
Apetit

Apetit Plc: Financial Statements Release 1 January to 31 December 2021

Apetit Group's profitability lower than in the previous year – Positive overall development in Food Solutions

October–December 2021, continuing operations*

- Net sales amounted to EUR 83.0 (82.0) million
- EBITDA was EUR 2.2 (2.7) million
- Operating profit was EUR 0.5 (1.1) million

January–December 2021, continuing operations*

- Net sales amounted to EUR 283.9 (292.9) million
- EBITDA was EUR 9.2 (10.1) million
- Operating profit was EUR 2.8 (3.9) million

*) Apetit's continuing operations are Food Solutions, Oilseed Products and Grain Trade. In addition to the three reporting segments (Food Solutions, Oilseed Products, Grain Trade), Apetit reports 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 figures for 2021 and 2020 have been audited. The quarterly and six-month figures are unaudited. The figures in brackets refer to the corresponding period in 2020, and the comparison period means the corresponding period in the previous year, unless otherwise stated.

PROFIT GUIDANCE FOR 2022

The full-year operating profit from continuing operations is expected to improve year-on-year (EUR 2.8 million in 2021).

BOARD OF DIRECTORS' DIVIDEND PROPOSAL

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.40 per share be paid for the financial year 2021.

Esa Mäki, CEO:

“Apetit Group’s net sales in the fourth quarter were at the same level with the comparison period but profitability declined. Towards the end of the year, profitability was weakened especially by the rise in energy costs and the increase in the price of oilseed plant raw materials that had continued since the summer. At the annual level, our operating profit was lower than in the previous year due to the weak profitability of the Grain Trade business. The profitability of the Oilseed Products segment was burdened by the record-high raw material price and increased logistics costs. With regard to the refining margin, the situation will remain challenging early in the year. In Food Solutions, development has been, for the most part, very positive.

The retail demand for food remained strong until the end of the year. Demand in the Food Service channel also continued to recover. In food exports, we strengthened our position especially in the Swedish retail sector with new customer relationships. Although the pea harvest fell significantly short of the target, which reduced export volumes towards the end of the year, the total annual value of exports increased by 5 per cent. Profitability improved in all sales channels. Our delivery reliability has also remained at an excellent level.

In the Oilseed Products business, we continued our systematic work to commercialise the new rapeseed-based plant protein during the year. The small-scale production of the BlackGrain from Yellow Fields plant protein started in October 2021. The small-scale production enables customers to test BlackGrain in their own product development. At Apetit, BlackGrain was used for the first time in a commercial product in early 2022 as Apetit Vegetable Ball was launched for the HoReCa market.

The Kantvik bioenergy plant was commissioned towards the end of the year. The plant significantly reduces the Group’s CO_2 emissions and energy costs. In the bioenergy plant, we can also make full use of production side streams, such as the straw that comes with seeds. The side streams account for about 10 per cent of the total fuel amount. The total value of the investment was approximately EUR 7 million.

We have succeeded in improving production efficiency throughout the Kantvik vegetable oil milling plant: records were achieved both in rapeseed milling and in oil refining. Increasing the cultivation of domestic oilseed plants in line with our goal supports our efforts to improve the profitability of the Oilseed Products segment in the new harvest season.

In December, Apetit Group’s subsidiary Avena Nordic Grain agreed on selling the Baltic operations of the Grain Trade business to Scandagra Group, which is a leading agriculture company in the Baltic countries. This business transaction is in line with our strategy and will make the Grain Trade business significantly healthier. The transaction is expected to be completed during the first quarter of the year.

The changing COVID-19 situation has required us to act flexibly and competently in implementing various exceptional arrangements. Regardless of this all, we have successfully achieved our goal of ensuring the health and safety of our employees and ensuring undisrupted operations throughout the food supply chain. For this, I would like to thank our personnel warmly.

In the corporate responsibility programme published in spring 2021, Apetit set targets for every stage of the value chain. An important goal is to reduce the climate impacts of our own operations. In this area, we have identified the impacts of energy consumption as essential. Significant investments in both Kantvik and Säkylä in the use of renewable energy and the development of energy and material efficiency reduce our climate impacts considerably. Put together, they will propel us towards our goal of reducing our own direct CO_2 emissions by 75 per cent by 2025.”

