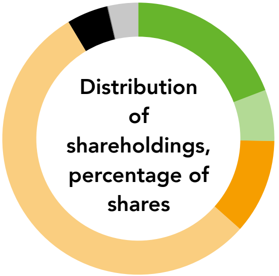
	Number of shares	%	Number of votes	%
Valio's Pension Fund	520,108	8.2	520,108	8.7
Berner Oy	499,667	7.9	499,667	8.4
Eela Esko	392,392	6.2	392,392	6.6
Nordea Nordic Small Cap Fund	347,860	5.5	347,860	5.8
EM Group Oy	141,747	2.2	141,747	2.4
Central Union of Agricultural Producers and Forest Owners	125,485	2.0	125,485	2.1
Nordea Bank ABP	112,942	1.8	112,942	1.9
Pharmacies Pension Fund	90,395	1.4	90,395	1.5
Säkylä municipality	65,822	1.0	65,822	1.1
Laakkonen Mikko	63,283	1.0	63,283	1.1
Top 10 sub-total	2,359,701	37.4	2,359,701	39.7
Nominee-registered shares	225,373	3.6	225,373	3.8
Other shareholders	3,643,272	57.7	3,365,165	56.6
External ownership total	6,228,346	98.6	5,950,239	100.0
Shares owned by the company	89,230	1.4		
Total	**6,317,576**	**100.0**		

Distribution of ownership on 31 December 2020

	% of shareholders	% of shares
Companies total	2.7	19.2
Financial and insurance institutions	0.1	6.1
Public organisations	0.3	11.3
Private households	95.8	54.9
Non-profit organisations	0.9	4.9
Foreign owners	0.2	0.1
Nominee-registered		3.6
Total		100.0

Distribution of shareholdings on 31 December 2020

Shares		Number of shareholders	% of shareholders	Number of shares	% of shares
1	100	6,069	52.4	248,924	3.9
101	500	4,047	34.9	985,961	15.6
501	1000	873	7.5	652,964	10.3
1001	5000	511	4.4	1,015,349	16.1
5001	10000	50	0.4	329,680	5.2
10001	50000	28	0.2	513,373	8.1
50001	100000	6	0.1	431,124	6.8
100001	500000	6	0.1	1,620,093	25.6
500001		1	0.0	520,108	8.2
Yhteensä		**11,591**	**100.0**	**6,317,576**	**100.0**



- Companies total 19.2%
- Financial and insurance institutions 6.1%
- Public organisations 11.3%
- Private households 54.9%
- Non-profit organisations 4.9%
- Foreign owners 0.1%
- Nominee-registered 3.6%

- Companies total 2.7%
- Financial and insurance institutions 0.1%
- Public organisations 0.3%
- Private households 95.8%
- Non-profit organisations 0.9%
- Foreign owners 0.2%

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	1-12/2020	1-12/2019
CONTINUING OPERATIONS			
NET SALES	(2)	**292.9**	296.9
Other operating income	(4)	**1.0**	1.2
Material and services	(7)	**-240.3**	-252.4
Employee benefits expense	(5)	**-20.0**	-21.3
Depreciation and amortisation	(2,8)	**-6.1**	-5.5
Impairment	(2,8)	**-0.0**	-0.1
Other operating expenses	(4)	**-23.5**	-23.6
OPERATING PROFIT	(2)	**3.9**	-4.8
Financial income	(9)	**0.0**	0.1
Financial expenses	(9)	**-0.5**	-0.8
Share of profit/loss accounted for using the equity method	(14)	**0.3**	-1.0
PROFIT/LOSS BEFORE TAX		**3.7**	-6.4
Tax on income from operations	(10)	**-0.6**	0.9
Profit/loss from continuing operations		**3.1**	-5.4
DISCONTINUED OPERATIONS			
Profit/loss from discontinued operations	(3)	**0.1**	1.0
PROFIT/LOSS FOR THE PERIOD		**3.2**	-4.4

EUR million	Note	1-12/2020	1-12/2019
Earnings per share calculated on profit attributable to equity holders of the parent			
Earnings per share, basic, Continuing Operations		**0.49**	-0.87
Earnings per share, basic, Discontinued Operations		**0.02**	0.16
Earnings per share, basic	(12)	**0.52**	-0.71
Earnings per share, diluted, Continuing Operations		**0.49**	-0.87
Earnings per share, diluted, Discontinued Operations		**0.02**	0.16
Earnings per share, diluted	(12)	**0.52**	-0.71
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**-0.0**	0.1
Cash flow hedges		**0.8**	-0.4
Taxes related to cash flow hedges		**-0.2**	0.1
		0.6	-0.2
TOTAL COMPREHENSIVE INCOME		**3.8**	-4.7
Total comprehensive income attributable to:			
Owners of the parent company		**3.8**	-4.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	31.12.2020	31.12.2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(13)	**2.3**	2.1
Goodwill	(13)	**0.4**	0.4
Property, plant, equipment	(13)	**36.1**	33.1
Right-of-use assets	(13)	**4.6**	4.1
Shares in associated companies	(14)	**19.7**	19.4
Other non-current financial assets	(15)	**0.3**	0.3
Non-current trade and other receivables	(16)	**0.0**	0.0
Deferred tax assets	(11)	**4.3**	5.0
NON-CURRENT ASSETS		**67.7**	64.4
CURRENT ASSETS			
Inventories	(18)	**58.7**	66.4
Trade receivables and other receivables	(17)	**15.2**	37.0
Cash and cash equivalents	(19)	**1.1**	2.9
CURRENT ASSETS		**75.1**	106.3
ASSETS		**142.8**	170.8

EUR million	Note	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
Owners of the parent company			
Share capital	(20)	**12.6**	12.6
Share premium	(20)	**23.4**	23.4
Treasury shares		**-1.3**	-1.3
Reserves		**7.4**	6.7
Translation differences		**-0.0**	-0.0
Retained earnings without profit/loss for the period		**49.8**	57.0
Profit/loss for the period		**3.2**	-4.4
Owners of the parent company		**95.0**	93.9
EQUITY		**95.0**	93.9
NON-CURRENT LIABILITIES			
Deferred tax liabilities	(11)	**0.1**	0.1
Non-current liabilities, interest-bearing	(22)	**3.9**	4.4
Non-current interest-free liabilities	(23)	**0.2**	0.3
Liabilities from defined benefit plan	(21)	**0.2**	0.2
NON-CURRENT LIABILITIES		**4.4**	5.0
CURRENT LIABILITIES			
Current interest-bearing liabilities	(22)	**17.8**	32.2
Trade Payables and Other Liabilities	(23)	**25.6**	39.5
CURRENT LIABILITIES		**43.4**	71.6
LIABILITIES OF A DISPOSAL GROUP HELD FOR SALE		**-**	0.2
Liabilities	(2)	**47.8**	76.8
EQUITY AND LIABILITIES		**142.8**	170.8

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	1-12/2020	1-12/2019
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT/LOSS FOR THE PERIOD		**3.2**	-4.4
Adjustments to cash flow from operating activities	*	**6.9**	4.7
Working capital changes		**17.3**	-5.5
Interest paid		**-0.5**	-0.7
Interest received		**0.0**	0.0
Income taxes paid		**-0.1**	-0.1
Net cash from operating activities		**26.8**	-5.9
Cash flows from investing activities			
Purchase of tangible and intangible assets		**-7.9**	-12.3
Proceeds from sale of tangible and intangible assets		**0.0**	0.0
Acquisition of subsidiaries, net of cash acquired		**-1.0**	-
Proceeds from sales of business operations	(3)	**-0.1**	13.3
Purchase of investments		**-0.0**	-
Proceeds from sale of investments		**-0.0**	0.4
Dividends received		**0.0**	0.0
Net cash used in investing activities		**-8.9**	1.4
Cash flows from financing activities			
Addition / deduction of current borrowings	(22)	**-14.3**	9.0
Repayment of non-current borrowings	(22)	**-1.0**	-1.0
Payment of lease liabilities	(22)	**-1.6**	-1.5
Proceeds from disposal of shares on the joint book-entry account		**-**	0.7
Dividends paid		**-2.8**	-2.5
Net cash used in financing activities		**-19.7**	4.8

EUR million	Note	1-12/2020	1-12/2019
Net change in cash and cash equivalents		**-1.8**	0.2
Cash and cash equivalents at the beginning of the period	(19)	**2.9**	2.6
Cash and cash equivalents at the end of the period	(19)	**1.1**	2.9
*** Adjustments to cash flow from operating activities**			
Depreciation, amortisation and impairment		**6.1**	6.2
Gains and losses of disposals of fixed assets and other non-current assets		**-0.2**	-2.5
Share of profit/loss accounted for using the equity method	(14)	**-0.3**	1.0
Financial income and expenses		**0.5**	0.8
Tax on income from operations	(10)	**0.7**	-0.7
Other adjustments		**0.0**	-0.0
Total		**6.9**	4.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium	Treasury shares	Fair value reserve	Other reserves	Translation differences	Retained earnings	Total equity
EQUITY 1.1.2020	**12.6**	**23.4**	**-1.3**	**-0.5**	**7.2**	**-0.0**	**52.6**	**93.9**
TOTAL COMPREHENSIVE INCOME	**-0.0**	**-**	**-**	**0.6**	**-**	**-0.0**	**3.2**	**3.8**
Dividend distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-2.8**	**-2.8**
Other changes	**-**	**-**	**0.1**	**0.0**	**-**	**-**	**-0.0**	**0.1**
Changes in equity total	**-0.0**	**-**	**0.1**	**0.6**	**-**	**-0.0**	**0.4**	**1.1**
EQUITY 31.12.2020	**12.6**	**23.4**	**-1.3**	**0.1**	**7.2**	**-0.0**	**53.0**	**95.0**
EQUITY 1.1.2019	12.6	23.4	-1.4	-0.2	7.2	-0.2	59.6	101.1
TOTAL COMPREHENSIVE INCOME	-	-	-	-0.3	-	0.1	-4.4	-4.7
Dividend distribution	-	-	-	-	-	-	-2.5	-2.5
Proceeds from disposal of shares on the joint book-entry account	-	-	-	-	-	-	0.6	0.6
Effect on transition to IFRS 16	-	-	-	-	-	-	-0.2	-0.2
Share of direct equity entries in associates	-	-	-	-	-	-	-0.4	-0.4
Other changes	-	-	0.0	0.0	-	-	-0.2	-0.1
Changes in equity total	-	-	0.0	0.0	-	-	-2.6	-2.5
EQUITY 31.12.2019	12.6	23.4	-1.3	-0.5	7.2	-0.0	52.6	93.9

NOTES TO THE CONSOLIDATED FINANCIAL STAEMENT

NOTE 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 18 February 2021, 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 continuing operations are Food Solutions, Oilseed Products and Grain Trade. In addition to the three reporting segments, Apetit reports Group Functions, consisting of Group management, strategic projects and listing on the stock exchange. 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 services
FOOD SOLUTIONS	
Apetit Ruoka Oy	Frozen foods
Apetit Ruokaratkaisut Oy	Service sales (ended in 2019)
GRAINS AND OILSEEDS BUSINESS	
Avena Nordic Grain Oy	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
SIA Avena Nordic Grain, Latvia	Trade in grains, oil seeds and animal feedstuff
OOO Avena-Ukraine, Ukraine *	Trade in grains, oil seeds and animal feedstuff
*ended in 2020	
OILSEEDS PRODUCTS	
Avena Nordic Grain Oy	Trade in vegetable oils and protein feed
Avena Kantvik Oy	Manufacture of vegetable oils and protein feed
GROUP FUNCTIONS	
Apetit Oyj	Group management, strategic projects and listing on the stock exchange
Foison Oy	Holding in Avena Nordic Grain Oy
ASSOCIATED COMPANIES	
Sucros group	Manufacture, marketing and sales of sugar
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 2020. 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 was 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 recognised earlier financial expense related to the key employees' dividend right from Avena Group. Foison Oy is fully owned by Apetit Oyj 30.12.2020 onwards.