KEY FIGURES

EUR million	**10–12 2021**	10–12 2020	Change	**1–12 2021**	1–12 2020	Change
Continuing operations						
Net sales	**83.0**	82.0	1%	**283.9**	292.9	-3%
EBITDA	**2.2**	2.7		**9.2**	10.1	
Operating profit	**0.5**	1.1		**2.8**	3.9	
Share of profit of associated company Sucros	**0.9**	0.6		**0.4**	0.3	
Profit for the period	**1.2**	1.5		**2.4**	3.1	
Earnings per share, EUR	**0.19**	0.24		**0.38**	0.49	
Working capital at the end of the period				**50.5**	48.4	
Investment				**6.6**	7.8	
Group (incl. discontinued operations)						
Net sales	**83.0**	82.0	1%	**283.9**	293.0	-3%
EBITDA	**2.2**	2.8		**9.2**	10.2	
Operating profit	**0.5**	1.2		**2.8**	4.1	
Profit for the period	**1.2**	1.5		**2.4**	3.2	
Earnings per share, EUR	**0.19**	0.25		**0.38**	0.52	
Equity per share, EUR				**14.95**	15.26	
ROCE %				**2.4**	3.3	
Net cash flow from operating activities				**5.0**	26.8	
Equity ratio, %				**59.4**	66.5	
Gearing, %				**26.6**	21.7	

NET SALES AND PROFIT OF CONTINUING OPERATIONS

October–December

Net sales in the fourth quarter were EUR 83.0 (82.0) million. Operating profit was EUR 0.5 (1.1) million. The operating profit includes capitalisation of fixed costs arising from harvest-time production and a change in grain stocks in the amount of EUR 0.8 (0.5) million.

The share of the profit of the associated company Sucros was EUR 0.9 (0.6) million in October–December.

The profit before taxes was EUR 1.2 (1.6) million, and taxes on the profit for the period came to EUR -0.1 (-0.1) million. Profit for the period came to EUR 1.2 (1.5) million, and earnings per share amounted to EUR 0.19 (0.24).

January–December

Net sales in January–December were EUR 283.9 (292.9) million. Operating profit was EUR 2.8 (3.9) million. The operating profit includes capitalisation of fixed costs arising from harvest-time production and a change in grain stocks in the amount of EUR 0.3 (-0.1) million.

The share of the profit of the associated company Sucros was EUR 0.4 (0.3) million in January–December.

Financial income and expenses totalled EUR -0.4 (-0.5) million.

The profit before taxes was EUR 2.9 (3.7) million, and taxes on the profit for the period came to EUR -0.5 (-0.6) million. Profit for the period came to EUR 2.4 (3.1) million, and earnings per share amounted to EUR 0.38 (0.49).

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 consolidated cash flow from operating activities amounted to EUR 5.0 (26.8) million in January–December. The impact of the change in working capital was EUR -3.7 (17.3) 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 -6.3 (-8.9) million. The cash flow from financing activities came to EUR 7.7 (-19.7) million, including EUR 12.1 (-15.3) million in net loan repayments and EUR -3.1 (-2.8) million in dividend payments.

At the end of the period, the Group's interest-bearing liabilities amounted to EUR 32.3 (21.7) million and liquid assets to EUR 7.5 (1.1) million. Net interest-bearing liabilities totalled EUR 24.8 (20.6) million.

The consolidated balance sheet total stood at EUR 157.1 (142.8) million. At the end of the review period, equity totalled EUR 93.3 (95.0) million. The equity ratio was 59.4 (66.5) per cent, and gearing was 26.6 (21.7) 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 28.0 (15.0) million.

INVESTMENT

Investment by continuing operations in non-current assets came to EUR 6.6 (7.8) million and was divided as follows: investment in Food Solutions totalled EUR 2.0 (2.9) million, in Oilseed Products EUR 3.7 (4.7) million, in Grain Trade EUR 0.0 (0.1) million and in Group Functions EUR 0.9 (0.1) million.

PERSONNEL

In January–December 2021, the continuing operations had 337 (343) employees in full-time equivalents. Apetit Group had 346 (345) employees at the end of December. The number of employees at Apetit's Säkylä plant varies during the year based on the harvest seasons.

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 2021

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 2021:

- ✓ Commissioning of the bioenergy plant at the Kantvik vegetable oil milling plant in Kirkkonummi.
- ✓ Investments to improve production and material efficiency at the Säkylä plant.
- ✓ Agreement on selling the Baltic operations of the Grain Trade business to Scandagra Group, which is a leading agriculture company in the Baltic countries.

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 2021:

- ✓ Expansion of the Apetit product selection in ICA, the largest retail chain in Sweden.
- ✓ New retail customers in Sweden.