RESEARCH AND DEVELOPMENT COSTS

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

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

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

INTANGIBLE ASSETS

Goodwill

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

Other intangible assets

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

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

Depreciation period for intangible assets:

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

The estimated useful lives are as follows:

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

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

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

GOVERNMENT GRANT

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. In accordance with IFRS 16 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 permitted 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 an accrual basis.

IMPAIRMENT

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

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

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

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

INVENTORIES

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

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

FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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 from the associated company Sucros Oy and from Frozen foods products 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.

The utilization of deferred tax assets against future taxable income is assessed annually based on management's assessment.

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.

NOTE 2. OPERATING SEGMENTS

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

Apetit's continuing operations are Food Solutions, Oilseed Products and Grain Trade. In addition to the three reporting segments, Apetit reports Group Functions, consisting of Group management, strategic projects and listing on the stock exchange.

Discontinued operations include the fresh cut products business, which was classified as a discontinued operation in 2019 and was sold in 2019 to the Swedish Greenfood Group. In addition, the result for 2019 of discontinued operations includes an impairment charge of EUR 0.1 million on the remaining purchase price receivable of the seafood segment sold in 2017. The result of discontinued operations for the financial year 2020 consists of the adjustment of the purchase price of the fresh cut products business sold in 2019.

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.

1-12/2020

EUR million	**Food solutions**	**Oilseed products**	**Grain trade**	**Group Functions**	**Continuing Operations**	**Discontinued Operations**	**Apetit Group**
Segment net sales	60.1	65.8	194.3	-	320.3	0.0	320.3
Intra-group net sales	-0.0	-0.4	-26.9	-	-27.3	-	-27.3
Net sales	60.1	65.5	167.4	-	292.9	0.0	293.0
OPERATING PROFIT	5.0	2.0	0.1	-3.2	3.9	0.2	4.1
Assets	39.4	29.6	43.8	-	112.8	-	112.8
Unallocated							30.0
Total assets	39.4	29.6	43.8	-	112.8	-	142.8
Liabilities	14.3	4.3	13.0	-	31.7	-	31.7
Unallocated					-		16.1
Total liabilities	14.3	4.3	13.0	-	31.7	-	47.8
Gross investments in non-current assets	2.9	4.7	0.1	0.1	7.8	-	7.8
Business acquisitions and other investments	0.0	-	-	-	0.0	-	0.0
Depreciation and amortisation	3.4	1.0	0.9	0.8	6.1	-	6.1
Impairment	0.0	-	-	0.0	0.0	-	0.0
Personnel, FTE	235	43	53	12	343	-	343

1-12/2019

EUR million	Food solutions	Oilseed products	Grain trade	Group Functions	Continuing Operations	Discontinued Operations	Apetit Group
Segment net sales	58.9	65.0	194.9	-	318.8	15.8	334.6
Intra-group net 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 PROFIT	2.5	1.5	-5.6	-3.1	-4.8	1.4	-3.4
Assets	44.3	36.6	63.5	-	144.4	-	144.4
Unallocated							26.4
Total assets	44.3	36.6	63.5	-	144.4	-	170.8
Liabilities	12.3	5.0	22.3	-	39.6	-	39.6
Unallocated							37.2
Total liabilities	12.3	5.0	22.3	-	39.6	-	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 and amortisation	3.3	0.9	0.8	0.5	5.5	0.7	6.2
Impairment	0.1	-	-	-	0.1	-0.0	0.1
Personnel, FTE	255	43	55	14	367	85	452

GEOGRAPHICAL INFORMATION

	Net sales		Non-current assets	
EUR million	2020	2019	2020	2019
Finland	**158.9**	178.2	**67.7**	64.3
Norway	**14.9**	16.1	**-**	-
Germany	**19.4**	23.3	**-**	-
Sweden	**7.6**	5.5	**-**	-
Other countries	**92.2**	89.5	**0.1**	0.1
Total	**293.0**	312.6	**67.7**	64.4

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

NOTE 3. DISCONTINUED OPERATIONS

Discontinued operations include the fresh cut products business, which was classified as a discontinued operation in 2019 and was sold in 2019 to the Swedish Greenfood Group. In addition, the result for 2019 of discontinued operations includes an impairment charge of EUR 0.1 million on the remaining purchase price receivable of the seafood segment sold in 2017.

FRESH CUT PRODUCTS BUSINESS

In July 2019, Apetit agreed to sell fresh cut products business to the Swedish Greenfood Group. The transaction was completed on September 30 2019 as a business transaction, including Apetit's factory property located in Kivikko, Helsinki with machinery and equipment. The personnel of the fresh cut products business 102 people were transferred to Salico Oy, the Finnish subsidiary of Greenfood AB, as former employees. The result of discontinued operations for the financial year 2020 mainly consists of the adjustment of the purchase price of the fresh cut products business sold in 2019.

RESULT FROM DISCONTINUED OPERATIONS

EUR million	1-12/2020	1-12/2019
REVENUE	**0.0**	15.8
Other income and expense items	**0.1**	-14.4
OPERATING PROFIT	**0.2**	1.4
Financial income and expense	**-0.0**	-0.1
PROFIT/LOSS BEFORE TAX	**0.2**	1.3
Tax on income from operations	**-0.0**	-0.3
PROFIT/LOSS FOR THE PERIOD	**0.1**	1.0

CONSIDERATION RECEIVED

EUR million	1-12/2020	1-12/2019
Cash received	**-**	13.8
Costs attributable to the sales of business and adjustments to consideration	**0.2**	-0.5
Carrying amount of net assets sold	**-**	-11.0
Gain on sale before income tax	**0.2**	2.2
Income tax expense	**-0.0**	-0.4
Gain on sale after income tax	**0.1**	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	1-12/2020	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	1-12/2020	1-12/2019
Cash received	**-**	13.8
Costs attributable to the sales of business and adjustments to consideration	**-0.1**	-0.5
Net cash flow from disposal of business	**-0.1**	13.3

SEAFOOD SEGMENT

Apetit Plc sold its seafood business in Finland, Norway and Sweden in October 2017. In accordance with the terms of the sales agreement, Apetit has transferred the remaining shares related to the seafood business to the buyer during the financial year 2020 without effect on earnings.

EUR million	1-12/2020	1-12/2019
REVENUE	**-**	-
Other income and expense items	**-**	-
OPERATING PROFIT	**-**	-
Financial income and expense	**-**	-0.1
PROFIT/LOSS BEFORE TAX	**-**	-0.1
Tax on income from operations	**-**	-
PROFIT/LOSS FOR THE PERIOD	**-**	-0.1

NOTE 4. OTHER OPERATING INCOME AND EXPENSES

EUR million	1-12/2020	1-12/2019
Other operating income		
Government subsidies	**0.1**	0.0
Gain on disposal of non-current assets, tangibles	**0.1**	0.0
Rental income	**0.1**	0.2
Other operating income	**0.7**	1.0
Total	**1.0**	1.2
Other operating expenses		
Rents and leases	**1.5**	1.6
Administrative expenses	**1.1**	1.9
IT and communication expenses	**2.0**	2.0
Sales and marketing expenses	**2.5**	2.6
Maintenance expenses	**3.7**	3.7
Other selling expenses	**9.1**	7.2
Other items	**3.4**	2.8
Extraordinary operative items	**0.3**	1.8
Total	**23.5**	23.6

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	1-12/2020	1-12/2019
To auditor: audit	**0.2**	0.2
To auditor: Other fees and services	**-**	0.0
Total	**0.2**	0.2

Non-audit services provided by PricewaterhouseCoopers Oy to Apetit Group companies totaled EUR 3 thousand. The services concerned tax advisory.

NOTE 5. EMPLOYEE BENEFITS EXPENSE

EUR million	1-12/2020	1-12/2019
Salaries and fees	**16.9**	17.6
Pension expenses	**2.4**	3.1
Other employee benefit	**0.7**	0.7
Total	**20.0**	21.3

NOTE 6. R&D EXPENSES

R & D expenses of the Group amounted to EUR 1.0 (1.3) million, representing 0.4% (0.4%) of the net sales. In addition, a total of EUR 0.2 (0.2) million worth of development costs have been capitalised in the balance sheet.

NOTE 7. MATERIALS AND SERVICES

EUR million	1-12/2020	1-12/2019
Purchases during the period	**219.5**	223.9
Change in stocks	**7.7**	14.7
External services	**13.1**	13.8
Total	**240.3**	252.4

NOTE 8. DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR million	1-12/2020	1-12/2019
Depreciation		
Intangible assets	**0.6**	0.8
Buildings	**1.6**	1.6
Machinery and equipment	**2.4**	1.5
Right-of-use assets	**1.5**	1.4
Other tangible assets	**0.0**	0.1
Total	**6.1**	5.5
Impairment		
Intangible assets	**0.0**	0.1
Tangible assets	**0.0**	0.0
Total	**0.0**	0.1

NOTE 9. FINANCIAL INCOME AND EXPENSES

EUR million	1-12/2020	1-12/2019
Finance income		
Interest income	**0.0**	0.1
Foreign exchange gain	**0.0**	0.0
Other financial income	**0.0**	0.0
Total	**0.0**	0.1
Finance expense		
Interest on borrowings from others	**0.3**	0.2
Foreign exchange loss	**-0.0**	0.0
Other financial expenses	**0.2**	0.6
Total	**0.5**	0.8

NOTE 10. INCOME TAXES

EUR million	1-12/2020	1-12/2019
Tax on income from operations		
Tax on income from operations	-0.1	-0.1
Tax for previous accounting periods	0.0	-
Change in deferred tax asset	-0.7	0.7
Change in deferred tax liability	0.1	0.4
Total	-0.6	0.9
Tax calculation		
Accounting profit before taxes	3.7	-6.4
Tax at the domestic rate	-0.7	1.3
Previous periods' taxes	-0.0	-0.1
Effect of associated company results	0.1	-0.2
Other items	0.1	-0.1
Taxes in income statement	-0.6	0.9
Income tax expense is attributable to		
Continuing operations	-0.6	0.9
Discontinued operations	-0.0	-0.3
Total	-0.7	0.7

NOTE 11. DEFERRED TAX ASSETS AND LIABILITIES

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET

EUR million	1.1.2020	Recognised in income statement	Recognised in other comprehen-sive income	Recognised directly in equity	Businesses divested	31.12.2020
Deferred tax assets						
Carry forward of unused tax losses	5.6	-0.8	-	-0.0	-	4.9
Deferred depreciation	0.4	0.0	-	-	-	0.5
Intangible and tangible assets	0.0	0.0	-	-	-	0.0
Derivative instruments	0.1	-	-	-0.1	-	0.0
Other items	0.1	0.0	-		-	0.2
Total deferred tax assets	6.3	-0.7	-	-0.1	-	5.5
Offset against deferred tax liabilities						-1.2
Net deferred tax assets						4.3
Deferred tax liabilities						
Accumulated depreciation difference	-0.1	0.2	-	-	-	0.1
Inventories	-0.8	0.0	-	-	-	-0.8
Intangible and tangible assets	-0.4	-	-	-	-	-0.4
Derivative instruments		-	-0.1	-	-	-0.1
Other items	-0.1	-0.0	-	0.0	-	-0.1
Total deferred tax liabilities	-1.4	0.2	-0.1	0.0	-	-1.4
Offset against deferred tax assets						1.2
Net deferred tax liabilities						-0.1

Apetit has not unrecognised deferred tax assets related to taxable losses. The taxable losses will expire in 2023–2030. 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 THE BALANCE SHEET

EUR million	1.1.2019	Recognised in income statement	Recognised in other comprehen-sive income	Recognised directly in equity	Businesses divested	31.12.2019
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
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	-	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	-	-	0.1	-1.4
Offset against deferred tax assets						1.3
Net deferred tax liabilities						-0.1

NOTE 12. 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 treasury 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	1-12/2020	1-12/2019
Result attributable to the shareholders of the parent company, continuing operations	**3.1**	-5.4
Result attributable to the shareholders of the parent company, discontinued operations	**0.1**	1.0
Result attributable to the shareholders of the parent company, Group	**3.2**	-4.4
Weighted average number of outstanding shares, basic (1,000 pcs)	**6,223**	6 217
Weighted average number of outstanding shares, diluted (1,000 pcs)	**6,223**	6 217
Basic and diluted earnings per share, continuing operations (EUR/share)	**0.49**	-0.87
Basic and diluted earnings per share, discontinued operations (EUR/share)	**0.02**	0.16
Basic and diluted earnings per share, Group (EUR/share)	**0.52**	-0.71

NOTE 13. INTANGIBLE AND TANGIBLE ASSETS, LEASES AND GOODWILL

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	1-12/2020	1-12/2019
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 forecasted net sales, gross margin, EBIT, change in working capital and discount rate. The pre-tax discount rate used is 4.8% (7.4%). In Frozen products 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 goodwill impairment testing

The key variables used in the calculation of value in use are forecasted EBIT and discount rate. The pre-tax discount rate used is 5.0%. The value in use of Sucros was in line with the carrying amount of the assets being tested. In addition to the value in use, Sucros' cash and cash equivalents were analyzed in the calculation. No goodwill has been allocated to the Sucros Group.

Intangible assets 2020

EUR million	Development costs	Customer realtionships	Other intangible assets	Advance payments for intangible assets	Goodwill	Total
Acquisition cost 1.1.2020	0.5		6.0	0.1	0.4	7.0
Correction to the acquisition cost 1 Jan.	0.3		6.2	0.5	0.0	7.0
Translation differences	-		-0.0	-	-	-0.0
Additions	0.2		-0.0		-	0.2
Disposals	-		-0.1	-	-	-0.1
Reclassifications	-		0.6	0.0	-	0.6
Acquisition cost 31.12.2020	1.0		12.6	0.6	0.4	14.7
Cumulative amortisation and impairment 1.1.2020	-0.2		-4.5	-	0.0	-4.6
Correction to the accumulated amortisation and impairment 1 Jan	0.1		-6.9		-0.0	-6.9
Translation differences	-		0.0		-	0.0
Cumulative amortisation on disposals and reclassifications	-		0.1		-	0.1
Amortisation	-0.1		-0.5		-	-0.6
Cumulative amortisation and impairment 31.12.2020	-0.2		-11.8	-	-	-12.0
Carrying amount 1.1.2020	0.3	-	1.5	0.1	0.4	2.4
Carrying amount 31.12.2020	0.9	-	0.8	0.6	0.4	2.7

Intangible assets 2019

EUR million	Development costs	Customer realtionships	Other intangible assets	Advance payments for intangible assets	Goodwill	Total
Acquisition cost 1.1.2019	0.9	6.3	7.7	0.2	5.2	20.4
Correction to the acquisition cost 1 Jan	-	-6.3	-	-	-4.8	-11.2
Translation differences	-	-	0.0	-	-	0.0
Additions	-	-	0.3	0.2	-	0.6
Disposals	-0.4	-	-2.5	-	-	-2.9
Reclassifications	-0.0	-	0.5	-0.3	-	0.2
Acquisition cost 31.12.2019	0.5	-	6.0	0.1	0.4	7.1
Cumulative amortisation and impairment 1.1.2019	-0.2	-6.3	-5.5	-	-4.8	-16.8
Correction to the accumulated amortisation and impairment 1 Jan	-	6.3	-	-	4.8	11.2
Cumulative amortisation on disposals and reclassifications	0.1		1.7		-	1.8
Amortisation	-0.1		-0.7		-	-0.8
Cumulative amortisation and impairment 31.12.2019	-0.2	-	-4.5	-	0.0	-4.7
Carrying amount 1.1.2019	0.7	-	2.2	0.2	0.4	3.5
Carrying amount 31.12.2019	0.3	-	1.5	0.1	0.4	2.4

Tangible assets 2020

EUR million	Land and water	Land and water, right-of-use	Buildings and structures	Buildings and structures, right-of-use	Machinery and equipment	Machinery and equipment, right-of-use	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1.1.2020	3.0	1.5	40.3	5.0	50.1	0.6	1.3	1.3	102.9
Correction to acquisition cost 1 Jan	0.0	-	1.9	-	-6.1	-	-0.7	-	-5.0
Translation differences	-	-	-	-	-0.0	-	-	-	-0.0
Additions	-	-	1.0	-	2.0	0.1	-	4.6	7.7
Disposals	-	-	-1.2	-	-1.6	-0.0	-	-	-2.9
Revaluation	-	-	-	2.0	-	-0.0	-	-	2.0
Reclassifications	-	-	0.1	-	0.6	-	-0.0	-1.2	-0.6
Acquisition cost 31.12.2020	3.0	1.5	42.0	7.0	45.0	0.6	0.5	4.6	104.2
Cumulative amortisation and impairment 1.1.2020	-0.2	-0.2	-24.7	-2.6	-36.9	-0.3	-0.9	-	-65.7
Correction to accumulated amortisation and impairment 1 Jan	-	-	-1.9	-	6.1	-	0.7	-	5.0
Translation differences	-	-	-	-	0.0	-	-	-	0.0
Cumulative amortisation on disposals and reclassifications	-	-	1.2	-	1.6	-	-	-	2.8
Amortisation	-	-0.0	-1.6	-1.3	-2.4	-0.2	-0.0	-	-5.6
Cumulative amortisation and impairment 31.12.2020	-0.2	-0.2	-26.9	-3.9	-31.6	-0.5	-0.2	-	-63.5
Carrying amount 1.1.2020	2.8	1.3	15.6	2.4	13.1	0.3	0.4	1.3	37.2
Carrying amount 31.12.2020	2.8	1.3	15.1	3.1	13.4	0.2	0.3	4.6	40.7

Tangible assets 2019

EUR million	Land and water	Land and water, right-of-use	Buildings and structures	Buildings and structures, right-of-use	Machinery and equipment	Machinery and equipment, right-of-use	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1.1.2019	3.0	-	45.0	-	48.3	0.7	2.3	4.2	103.5
Translation differences	-	-	-	-	0.0	-	-	-	0.0
Additions	-	3.5	4.1	4.8	5.9	0.9	0.1	0.6	19.9
Disposals	-	-2.0	-10.5	-	-5.7	-1.0	-1.4	-	-20.6
Revaluation	-	-	-	0.2	-	-0.0	-	-	0.2
Reclassifications	-	-	1.7	-	1.5	-	0.3	-3.6	-0.1
Acquisition cost 31.12.2019	3.0	1.5	40.3	5.0	50.1	0.6	1.3	1.3	102.9
Cumulative amortisation and impairment 1.1.2019	-0.2	-	-26.5	-	-37.9	-0.7	-1.0	-	-66.2
Translation differences	-	-	-	-	-0.0	-	-	-	-0.0
Cumulative amortisation on disposals and reclassifications	-	-0.1	3.4	-1.4	3.4	0.6	0.2	-	6.1
Amortisation		-	-1.6	-1.1	-2.4	-0.2	-0.1	-	-5.5
Impairment	-	-0.1	-	-	0.0	-	-	-	-0.1
Cumulative amortisation and impairment 31.12.2019	-0.2	-0.2	-24.7	-2.6	-36.9	-0.3	-0.9	-	-65.7
Carrying amount 1.1.2019	2.8	-	18.5	-	10.4	-	1.4	4.2	37.2
Carrying amount 31.12.2019	2.8	1.3	15.6	2.4	13.1	0.3	0.4	1.3	37.2

Leases

AMOUNTS RECOGNISED IN BALANCE SHEET

EUR million	1-12/2020	1-12/2019
Right-of-use assets		
Land and water areas	**1.3**	1.3
Buildings and structures	**3.1**	2.4
Machinery and equipment	**0.2**	0.3
Total	**4.6**	4.1
Lease liabilities		
Non-current lease liability, interest-bearing	**3.4**	3.0
Current lease liability, interest bearing	**1.3**	1.2
Total	**4.7**	4.2

Expected maturity analysis of lease liabilities is presented in note 24.