- ✓ Strengthening of partnerships and product launches 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 2021:

- ✓ Continuous development of new plant- and fish-based products and product groups.
- ✓ Launch of a new product group: the Meal Bowl ready meals to shops' frozen food sections.
- ✓ Expansion of the local fish product family: the launch of Baltic Sea Fish Fingers.
- ✓ Launch of the small-scale production of the rapeseed protein 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 2021:

- ✓ Active participation in the Räpi experimental farm's projects promoting soil fertility and carbon sequestration.
- ✓ Increase in oilseed plant contract farming in accordance with the set objective.
- ✓ Continuous cooperation with growers: advice and training.

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 2021:

- ✓ Publication of an updated corporate responsibility programme and targets.
- ✓ Calculation of the carbon footprint of domestic rapeseed oil.
- ✓ Development and standardisation of the Group's carbon footprint calculation to comply with the GHG Protocol (Scope 3).

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.

Dividend policy remains as before

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. The company will distribute at least 50 per cent of the profit for the financial year in dividends.

OPERATING ENVIRONMENT

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 throughout the pandemic.

Food Solutions

The COVID-19 pandemic has affected the Food Solutions business the most. The retail demand for food increased suddenly when the exceptional situation began in spring 2020. Grocery trade grew at a record pace in 2020 (+8.6%) and has continued to grow in 2021, although more slowly (+3.0%). Indeed, demand for food has remained good.

In the Food Service sector, demand has been significantly lower than usual since the start of the pandemic as restaurants and other public services, such as schools and day-care centres, have, from time to time, operated at a smaller scale than normal. Demand in the Food Service channel has gradually picked up since late spring 2021 but has still remained below the pre-pandemic level.

Oilseed Products

During the pandemic, the demand for vegetable oils has grown particularly in the retail segment. In the professional food service sector, the demand for vegetable oils returned to the pre-pandemic level in the second quarter of 2021.

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.

SUSTAINABLE VALUE CHAIN

Apetit engages in, and develops, sustainable business in accordance with the objectives specified in the corporate responsibility programme. The key measures taken to support sustainable business are as follows:

Bioenergy plant in Kirkkonummi
Apetit has built a bioenergy plant at the Kirkkonummi vegetable oil milling plant. The bioenergy plant was commissioned in late 2021. It replaced the current energy solution that uses non-renewable fuels and significantly reduces the Group's CO_2 emissions.

Carbon sequestration and promotion of soil fertility
Apetit participates in several projects which study carbon sequestration in soil and develop soil fertility improvement measures. Research, development and practical implementation of measures related to carbon sequestration and soil fertility are carried out at Apetit's Räpi experimental farm and on the fields of contract growers. The improvement of soil fertility aims not only at carbon sequestration but also at the reduction of nutrient runoffs.

Sustainable packaging solutions
As part of the long-term development of packaging solutions, Apetit is committed to increasing the recyclability of packaging materials of Apetit's retail products to 100 per cent. Before this, Apetit has already reduced the thickness of packaging plastic used in consumer packaging by 15 per cent. This target was achieved in early 2021.

Utilisation of side streams
Side streams from harvest season production, such as peeling waste and plant material discarded during quality assurance processes, are delivered for use as bioenergy raw material. Now production side streams from the Kirkkonummi vegetable oil milling plant are also used as fuel in the company's own bioenergy plant.

Products made from local domestic fish
Apetit's local fish products have established their position on Finnish consumers' dinner tables. Apetit's local fish product family expanded in the autumn when Baltic Sea Fish Fingers, made from domestic Baltic herring, were launched on Baltic Sea Day. Other products in the product family are freshwater fish fingers and fish cakes as well as Särkisen fish balls made from roach.

Improving material efficiency
At the beginning of 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. By enhancing material efficiency, Apetit seeks to improve the efficiency of its production operations as well as profitability.

Apetit also strives to better identify the stages of production where it is possible to not only prevent raw material and material waste, but also conserve other natural resources and further increase process efficiency. An example of this is the Säkylä production facility's investment in brush scrubbers, which significantly reduce the use of water and steam during the vegetable processing stage.

Electricity from wind power
All of the electricity used by Apetit Group's production facilities has been generated from renewable energy sources starting from 1 April 2020. All of Apetit's production facilities run exclusively on wind power. The use of wind power reduces Apetit Group's CO_2 annual emissions by approximately 27 per cent from the comparison year 2019.