AMOUNTS RECOGNISED IN INCOME STATEMENT

EUR million	1-12/2020	1-12/2019
Depreciation of right-of-use assets		
Land and water areas	**0.0**	0.1
Buildings and structures	**1.3**	1.1
Machinery and equipment	**0.2**	0.2
Total	**1.5**	1.4
Interest expenses	**0.1**	0.1
Expenses relating to short-term leases	**0.3**	0.1
Expenses relating to leases of low-value	**0.0**	0.1
Expenses relating to variable lease payments	**1.5**	1.6
Cash outflow for leases	**3.1**	3.3

THE GROUP'S LEASING ACTIVITIES AND REALTED ACCOUNTING PRINCIPLES

The Group leases land, warehouses, offices, equipment and vehicles. Rental contracts are typically concluded 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.

Accounting principles of lease agreements are described in details in Note 1. Accounting principles

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 lease agreements. Options 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

Aall facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option are assessed when defining the lease period. Extension options (or periods after termination options) are only included in the lease period if the lease is reasonably certain to be extended (or to be terminated).

RESIDUAL VALUE GUARANTEES

The Group has no residual value guarantees.

NOTE 14. SHARES IN ASSOCIATED COMPANIES

EUR million	1-12/2020	1-12/2019
Book value, 1 January	**19.4**	21.0
Disposals	**1.2**	-0.6
Reclassifications between classes	**-1.2**	-
Share of results for the period	**0.3**	-1.0
Dividends received	**-**	-
Book value, 31 December	**19.7**	19.4

Group's holding in Sucros Group totals to 20 %. The book value of the shares in Sucros totalled to EUR 19.4 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 13.

Financial information for material associated company

Sucros Group's financial year ends on February 28. Sucros Goup has been consolidated based on the interim financial statement per 31.12.2020

SUCROS GROUP'S PUBLISHED FAS-FINANCIAL STATEMENT

EUR million	03/2019–02/2020	03/2018–02/2019
Non-current assets	**22.6**	22.4
Current assets	**80.0**	85.0
Cash and cash equivalents	**2.6**	1.3
Asset	**105.1**	108.7
Equity	**91.2**	96.0
Deferred tax liability	**1.1**	0.9
Current liabilities	**12.8**	11.8
Equity and liabilities	**105.1**	108.7
Net sales	**103.2**	111.9
Operating income and expenses	**-107.7**	-114.4
Operating result	**-4.6**	-2.4
Financial income and expenses	**-0.0**	0.0
Taxes	**-0.2**	-0.3
Profit / loss for the period	**-4.9**	-2.7

BREAKDOWN OF SUCROS HOLDINGS IN THE CONSOLIDATED FINANCIAL STATEMENTS

EUR million	1-12/2020	1-12/2019
Book value, 1 January	**19.1**	20.0
Profit / loss for the period	**0.3**	-0.9
Dividends received	**-**	-
Book value, 31 December	**19.4**	19.1

NOTE 15. OTHER NON-CURRENT FINANCIAL ASSETS

EUR million	31.12.2020	31.12.2019
Connection fees	**0.3**	0.3
Investments in shares of unlisted companies	**0.0**	0.0
Other non-current receivables	**0.0**	0.0
Total	**0.3**	0.3

NOTE 16. NON-CURRENT RECEIVABLES

EUR million	31.12.2020	31.12.2019
Non-current trade and other receivables	**0.0**	0.0
Total	**0.0**	0.0

NOTE 17. TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES

EUR million	31.12.2020	31.12.2019
Trade receivables	**12.0**	33.4
Receivables based on derivative instruments	**0.5**	0.0
Accrued income and deferred expenses	**2.4**	0.8
Other receivables	**0.3**	2.7
Trade receivables from associates	**0.1**	0.1
Total	**15.2**	37.0

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.

NOTE 18. INVENTORIES

EUR million	31.12.2020	31.12.2019
Raw materials and consumables	**6.2**	9.9
Work in progress	**7.1**	7.1
Finished goods	**45.4**	49.4
Total	**58.7**	66.4

A write-down of EUR 0.6 (1.4) million in inventory value was booked to correspond the net realisation value.

NOTE 19. CASH AND CASH EQUIVALENTS

EUR million	31.12.2020	31.12.2019
Cash and cash equivalents	**1.1**	2.9
Total	**1.1**	2.9

NOTE 20. SHAREHOLDERS' EQUITY

EUR million	31.12.2020	31.12.2019
Outstanding shares	**6,228,346**	6,222,876
Share capital	**12.6**	12.6
Share premium	**23.4**	23.4
Total	**36.0**	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. 40,770 shares have been distributed as part of the Board of Directors' remuneration between 2014 and 2020. At the end of the year the Group had 89,230 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 1.4% of the company's share capital and votes.

Dividends

After the date of the financial statement the Board of Directors has proposed a dividend of EUR 0.50 per share to be paid.

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

NOTE 21. DEFINED BENEFIT PLAN OBLIGATIONS

EUR million	2020	2019
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 benefit plans are in the parent company. Parent company's plans include 56 pensioners. Plans are administered in pension companies. Parent company's defined benefit obligation totals to EUR 1.7 (1.9) million and plan assets totals to EUR 1.6 (1.7) million. Net liability totals to EUR 0.2 (0.2) million.

EUR million	2020	2019
The amounts recognised in the balance sheet are determined as follows:		
Present value of funded obligations	**1.7**	1.8
Fair value of plan assets	**1.5**	1.6
Net liability (+) / asset (-)	**0.2**	0.2
Change in the defined benefit obligation		
Defined benefit obligation in the beginning of the year	**1.8**	2.0
Interest expenses	**0.0**	0.0
Actuarial gains (-) and losses (+)	**0.1**	-0.0
Benefits paid	**-0.2**	-0.2
Defined benefit obligation at the end of the year	**1.7**	1.8
Change in plan assets		
Plan assets in the beginning of the year	**1.6**	1.8
Interest income	**0.1**	0.0
Contributions paid into the plans	**0.0**	0.0
Benefits paid	**-0.2**	-0.2
Plan assets at the end of the year	**1.5**	1.6

EUR million	1-12/2020	1-12/2019
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	**0.0**	0.2
Experience gains and losses	**0.0**	-0.2
Return on plan assets excluding interest	**-0.1**	0.0
Remeasurements of post employment benefit obligations	**-0.0**	-0.0
Significant actuarial assumptions		
Discount rate (%)	**0.3**	0.7
Pension growth rate (%)	**1.6**	1.6
Inflation (%)	**1.3**	1.3

Changes in the assumptions, sensitivity 2020	Pension liability	
	Increase %	Decline %
Discount rate, change 0,5%	**-4.8**	**5.4**
Pension payments growth rate, change 0.25 %	**2.7**	**-2.6**
Life expectancy, change 5%	**-1.0**	**1.1**

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

Sensitivity analysis relate to Apetit plc's benefit plan.

NOTE 22. INTEREST-BEARING LIABILITIES

EUR million	1-12/2020	1-12/2019
Non-current liabilities, interest-bearing		
Non-current loans from financial institutions, interest-bearing	**0.5**	1.4
Non-current lease liability, interest-bearing	**3.4**	3.0
Total	**3.9**	4.4

Loans from credit institutions have floating interest rates. All interest-bearing non-current liabilities are denominated in euros.

Current interest-bearing liabilities		
Commercial papers	**15.0**	30.0
Current loans from financial institutions, interest-bearing	**1.5**	1.0
Current lease liability, interest bearing	**1.3**	1.2
Total	**17.8**	32.2

Interest-bearing loans reconciliation to consolidated statement of cash flows

EUR million	1-12/2020	1-12/2019
Non-current liabilities, interest-bearing		
Book value at 1 Jan.	**4.4**	2.4
Proceeds from/repayments of non-current loans	**-1.0**	-1.0
IFRS 16 – effect of transition 1 Jan	**-**	5.0
IFRS 16 – additions during the year	**1.6**	0.5
IFRS 16 – payments, principal	**-1.1**	-1.2
IFRS 16 – payments, interest	**0.1**	0.1
Divested businesses (fresh cut products), discontinued operations	**-**	-1.5
Book value at 31 Dec.	**3.9**	4.4
Current interest-bearing liabilities		
Book value at 1 Jan.	**32.2**	22.0
Proceeds from/repayments of current loans	**-14.4**	9.0
IFRS 16 – effect of transition 1 Jan	**-**	1.3
IFRS 16 – additions during the year	**0.5**	0.4
IFRS 16 – payments, principal	**-0.5**	-0.4
IFRS 16 – payments, interest	**0.0**	0.0
Divested businesses (fresh cut products), discontinued operations	**-**	-0,1
Book value at 31 Dec.	**17,8**	32,2

Reconciliation of the net debt

EUR million	Cash and cash equiva-lents	Commer-cial papers	Non-current loans from credit institu-tions	Current loans from credit institu-tions	IFRS 16 non-cur-rent lease liabilities	IFRS 16 current lease liabilities	Total
Net debt 1.1.2020	2.9	30.0	1.4	1.0	2.9	1.2	33.7
IFRS 16 - additions during the year	-	-	-	-	0.5	1.7	2.2
Cash flows	-1.8	-15.0	-1.0	0.6	-	-1.6	-15.2
Net debt 31.12.2020	1.1	15.0	0.5	1.5	3.4	1.3	20.6
Leasing liabilities payments, principal						-1.5	

EUR million	Cash and cash equiva-lents	Commer-cial papers	Non-current loans from credit institu-tions	Current loans from credit institu-tions	IFRS 16 non-cur-rent 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	-	-	-	-	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	-	-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

NOTE 23. TRADE PAYABLES AND OTHER LIABILITIES

EUR million	1-12/2020	1-12/2019
Non-current		
Non-current derivatives, interest-free	0,2	0,3
Total	0,2	0,3
Current		
Trade payables	17,8	27,2
Payables to associated companies	0,5	0,6
Payables based on derivative instruments, hedge accounting	0,1	0,4
Accrued expenses and deferred income	6,4	8,3
Other liabilities	0,7	2,9
Total	25,6	39,4

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 in total of EUR 0.4 (0.6) million.

NOTE 24. FINANCIAL RISK MANAGEMENT

The 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, interest rate, currency, pricing and counterparty risks. The Group uses derivative financial instruments, among other things, to hedge against currency, price 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 0.5 (1.4) million in non-current floating rate loans from financial institutions, EUR 15.0 (30.0) million in commercial papers, EUR 1.5 (1.0) million in other current liabilities and EUR 1.1 (2.9) 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 11.4 (12.4) million in the financial statements.

SENSITIVITY TO INTEREST RATE RISK ARISING FROM FINANCIAL INSTRUMENTS

With the balance sheet structure on 31 December, a rise of one percentage point in interest rates would have increased Group's net result by EUR 0.1 (decreased 0.2) million and the equity increased EUR 0.1 (0.0) million. The effect of interest rate decreasing one percentage point would have been the opposite.

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 38.1 (35.7) million. All instruments have published market prices at the balance sheet date on the commodity exchanges mentioned above.

Food Solutions commodity risks arise 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 three 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

EUR million	1-12/2020	1-12/2019
Derivative based commodity prices increase by 10%		
Affect on net result	**-0.1**	-0.6
Affect on equity	**-1.2**	-1.4
Derivative based commodity prices decrease by 10%		
Affect on net result	**0.1**	0.6
Affect on equity	**1.2**	1.4

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. 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 closing date of the financialstatement the Group had no significant currency positions.

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.

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

EUR million	Level 1	Level 2	Level 3	Total
Assets 2020				
Currency derivatives, no hedge accounting	-	-	-	-
Assets 2019				
Currency derivatives, no hedge accounting	-	0.0	-	0.0
Liabilities 2020				
Commodity derivatives, hedge accounting	**0.4**	-	-	**0.4**
Commodity derivatives, no hedge accounting	**-0.0**	-	-	**-0.0**
Interest rate swaps, no hedge accounting	-	**-0.2**	-	**-0.2**
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

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

Nominal values of derivative instruments

EUR million	1-12/2020	1-12/2019
Currency derivatives, no cash flow hedge accounting	-	0.7
Commodity derivatives, cash flow hedge accounting	**37.5**	27.7
Commodity derivatives, no cash flow hedge accounting	**0.6**	8.0
Interest rate swaps, no cash flow hedge accounting	**11.4**	12.4

The Group applies cash flow hedge accounting to commodity derivatives. Derivatives expire within one year. Due to cash flow hedge accounting EUR 0.8 (-0.4) million was recognised in equity. Group's derivatives affected the income statement related to net sales EUR -2.0 (-0.5) million, purchases and other operating income and expense EUR -0.6 (-0.1) million, financial income and expenses EUR 0.0 (0.0) million and taxes EUR 0.5 (0.2) 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 may be 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	1-12/2020	1-12/2019
Not due	**15.2**	36.8
0–3 months past due	**0.0**	0.1
4–6 months past due	**0.0**	0.0
Over 6 months past due	**-0.0**	0.0
Total	**15.2**	37.0

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 100.0 (100.0) million and also long-term binding credit facilities agreed with financial institutions; a total of EUR 29.0 (29.0) million was available in credit at the closing date of the financial statement, whereof the long term part EUR 25.0 (25.0) million expires in October 2022. The total amount of commercial papers issued were EUR 15.0 (30.0) 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

EUR million	0–3 month	4–12 month	1–5 years	> 5 years
31.12.2020				
Loans from financial institutions and other loans	**-15.0**	**-1.0**	**-0.5**	
Lease liabilities	**-0.4**	**-1.1**	**-2.3**	**-1.8**
Trade payables	**-17.8**	**-**	**-**	**-**
Derivative liabilities	**-0.2**	**-0.1**	**-0.1**	**-**
Total	**-33.4**	**-2.1**	**-2.9**	**-1.8**

EUR million	0–3 month	4–12 month	1–5 years	> 5 years
31.12.2019				
Loans from financial institutions and other loans	-30.0	-1.0	-1.4	-
Lease liabilities	-0.3	-0.8	-1.8	-1.2
Trade payables	-27.8	-	-	-
Derivative liabilities	-0.5	0.1	-0.3	-
Total	-58.7	-1.8	-3.5	-1.2

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 latter part of the year and at lowest level during spring and summer.

EUR million	1-12/2020	1-12/2019
Interest Bearing liabilities	**21.7**	36.6
Cash and cash equivalents	**1.1**	2.9
Interest bearing net liabilities	**20.6**	33.7
Equity	**95.0**	93.9
Interest-bearing net debt and equity total	**115.6**	127.6
Gearing, %	**21.7%**	35.9%
Equity Ratio	**66.5%**	55.0%

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

EUR million	1-12/2020	1-12/2019
Pledges given for debts		
Guarantees	**2.2**	2.3
Non-cancellable service agreements that have not been capitalised in the balance sheet		
Within one year	**1.0**	1.5
After one year but not more than five years	**1.2**	2.9
Total	**2.3**	4.5

EUR million	1-12/2020	1-12/2019
Contingent assets		
Claim for damages associated with the foreign grain supplier's neglect of delivery	**3.1**	3.1
Investment commitments		
Food Solutions	**0.1**	1.4
Oilseed products	**1.7**	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 2011-2020 property investments, if the taxable use of the properties decreases. The maximum value of the liability is EUR 1.6 (1.4) million and the liability is valid until 2030.

NOTE 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	100.0	100.0
Apetit Ruoka Oy	Finland	100.0	100.0
Avena Nordic Grain Oy	Finland	100.0	100.0
Avena Kantvik Oy	Finland	100.0	100.0
UAB Avena Nordic Grain	Lithuania	100.0	100.0
Avena Nordic Grain OÜ	Estonia	100.0	100.0
SIA Avena Nordic Grain	Latvia	100.0	100.0
OOO Avena-Ukraina	Ukraine	100.0	100.0
Foison Oy *	Finland	100.0	100.0
Non-operative companies:			
Apetit Ruokaratkaisut Oy	Finland	100.0	100.0
Lännen Sokeri Oy	Finland	100.0	100.0

* 10% onwership of Avena Nordic Grain Oy through Foison Oy.

In order to clarify the group structure, Apetit Suomi Oy was merged into Apetit Ruoka Oy and Safu Oy was merged into Apetit Ruokaratkaisut Oy on 1 January 2020.

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 19,800 (18,300), the deputy chairman EUR 15,780 (14,580) and the members EUR 300 to 1,200 (300 to 1,200) in fees.

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

EUR 1,000	1-12/2020	1-12/2019
Board		
Esa Härmälä, chairman of the Board from 7 November 2018 to 8 April 2019	-	15
Simo Palokangas, chairman of the Board from 8 April 2019	**50**	33
Lasse Aho, member of the Board	**30**	29
Annikka Hurme, member of the Board	**23**	23
Kati Rajala, member of the Board from 12 August 2020	**15**	-
Seppo Laine, member of the Board until 12 August 2020	**10**	25
Antti Korpiniemi, member of the Board from 12 August 2020	**15**	-
Niko Simula, member of the Board	**26**	25
Management		
Juha Vanhainen, CEO until 31 August 2019 including severance pay	**48**	828
Esa Mäki, CEO from 1 September 2019 alkaen	**307**	100
Corporate management, five members in 2020, eight members in 2019 (salaries informed based on the time served at the corporate management)	**1,071**	1,095

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. In 2020, indicators for the CEO and management were among others the Group´s and applicable business unit's EBIT. The maximum amount of performance-related compensation corresponds to 50 per cent of annual salary in the case of the CEO, and 30-50 per cent of annual salary for other management.

The agreed retirement age for the CEO is 63 years.

Post–employment benefits

EUR 1,000	1-12/2020	1-12/2019
Amount recognized as an expense due to retirement benefit		
Juha Vanhainen, CEO untill 30 November 2019	**-**	111
Esa Mäki, CEO	**41**	-

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	1-12/2020	1-12/2019
Sales to associated companies	**0.6**	0.7
Purchases from associated companies	**3.5**	4.2
Trade receivables and other receivables from associated companies	**0.1**	0.1
Trade payables and other liabilities to associated companies	**0.7**	0.8
Sales to other related parties	**0.1**	0.1
Purchases from other related parties	**0.6**	0.6
Receivables from other related parties	**0.0**	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.

NOTE 27. CHANGES IN ACCOUNTING POLICIES

There has not been any significant changes in the principles in preparing the financial statements.

NOTE 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, FAS

EUR 1,000	Note	1-12/2020	1-12/2019
Other operating income	(1)	**369**	713
Personnel expenses	(2)	**-1,841**	-2,503
Depreciation, amortisation and impairment	(3)	**-296**	-279
Other operating expenses	(4)	**-1,412**	-1,051
Operating profit / loss		**-3,180**	-3,119
Financial income and expenses	(5)	**1,227**	1,212
Profit / loss before appropriations and taxes		**-1,953**	-1,907
Group contributions		**5,550**	-
Change in deferred tax assets	(6)	**-745**	343
Net profit / loss		**2,852**	-1,564

PARENT COMPANYT BALANCE SHEET, FAS

EUR 1,000	Note	31.12.2020	31.12.2019
ASSETS			
Long-term assets			
Intangible assets	(7)	**132**	130
Tangible assets	(8)	**2,709**	2,940
Investments in Group companies	(9,10)	**24,178**	21,993
Investments in associated companies	(9,10)	**12,158**	13,371
Other investments and receivables	(9,10)	**16**	16
Total long-term assets		**39,193**	38,449

EUR 1,000	Note	31.12.2020	31.12.2019
Short-term assets			
Long-term receivables	(11)	**12,072**	10,041
Deferred tax assets	(13)	**1,356**	2,101
Current receivables	(12)	**66,521**	79,285
Cash and cash equivalents		**810**	1,907
Total short-term assets		**80,760**	93,335
Total assets		**119,953**	131,785
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		**45,113**	49,478
Profit / loss for the period		**2,852**	-1,564
Total equity		**91,223**	91,171
Appropriations		**10**	10
Liabilities	(15)		
Deferred tax liabilities			
Long-term interest-bearing liabilities		**482**	1,445
Long-term non-interest-bearing liabilities		**806**	787
Current interest-bearing liabilities		**26,457**	37,550
Current non-interest-bearing liabilities		**974**	820
Total liabilities		**28,719**	40,603
Total equity and liabilities		**119,953**	131,785