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.

Food Solutions

Frozen vegetable products and frozen ready meals

EUR million	10–12 2021	10–12 2020	Change, %	1–12 2021	1–12 2020	Change, %
Net sales*	**15.6**	16.0	-2%	**61.5**	60.1	2%
EBITDA	**2.7**	3.4		**9.2**	8.4	
Operating profit	**1.9**	2.5		**5.9**	5.0	

*incl. intra-group sales

Financial and operational performance in October–December

Net sales for October–December amounted to EUR 15.6 (16.0) million. Sales decreased slightly from the comparison period in the retail segment and export operations but increased clearly in the Food Service channel.

Operating profit was EUR 1.9 (2.5) million. Profit was weakened by the decrease in net sales from the comparison period as well as record-high energy costs.

Summary of January–December

The net sales of Food Solutions increased somewhat from the previous year, while profitability improved substantially year-on-year.

During the COVID-19 pandemic, retail sales have been at a high level and sales in the Food Service channel have decreased clearly. Despite the recovery of Food Service sales during the second half of the year, net sales still remain below the pre-pandemic level.

Food exports to Sweden grew in line with expectations: frozen food products sold under the Apetit brand are now sold both in ICA, the largest retail chain in Sweden, and COOP. In 2021, food exports accounted for 9 per cent of net sales (2020: 9 per cent) and were mainly targeted at Sweden, Italy and the United Kingdom.

The result of Food Solutions was improved by sales growth, commercial successes and improved production efficiency.

Investment for the period totalled EUR 2.0 (2.9) million and was mainly associated with production efficiency improvements in Säkylä and the renewal of the pizza production line in Pudasjärvi.

Operating environment

In the retail segment, the frozen foods category* (excluding ice cream products) grew in Finland by 6 per cent when compared to 2020. Food Service wholesale** increased by 5.9 per cent in January–December but was 12.7 per cent below the level of the pre-pandemic year 2019.

*Source: Nielsen Homescan Finland, **Source: Finnish Grocery Trade Association (PTY)

Oilseed Products

Vegetable oils and rapeseed expeller

EUR million	10–12 2021	10–12 2020	Change, %	1–12 2021	1–12 2020	Change, %
Net sales*	**24.9**	16.4	52%	**88.1**	65.8	34%
EBITDA	**-0.0**	0.5		**3.4**	3.0	
Operating profit	**-0.4**	0.2		**2.0**	2.0	

*incl. intra-group sales

Financial and operational performance in October–December

Net sales increased clearly and were EUR 24.9 (16.4) million in October–December, due to significantly higher selling prices of raw materials and end products. The main export markets for oilseed products were Norway and Sweden, with exports representing 22 per cent of net sales.

Operating profit was EUR -0.4 (0.2) million. Profitability was weakened by significantly higher prices of rapeseed raw materials, their scarce availability in nearby areas and increased freight and energy costs. The rapid increase in raw material costs could not be fully transferred to selling prices.

Summary of January–December

Net sales increased substantially thanks to good demand and higher selling prices. Significantly increased raw material costs have reduced the refining margin in the second half of the year. Profitability was also weakened by the increase in energy and logistics costs towards the end of the year.

As a part of the improvement of efficiency, a bioenergy plant has been built at the rapeseed oil milling plant in Kirkkonummi. The bioenergy plant was commissioned in late 2021. The total value of the investment was approximately EUR 7 million.

At the Kantvik vegetable oil milling plant, production efficiency was improved in many areas: records were achieved both in rapeseed milling and in oil refining.

Apetit continued its systematic work to commercialise the new rapeseed-based plant protein during the year. The small-scale production of the BlackGrain from Yellow Fields plant protein started in October 2021. The small-scale production made it possible to deliver BlackGrain for customer samples and test runs as well as to the first customers. In early 2022, BlackGrain was used for the first time in a commercial product as Apetit Vegetable Ball was launched for the HoReCa market.

Investment for the period totalled EUR 3.7 (4.7) million and was mainly associated with the construction of the bioenergy plant at the Kantvik vegetable oil milling plant.

Operating environment

According to the harvest forecast published by the Natural Resources Institute Finland on 24 November 2021, the domestic oilseed plant harvest grew in 2021 by one third from the previous year, amounting to 41 million kilos (2020: 31 million kilos). The cultivation area of winter rapeseed more than doubled compared to the previous harvest season. The harvest potential of autumn oilseed plants is higher than that of spring oilseed plants, which have traditionally been more popular in Finland. Thanks to their earlier growth and flowering period, they are also less vulnerable to pests.