PARENT COMPANY STATEMENT OF CASH FLOWS, FAS

EUR 1,000	1-12/2020	1-12/2019
Cash flow from operating activities		
Profit before extraordinary items	**-1,953**	-1,907
Adjustments *)	**-1,037**	-1,340
Change in working capital		
Change in non-interest-bearing current receivables	**319**	153
Change in non-interest-bearing current liabilities	**4,061**	1,211
Cash flow from operating activities before financial items and taxes	**1,391**	-1,883
Interests paid	**-265**	-335
Interests received	**1,488**	1,545
Cash flow from operating activities (A)	**2,614**	-673
Cash flow from investing activities		
Investments in tangible and intangible assets	**-81**	-207
Proceeds from sales of tangible and intangible assets	**86**	-
Investments in associated companies	**-**	-544
Proceeds from disposals of other investments	**-**	408
Investments in shares of subsidiaries	**-973**	-
Cash flow from investing activities (B)	**-968**	-343

EUR 1,000	1-12/2020	1-12/2019
Cash flow before financing	**1,646**	-1,016
Cash flow from financing activities		
Change in long-term loans	**-964**	-913
Change in short-term loans	**-15,000**	9,000
Change in long-term subsidiary financing	**-1,979**	-2,208
Change in short-term subsidiary financing	**18,000**	-3,401
Dividends paid	**-2,800**	-2,487
Proceeds from disposals of shares on the joint book-entry account	**-**	705
Cash flow from financing activities (C)	**-2,743**	696
Net increase/decrease in cash and cash equivalents (A+B+C)	**-1,097**	-320
Cash and cash equivalents at beginning of financial year	**1,907**	2,227
Cash and cash equivalents at end of financial year	**810**	1,907
*) Adjustments		
Depreciation, amortisation and impairment	**296**	279
Financial income and expenses	**-1,261**	-1,212
Gains and losses on sales of tangible and intangible assets	**-72**	-407
Total	**-1,037**	-1,340

ACCOUNTING PRINCIPLES, FAS

VALUATION OF FIXED ASSETS

Fixed assets have been capitalised at their acquisition cost less accumulated depreciation. 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, the company 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 in 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.

1. OTHER OPERATING INCOME

EUR 1,000	1-12/2020	1-12/2019
Gains from sales of non-current assets	**72**	407
Rental income	**135**	137
Service fees	**154**	168
Other	**8**	1
Total	**369**	713

2. PERSONNEL EXPENSES AND AVERAGE NUMBER OF PERSONNEL

EUR 1,000	1-12/2020	1-12/2019
Personnel expenses		
Wages and salaries	**1,557**	2,046
Pension expenses	**202**	268
Other social security expenses	**81**	189
Total	**1,841**	2,503

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

Personnel, FTE	**12**	14

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

Tangible and intangible assets have been capitalised at their acquisition cost less accumulated depreciation. 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 yers
Other buildings and constructions	5 or 10 yers
Machinery and equipment	5 or 10 yers

The basis for depreciation and amortisation have not changed.

EUR 1,000	1-12/2020	1-12/2019
Depreciation and amortisation according to plan		
Intangible rights	**10**	8
Other capitalised long-term expenses	**50**	27
Buildings and structure	**212**	211
Machinery and equipment	**25**	33
Total	**296**	279

4. OTHER OPERATING EXPENSES

EUR 1,000	1-12/2020	1-12/2019
Other operating expenses		
Rental expenses	**64**	65
Administrative expenses	**501**	579
Other operating expenses	**847**	408
Total	**1,412**	1,051
Audit fees		
Annual audit	**98**	75
Tax advice	**-**	1
Other services	**-**	25
Total	**98**	101

5. FINANCIAL INCOME AND EXPENSES

EUR 1,000	1-12/2020	1-12/2019
Dividend income		
From others	**1**	0
Total	**1**	0
Interest income from long-term investments		
From Group companies	**450**	433
Other interest and financial income		
From Group companies	**1,041**	1,114
From foreign currency gains	**-**	0
From others	**0**	-0
Total	**1,041**	1,114
Financial income, total	**1,492**	1,548
Interest expenses and other financial expenses		
From interest expenses	**139**	96
To others	**126**	239
Total	**265**	335
Financial expenses total	**265**	355
Financial income and expenses, total	**1,227**	1,212

6. INCOME TAXES

EUR 1,000	1-12/2020	1-12/2019
Change in deferred tax assets	**-745**	343
Total	**-745**	343

7. LONG-TERM INTANGIBLE ASSETS

Intangible assets 2020

EUR 1,000	Intangible rights	Other capitlised long-term expenses	Construction in progress	Total
Acquisition cost 1 Jan.	**124**	**238**	-	**362**
Additions	**15**	**46**	-	**62**
Acquisition cost 31 Dec.	**139**	**284**	-	**423**
Accumulated amortisation 1 Jan.	**-109**	**-122**	-	**-231**
Amortisation for the period	**-10**	**-50**	-	**-60**
Accumulated amortisation 31 Dec.	**-119**	**-172**	-	**-291**
Book value 31 Dec. 2020	**20**	**113**	-	**132**

Intangible assets 2019

EUR 1,000	Intangible rights	Other capitlised 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	-	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	-	130

8. LONG-TERM TANGIBLE ASSETS

Tangible assets 2020

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**	**4,715**	**279**	**57**	**12**	**7,220**
Additions	**-**	**-**	**-**	**-**	**19**	**19**
Disposals	**-**	**-129**	**-5**	**-**	**-**	**-133**
Transfers between items	**-**	**12**	**-**	**-**	**-12**	**-**
Acquisition cost 31 Dec.	**2,157**	**4,598**	**275**	**57**	**19**	**7,106**
Accumulated depreciation 1 Jan.	**-**	**-4,051**	**-229**	**-**	**-**	**-4,280**
Disposals, accumulated depreciation	**-**	**115**	**5**	**-**	**-**	**119**
Depreciation for the period	**-**	**-212**	**-25**	**-**	**-**	**-236**
Accumulated depreciation 31 Dec.	**-**	**-4,148**	**-249**	**-**	**-**	**-4,397**
Book value 31 Dec. 2020	**2,157**	**450**	**26**	**57**	**19**	**2,709**

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

Revaluation 2020

EUR 1,000	Total
Revaluations are included in the carrying amount of land.	
Land and water areas 31 Dec. 2020	**1,768**

9. INVESTMENTS

Investments, other investments and receivables 2020

EUR 1,000	Holdings in Group companies	Holdings in associated companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	**21,993**	**13,371**	**12**	**4**	**35,379**
Additions	**973**	**-**	**-**	**-**	**973**
Transfers between items	**1,212**	**-1,212**	**-**	**-**	**-**
Book value 31 Dec. 2020	**24,178**	**12,158**	**12**	**4**	**36,353**

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

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

	Domicile	Holding
Group companies		
Apetit Ruoka Oy	Säkylä	100
Avena Nordic Grain Oy	Helsinki	100
Foison Oy	Helsinki	100
Lännen Sokeri Oy, non operative company	Säkylä	100
Apetit Ruokaratkaisut Oy, non operative company	Kuopio	100
Associated companies		
Sucros Oy	Helsinki	20
Foodwest Oy	Seinäjoki	18

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	31.12.2020	31.12.2019
Loans receivables from Group companies	**11,487**	9,508
Loans receivable	**5**	6
Other receivables	**580**	528
Total	**12,072**	10,041

12. SHORT-TERM RECEIVABLES

EUR 1,000	31.12.2020	31.12.2019
Accounts receivable	**9**	6
Amounts owed by the Group companies		
Accounts receivable	**685**	702
Loans receivable	**60,021**	78,021
Group account receivables	**5,550**	-
Other receivables	**218**	514
Total	**66,473**	79,237
Amounts owed by the associated companies Accounts receivable		
Accounts receivable	**1**	3
Total	**1**	3
Other receivables from others		
Personnel expenses	**1**	1
Other	**38**	39
Total	**39**	40
Short-term receivables total	**66,521**	79,285

13. DEFERRED TAX ASSETS

EUR 1,000	31.12.2020	31.12.2019
Deferred tax assets, carry forward of unused tax losses	**1,356**	2,101

Deferred tax assets of EUR -745 (343) thousand have been recognised for the loss to be confirmed in 2020.

14. CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	31.12.2020	31.12.2019
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.	**49,478**	51,020
Other changes	**-**	564
Retained earnings 1 Jan. after other changes	**49,478**	51,584
Transfer from previous year's profit	**-1,564**	381
Dividends paid	**-2,800**	-2,487
Retained earnings 31 Dec.	**45,113**	49,478
Profit / loss for the financial year	**2,852**	-1,564
Shareholders' equity 31 Dec.	**91,223**	91,171
Distributable funds		
Contingency reserve	**7,232**	7,232
Retained earnings	**45,113**	49,478
Profit for the financial year	**2,852**	-1,564
Distributable funds 31 Dec.	**55,198**	55,146

15. LIABILITIES

EUR 1,000	31.12.2020	31.12.2019
Long-term liabilities		
Loans from financial institutions	**482**	1,445
Payables based on derivative instruments	**226**	260
Provisions for pensions	**580**	528
Yhteensä	**1,288**	2,233
Short-term liabilities		
Loans from financial institutions	**964**	964
Commercial papers	**15,000**	30,000
Trade payables	**211**	168
Total	**16,175**	31,132
Amounts owed to Group companies		
Other liabilities	**61**	81
Group account liabilities	**10,493**	6,587
Total	**10,555**	6,668
Amounts owed to associated companies		
Trade payables	**19**	24
Other liabilities		
Tax account payable	**246**	271
Accrued expenses and deferred income		
Personnel expenses	**380**	251
Accruals of expenses	**57**	25
Total	**437**	276
Long-term liabilities, interest-bearing, total	**482**	1,445
Long-term non-interest-bearing liabilities	**806**	787
Short-term liabilities, interest-bearing, total	**26,457**	37,550
Short-term liabilities, non-interest-bearing, total	**974**	820
Total	**28,719**	40,603

16. CONTINGENT LIABILITIES

EUR 1,000	31.12.2020	31.12.2019
Lease liabilities		
Real estate lease liabilities		
Falling due during the following year	**140**	219
Falling due at later date	**174**	-
Other lease liabilities		
Falling due during the following year	**14**	35
Falling due at later date	**-**	57
Other liabilities		
Guarantees	**72**	72
Contingent liabilities on behalf of the Group companies		
Guarantees	**2,155**	2,197
Liabilities total	**2,556**	2,580
Outstanding derivative instruments		
Nominal value of underlying instruments	**11,445**	12,409
Market value	**-226**	-260

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFITS

The parent company's distributable funds totalled EUR 55,197,731.79 on 31 December 2020, of which EUR 2,852,348.19 is profit 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 0.50 per share i.e. a total of	3,114,173.00 EUR
Retained in shareholders' equity	52,083,558.79 EUR
Total	55,197,731.79 EUR

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

Säkylä 18 February 2021

Simo Palokangas
Chairman

Lasse Aho

Annikka Hurme

Kati Rajala

Niko Simula

Antti Korpiniemi

Esa Mäki
CEO

An auditor's report has been issued today.

Helsinki 18 February 2021

PricewaterhouseCoopers Oy
Authorised Public Accountant

Pasi Karppinen KHT

Tuomo Korte KHT

AUDITOR'S REPORT

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 2020. The financial statements comprise:

- the consolidated statement of financial position, consolidated statement of comprehensive income, statement of consolidated 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.

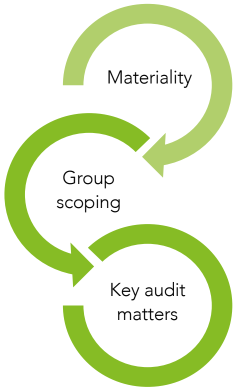
INDEPENDENCE

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 four domestic subsidiaries in addition to the parent company.

Key audit matters

- Occurrence and cut-off of revenue recognition
- Deferred tax assets - valuation
- Shares in associated companies - valuation

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 previous 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 as well as grain and oil-seed 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
Deferred tax assets - valuation *Accounting principles, note 11 to the consolidated financial statements.* Deferred tax assets recognized in the consolidated balance sheet totaled € 4,3 million (€ 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.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Shares in associated companies - valuation *Accounting principles, note 14 to the consolidated financial statements* The shares in associated companies as at 31 December 2020 are € 19,7 million (2019 € 19,4 million). € 19,4 million (2019 € 19,1 million) consist of ownership in Sucros group. The profitability of the associated company Sucros group has not been on the desired level during the previous years. Profitability below expectations may be an indication of impairment of assets. Where such indications are identified, the asset's estimated recoverable amount needs to be determined. An impairment loss is recognized, if the carrying amount of the asset in the balance sheet exceeds its recoverable amount. The company's management has prepared impairment test calculation at the level of the cash generating unit, Sucros group. Impairment test calculations include, to a significant extent, estimates by management. The valuation of shares in associated companies is a key audit matter due to magnitude of the asset and the level of management judgement involved.	We obtained and assessed the impairment test calculation prepared by the management through the following procedures: • We discussed the calculation with the management and evaluated the accounting methods applied. • We discussed with management the significant assumptions used in cash flow estimates. We have evaluated and compared the assumptions to the available information and long term strategic plans and budget. • We discussed and evaluated the basis for the discount rate (WACC) used and its' mathematical accuracy. • We tested the mathematical accuracy of the impairment calculation.

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 27 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 six 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 18 February 2021

PricewaterhouseCoopers Oy
Authorised Public Accountants

Tuomo Korte	Pasi Karppinen
Authorised Public Accountant (KHT)	Authorised Public Accountant (KHT)

STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board has today reviewed Apetit Plc's financial statements 2020 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: Harri Eela, Juha Hämäläinen, Laura Hämäläinen, Aki Kaivola, Jari Nevavuori, Markku Pärssinen and Johanna Takanen.

24 February 2021

For the Supervisory Board

Harri Eela	Teemu Luovila
Chairman	Secretary

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT OF APETIT PLC 2020

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 and recommendation 15 concerning the number of members of Audit Committee. 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. According to recommendation 15 of the Corporate Governance Code, the number of committee members should be at least three. Given the size of the company, the number of members of the Board of Directors and the division of labor between the Board of Directors and the Audit Committee, the Board of Directors has appropriately considered that the Audit Committee consists of two 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

Apetit Plc's Board of Directors comprised the five members elected by the Supervisory Board on 8 April 2019. Lasse Aho, Annika Hurme, Seppo Laine, Simo Palokangas and Niko Simula formed the Board of Directors during 1 January - 12 August 2020.

At a meeting held on 12 August 2020, the Apetit Plc Supervisory Board decided to elect six members to the Apetit Plc Board of Directors. Lasse Aho, Annikka Hurme, Antti Korpiniemi, Simo Palokangas, Kati Rajala 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, President and CEO, M.Sc. (Agric.), MMT h.c.
Chairman since 8 April 2019
Share ownership 31 December 2020: 15,197 shares

Lasse Aho, b. 1958, M.Sc. (Soc.)
Principal occupation: CEO, Olvi plc
Member since 2015
Share ownership 31 December 2020: 8,452 shares

Annikka Hurme, b. 1964, M.Sc.
Principal occupation: Valio Ltd, CEO
Member of the Board since 2017
Share ownership 31 December 2020: 3,172 shares

Antti Korpiniemi, b. 1961, M.Sc. (Agric.), eMBA
Principal occupation: Principal occupation: Berner Ltd and Bröderna Berner AB Sweden, CEO
Member of the Board since 2020
Share ownership 31 December 2020: 529 shares

Seppo Laine, b. 1953, Yrittäjäneuvos (Finnish honorary title), APA
Principal occupation: Professional board member
Member of the Board since 2016 - until 12 August 2020
Share ownership 31 December 2020: 4,880 shares

Kati Rajala, b. 1972, M.Sc. (Tech)
Principal occupation: Cabonline Finland Oy, CEO
Member of the Board since 2020
Share ownership 31 December 2020: 1,029 shares

Niko Simula, . 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.

Member of the board Antti Korpiniemi serves as CEO of Berner Oy. Apetit Group's subsidiaries have business cooperation with the Berner Oy. In addition, Berner Oy is a significant shareholder in Apetit Plc. Based on the above, Antti Korpiniemi is not independent of the company or its significant shareholder in accordance with the Corporate Governance Code 2020. The evaluation found that all of the other 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 2020

The Apetit Plc Board of Directors convened 15 times in 2020. The meeting attendance rate of members was as follows:

Simo Palokangas	100%
Lasse Aho	100%
Annikka Hurme	73%
Antti Korpiniemi	100%
Seppo Laine	100%
Kati Rajala	100%
Niko Simula	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 until 12 August 2020 was Seppo Laine and the members of the Committee were Lasse Aho and Niko Simula. From 12 August 2020 the members of the Committee were Lasse Aho as the Chairman of the Committee and Niko Simula as the member of the Committee. The Committee convened six times in 2020. The attendance rate of the members was 100%.

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 accordance with the decisions made by Annual General Meetings 2019 and 2020, the number of members in the Supervisory Board has been 18.

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, M.Sc. (Agric.)
Member since **2008 - until 26 May 2020**

Jari Nevavuori, . 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

Olli Saaristo, b. 1987, M.Sc. (Agric.), customer relationship manager
Member since 2020

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:
Päivi Hakasuo, b. 1971
Member since 2018, until 6 April 2020
Deputy member Timo Hurme

Marika Palmén, b. 1977
Member since 2015

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

4. MEETINGS OF THE SUPERVISORY BOARD IN 2020

The Supervisory Board convened three times in 2020. The average attendance rate of members was 83%.

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 2020 the Nomination Committee convened seven times to discuss matters pertaining to the Committee's tasks. The average attendance rate of the Committee's members was 100%.

3. INFORMATION ON MEMBERS OF THE NOMINATION COMMITTEE 31 DECEMBER 2020

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

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

Simo Palokangas, b. 1944, President and CEO, M.Sc. (Agric.), MMT h.c.
Chairman of the Apetit Group's Board since 8 April 2019

Pekka Perälä, b. 1961, M.Sc.
CEO, Valio Pension Fund

CEO

Esa Mäki, b. 1966, M.Sc. (Agriculture and Forestry)
Share ownership 31 December 2020: 586 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), until 11 February 2020
HR Director
Share ownership 31 December 2020: 0 shares

Tero Heikkinen, b. 1974, M.Sc. (Econ & Bus. Admin)
Director, Grain Trade and Oilseed products
Share ownership 31 December 2020: 0 shares

Ari Kulmala, b. 1967, MBA, Production Engineer
Director, Production and Procurement
Share ownership 31 December 2020: 0 shares

Teemu Luovila, b. 1974, M.Sc. (Accounting & Financing)
CFO
Share ownership 31 December 2020: 0 shares

Timo Partola, b. 1972, M.Sc (Econ.)
Commercial director
Share ownership 31 December 2020: 0 shares

Asmo Ritala, b. 1958, LL.M., until 31 July 2020
Corporate Counsel
Share ownership 31 December 2020: 0 shares

Sanna Väisänen, b. 1977, Master of Arts, Communications Director, Communications and Sustainability
Share ownership 31 December 2020: 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 to the Board of Directors.

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 to the Group Board of Directors. The risks are contained and the confining limits are monitored.

The Group Administration's financial 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 annual budgets are prepared based on financial estimates and 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.

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 actual results of the unit-specific monitoring measurements, used for business management purposes, in comparison to estimates and targets as well as the reasons for any significant discrepancies between these are also examined regularly with the persons responsible for the business unit in question, with meeting participants present as suitable for the agenda.

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 2020 there were no actual internal audit engagements, but targeted audit measures were conducted in relation to compliance with the operating guidelines in accordance with the yearly plan.

APETIT PLC'S REMUNERATION REPORT 2020

The remuneration of Apetit Plc's governing bodies is subject to the company's Remuneration Policy. The decision-making and governance related to the Remuneration Policy adhere to the Finnish Limited Liability Companies Act, other regulations applicable to publicly listed companies, the company's Articles of Association and the rules of procedure of the Supervisory Board, the Board of Directors and its Committees. In addition, the company complies with Nasdaq Helsinki Ltd's rules and guidelines and the Finnish Corporate Governance Code approved by the Securities Market Association, which entered into force on 1 January 2020.

This Remuneration Report is prepared according to the Finnish Corporate Governance Code 2020 and contains information about the remuneration of the company's Supervisory Board, Board of Directors and CEO and the key terms of the CEO's service contract as well as other remuneration reporting information, as defined by the Finnish Corporate Governance Code, for the financial year 2020. The Remuneration Report will be available on Apetit's website for a minimum of ten years.