Grain Trade

Finnish and international trade in grains, oilseeds, pulses and raw materials for animal feed

EUR million	10–12 2021	10–12 2020	Change, %	1–12 2021	1–12 2020	Change, %
Net sales*	**48.0**	53.1	-10%	**164.5**	194.3	-15%
EBITDA	**-0.0**	-0.5		**-2.0**	1.0	
Operating profit	**-0.3**	-0.8		**-3.0**	0.1	

*incl. intra-group sales

Financial and operational performance in October–December

Net sales decreased clearly to EUR 48.0 (53.1) million due to decreased volumes, even though prices increased strongly during the second half of the year. In Finland, the record-small grain harvest decreased export deliveries from the comparison period.

In December, Avena Nordic Grain agreed on selling the Baltic operations of the Grain Trade business to Scandagra Group, which is a leading agriculture company in the Baltic countries. The transaction is expected to be completed during the first quarter of the year.

Operating profit was EUR -0.3 (-0.8) million. Profitability improved from the previous year, thanks to commercial successes in some grains.

Summary of January–December

Net sales declined clearly from the previous year due to smaller harvests in Finland and the Baltic countries in 2021. The decision to stop wheat deliveries through the Port of Riga, made in summer 2021, also contributed to the decrease in volumes.

The result of Grain Trade was negatively affected by the difficult market conditions in the international wheat trade early in the year and the unsuccessful response to unpredictable market changes. Towards the end of the year, profitability improved from the previous year, thanks to commercial successes in some grains.

Investment for the period totalled EUR 0.0 (0.1) million.

Operating environment

According to harvest statistics published by the Natural Resources Institute Finland on 24 November 2021, the total grain harvest in Finland was 2.6 billion kilos, down by 23 per cent from the previous year. The grain harvest was the smallest in the 2000s and left little scope for grain exports. In the other main area of supply, the Baltic countries, the harvest decreased significantly from the previous year and grain quality did not fully meet the international quality standards in terms of hectolitre weight.

Group Functions

EUR million	10–12 2021	10–12 2020	Change, %	1–12 2021	1–12 2020	Change, %
Net sales	-	-		-	-	
EBITDA	**-0.6**	-0.6		**-1.5**	-2.3	
Operating profit	**-0.8**	-0.8		**-2.2**	-3.2	

Group Functions, consisting of the expenses related to Group management, strategic projects and listing on the stock exchange, are reported as expenses that are not allocated to the business segments.

CORPORATE GOVERNANCE

Corporate Governance Statement and Remuneration Report

Apetit's Corporate Governance Statement and Remuneration Report will be published in conjunction with the publication of the Annual Report during the week 10. The statement and the report will be available on Apetit's website after their publication.

Annual General Meeting 2021

Apetit Plc's Annual General Meeting was held in Säkylä on 28 May 2021. 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 CEO from liability for the financial year 2020.The Board of Directors' proposals to the Annual General Meeting were approved without changes.

Decisions of the Annual General Meeting 2021

Dividend distribution

The AGM resolved that a dividend of EUR 0.50 per share be paid for the financial year 2020. The dividend was paid on 8 June 2021. No dividend will be paid on shares held by the company.

Remuneration Report for Governing Bodies

The AGM resolved to approve Apetit's Remuneration Report for Governing Bodies 2020. In accordance with the Limited Liability Companies Act, the resolution is advisory. The Remuneration Report is available on the company's website at apetit.fi/en/corporate-governance/remuneration.

Election of the Supervisory Board, the Nomination Committee of the Supervisory Board and the auditors and deciding on their fees

It was confirmed that the Supervisory Board will have 18 members elected by the Annual General Meeting. Seven persons were elected to replace members of the Supervisory Board completing their term. Harri Eela, Juha Hämäläinen, Laura Hämäläinen, Jari Nevavuori and Markku Pärssinen were re-elected. Nicolas Berner and Kirsi Ahlgren were elected to the Supervisory Board as new members.

Pekka Perälä and Henrika Vikman were elected by the AGM as the members of the Nomination Committee of the Supervisory Board.

Ernst & Young Oy, Authorised Public Accountants, with Erika Grönlund, APA, as the auditor with principal responsibility and Osmo Valovirta, APA, were elected as the company's auditors for the period ending at the close of the 2022 AGM.