1. Introduction

Remuneration in the company is based on the Remuneration Policy that was handled by the Annual General Meeting of 2020. The Company observes the following principles in its remuneration: competitiveness, fairness and equality in terms of the level and demands of tasks, and incentivisation, with the aim of guiding the Company's governing bodies towards the achievement of the strategic objectives of the business. With these principles, Apetit aims to support the alignment of the interests of shareholders, the Company and its personnel, and remuneration is aimed at supporting the Company's long-term financial success.

The remuneration of an external Board member is arranged separately from the remuneration schemes applicable to the Company's CEO or personnel. The remuneration of the CEO mainly follows the principles applied in the remuneration of other employees, but the demands and responsibility associated with the CEO's duties, which affect the fixed and variable remuneration as well as fringe benefits and pension benefits, are taken into consideration.

2. Description of the remuneration of the Supervisory Board

The meeting allowance for the chairpersons and members of the Supervisory Board is EUR 300. A monthly fee of EUR 1,000 is paid to the Chair of the Supervisory Board and EUR 665 to the Deputy Chair. A meeting allowance is also paid to the members of the Nomination Committee for attending the meetings of the Nomination Committee and to the Chair and Deputy Chair of the Supervisory Board when they attend a Board meeting. Per diem and travel allowances for attending a meeting are paid to the members of the Supervisory Board in accordance with the company's travel policy.

3. Description of the remuneration of the Board of Directors

In accordance with the decision of the Supervisory Board, the Board members will be paid an annual remuneration of EUR 19,560 and the Chair and Deputy Chair will receive an annual remuneration of EUR 39,060 and EUR 24,120, respectively. A total of 60 per cent of the annual remuneration will be paid in cash and 40 per cent in the form of Apetit Plc 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. In addition, the Chair and members of the Board of Directors are paid a meeting allowance of EUR 510 and EUR 300, respectively. Changes in the number of Board members influence the development of the total remuneration amount of the Board of Directors.

4. Description of the remuneration of the CEO

The remuneration of the CEO consists of a combination of fixed remuneration components (monetary salary, fringe benefits and supplementary defined contribution pension benefit) and variable remuneration components (performance-related compensation). The performance indicator for the annual performance-related compensation has been the Group's profitability. The maximum amount of the performance-related compensation was 50 per cent of the annual salary and it will be paid in cash. The key terms applicable to the CEO's service are defined in the CEO's service contract. The CEO's retirement age is 63 years and the period of notice is 12 months. The CEO has no defined benefit pension.

5. Development of remuneration and the company's profitability

The following table shows the development of the remuneration of the Supervisory Board, the Board of Directors and the CEO compared to the development of the average remuneration of all Group employees and the Group's financial performance during the last five financial years.

Remuneration development, EUR 1,000	2020	2019	2018	2017	2016
Supervisory Board's annual, meeting and Committee remuneration	51	48	47	48	49
Board of Directors' annual, meeting and Committee remuneration	170	150	163	163	166
CEO's annual remuneration	395	1,039	757	563	551
Average annual salary per person	49	45	42	41	42
Group's operating profit (EUR million)	4.1	-3.4	-6.9	-2.5	0.6

6. Remuneration paid to the members of the Supervisory Board and the Board of Directors in the financial year 2020

In the financial year 2020, the members of the Supervisory Board and the Board of Directors were paid remuneration for their services as follows:

EUR 1,000	1–12/2020
Supervisory Board	
Harri Eela, Chair of the Supervisory Board	20
Marja-Liisa Mikola-Luoto, Deputy Chair of the Supervisory Board	16
Other members of the Supervisory Board, total	16
Board of Directors	
Simo Palokangas, Chair of the Board of Directors	50
Lasse Aho, member of the Board of Directors	30
Annikka Hurme, member of the Board of Directors	23
Kati Rajala, member of the Board of Directors as of 12 August 2020	15
Seppo Laine, member of the Board of Directors until 12 August 2020	10
Antti Korpiniemi, member of the Board of Directors as of 12 August 2020	15
Niko Simula, member of the Board of Directors	26

7. Remuneration paid to the CEOs in the financial year 2020

In the financial year 2020, the CEOs were paid remuneration for their services as follows:

Remuneration paid to the CEOs, EUR 1,000	Fixed salary	Other items	Pension benefit amount recognised as expense	Short-term performance-related compensation	Total	Share of variable remuneration
Juha Vanhainen, CEO until 31 August 2019		48			48	0%
Esa Mäki, CEO as of 1 September 2019	307		41	79	426	18%
Total	307	48	41	79	474	17%

This Remuneration Report has been handled by Apetit Plc's Board of Directors on 18 February 2021.

SUPERVISORY BOARD

HARRI EELA
Chairman since 2014,
Member since 2012
b. 1960

Principal occupation: Cursor Oy, Sales Executive

Main simultaneous positions of trust:
Chairman of the Board: Finninno Oy, Oy Scanhomes Ltd. Finland
Chairman of the Board: 1point5 Oy

Shareholding in Apetit: 800 shares

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

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

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

OLLI SAARISTO
Member since 2020
b. 1987

VELI-PEKKA SUNI
Member since 2016
b. 1964

JOHANNA TAKANEN
Member since 2015
b. 1973

MAUNO YLINEN
Member since 2005
b. 1965

Personnel representatives:

TIMO HURME
b. 1959

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: 15,197 shares

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
President of 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: 8,452 shares

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

Principal occupation: Valio Ltd, CEO, 2014

Main simultaneous positions of trust:
Hallituksen puheenjohtaja: Elintarviketeollisuusliitto ry,
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: 3,172 shares

ANTTI KORPINIEMI
Member of the Board
since 2020
b.28.2.1961, M.Sc. (Agric.), eMBA

Principal occupation: Berner Ltd and Bröderna Berner AB Sweden, CEO 2013–

Main simultaneous positions of trust:
Chairman of the Board: Marketing Finland, Teollisuusagronomit
Member of the Board: Marketing Finland, The Chemical Industry Federation of Finland, Teollisuusagronomit
Executive Committee Member: The Chemical Industry Federation of Finland, Finnish Commerce Federation
Member of Supervisory board: Employment fund, Finland

Employment history:
Berner Ltd:
– Member of the Board 1996–2013
– Director 1995–2013
– Product Manager 1990–1995

Shareholding in Apetit: 529

KATI RAJALA
Member of the Board
since 2020
b. 1972, M.Sc. (Tech)

Principal occupation: Cabonline Finland Oy, CEO

Main simultaneous positions of trust:
Member of the Board: Narvi Oy, 2017–

Employment history:
– HKScan Oyj, EVP Market Area Finland, 2018–2019
– Snellmanin Kokkikartano Oy, CEO, Snellman Group, leader of Ready meals business, 2011–2018
– Fazer Food Services Oy, Director, Operations Development and Support, 2010–2011
– Fazer Food Services Oy, Development Manager, Production Solutions, 2008–2010
– Oy Karl Fazer Ab, Sales Manager, 2005–2008

Shareholding in Apetit: 1,029

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: 4,712 shares

CEO AND CORPORATE MANAGEMENT

From left to right: Esa Mäki, CEO and Director, Food Solutions, Ari Kulmala, Director, Production and Procurement, Tero Heikkinen, Director, Grain Trade and Oilseed Products, Timo Partola, Commercial Director, Teemu Luovila, CFO, Sanna Väisänen, Director, Corporate Communications and Sustainability

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), Sucros Oy, Köyliön-Säkylän Sähkö Oy, Pintos Oy
Supervisory Board Member: LähiTapiola Länsi-Suomi

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: 586 shares

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:
Board member: Sucros Oy

Employment history:
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: –

TEEMU LUOVILA

CFO
since 2020
s. 1974, M.Sc. (Accounting & Financing)

Main simultaneous positions of trust:
Board member: Sucros Oy, FY-Composites Oy

Employment history:
Entrepreneur, Köli Invest Oy, 2018–
CFO, Sataservice-Yhtymä Oy / Satu Invest Oy, 2013–2018
CEO, Kaiku HR Oy, 2013–2017
Auditor, APA and partner, Ernst & Young Oy, 1999–2013

ARI KULMALA

Director, Production and Procurement
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: –

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: –

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: –

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

Apetit's Annual General Meeting is planned to be held on Wednesday, May 28, 2021. Apetit's Board of Directors will summon the meeting at a later date.

A shareholder shall make potential demands on matters to be dealt with by the annual General Meeting in accordance with the Companies Act chapter 5, section 5 no later than 7 April 2021.

BOARD OF DIRECTOR'S DIVIDENT PROPOSAL

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 per share be paid for the financial year 2020.

FINANCIAL REPORTING IN 2021

Apetit Plc released its financial statements bulletin for 2021 on Friday 19 February 2021 at 8.30 a.m. The annual report was published on the company's website in the week beginning 8 March 2021.

Interim reports for 2021 will be published as follows:

- Business Review for January–March: Friday 7 May 2021 at 8.30 a.m.
- Half year financial report for January–June: Friday 20 August 2021 at 8.30 a.m.
- Business Review for January–September: Wednesday 29 October 2021 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.

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

Apetit Oyj
Sörnäistenkatu 1A
00580 Helsinki
Puhelin +358 10 402 00

Apetit Oyj
Maakunnantie 4,
PL 100, 27801 Säkylä
Puhelin +358 10 402 00

Email: firstname.lastname@apetit.fi
www.apetit.fi/en

Business ID: 0197395–5
Domicile: Säkylä, Finland

Subsidiaries

Apetit Ruoka Oy

SÄKYLÄ
Maakunnantie 4
PL 130, 27801 Säkylä
Puhelin +358 10 402 4300

PUDASJÄRVI
Teollisuustie 3
93100 Pudasjärvi
Puhelin +358 10 402 4300

Avena Nordic Grain Oy
Sörnäistenkatu 1A, 00580 Helsinki
Puhelin +358 10 402 02
etunimi.sukunimi@avena.fi
www.apetit.fi/avena

UAB Avena Nordic Grain
L. Asanaviciutes str. 13B-56
LT-04300 Vilna, Lithuania
Puhelin +370 5 243 0290

Avena Nordic Grain OÜ
Tehnika 3, Türi
EE-72213 Järvamaa, Estonia
Puhelin +372 5 038 151

SIA Avena Nordic Grain
Atmodas iela 19–345
Jelgava, LV-3007, Latvia
Puhelin: +371 272 99958

Avena Kantvik Oy
Satamatie 64
PL 21, 02401 Kirkkonummi
Puhelin 010 402 2300