The AGM decided that a monthly fee of EUR 1,000 be paid to the Chair of the Supervisory Board and EUR 665 to the Deputy Chair. The AGM decided that the meeting allowance paid to the members of the Supervisory Board and the members of the Nomination Committee of the Supervisory Board would be EUR 300. Compensation for travelling expenses will be paid in accordance with the general travel rules of Apetit Plc. The AGM decided that the auditors' fees be paid according to an invoice approved by the company.

Authorising the Board of Directors to decide on the repurchase of the company's own shares

The AGM decided to authorise the Board of Directors to decide on the repurchase of a maximum of 80,000 (eighty thousand) of the company's own shares using the unrestricted equity of the company representing approximately 1.27 per cent of all of the shares in the company. The authorisation includes the right to accept the company's own shares as a pledge.

The authorisation is valid until the close of the Annual General Meeting 2022, but no longer than until 31 May 2022.

Authorising the Board of Directors to decide on the issuing of new shares and on the transfer of Apetit Plc shares held by the company (share issue)

The AGM decided to authorise the Board of Directors to decide on issuing new shares as follows: based on the authorisation, a total maximum of 600,000 (six hundred thousand) shares can be issued, which corresponds to approximately 9.5 per cent of all shares of the company at this time. Both new shares and shares held by the company may be issued based on the authorisation.

The authorisation is valid until the close of the Annual General Meeting 2023, but no longer than until 31 May 2023. The authorisation replaced the previous share issue authorisation given on 27 March 2018.

Organisation of the Supervisory Board and election of the Board of Directors

At its organisational meeting on 17 August 2021, Apetit Plc's Supervisory Board appointed Harri Eela as Chair and Maisa Mikola as Vice Chair.

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

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

CHANGES IN THE BOARD OF DIRECTORS

Kati Rajala resigned from Apetit Plc's Board of Directors on 31 May 2021. Simo Palokangas acted as Chair of Apetit Plc's Board of Directors until 17 August 2021.

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 78,653 treasury shares acquired during previous years. These treasury shares represent 1.2 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

Apetit did not receive any flagging announcements during the financial year 2021.

Share price and trading

The number of Apetit Plc shares traded on the stock exchange during the review period was 1,093,741 (1,627,429), representing 17.3 (25.8) per cent of the total number of shares. The highest share price quoted was EUR 14.90 (10.80) and the lowest was EUR 10.70 (7.12). The average price of shares traded was EUR 13.09 (8.94). The share turnover for the period was EUR 14.3 (14.5) million. At the end of the review period, the market capitalisation was EUR 81.2 (67.6) 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 AND UNCERTAINTIES

In addition to the impacts of the ongoing COVID-19 pandemic, the most significant short-term risks for Apetit Group are related to the management of raw material price changes, the availability of raw materials, the harvest quality and quantity of grain, oilseed plants and field vegetables, the functioning of the financing markets, the solvency of customers, the delivery performance of suppliers and service providers, and changes in the Group's business areas and customer relationships.

BOARD OF DIRECTORS' PROPOSALS CONCERNING PROFIT MEASURES

The parent company's distributable funds totalled EUR 51,755,599.32 on 31 December 2021, after deducting the loss for the financial year, EUR 435,239.47. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.40 per share be paid for the financial year 2021. The dividend corresponding to this proposal is EUR 2,527,030.40 for all the company shares on the balance sheet date and EUR 2,495,569.20 for the shares in external ownership. 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.

MATERIAL EVENTS AFTER THE END OF THE REVIEW PERIOD

The Group had no material events after the end of the review period.

PROFIT GUIDANCE FOR 2022

The full-year operating profit from continuing operations is expected to improve year-on-year (EUR 2.8 million in 2021).

PUBLICATION OF THE ANNUAL REPORT

Apetit Plc's Annual Report for 2021 — including the Board of Directors' report, the financial statements for 2021, a corporate responsibility report and a separate Corporate Governance Statement — will be published in week 10 on the company's website at www.apetit.fi.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	**10-12/2021**	10-12/2020	**1-12/2021**	1-12/2020
Continuing Operations				
NET SALES	**83,0**	82,0	**283,9**	292,9
Other operating income	**0,2**	0,3	**0,9**	1,0
Material and services	**-69,0**	-68,0	**-234,4**	-240,3
Employee benefits expense	**-5,4**	-5,4	**-19,3**	-20,0
Depreciation and amortisation	**-1,6**	-1,6	**-6,3**	-6,1
Impairment	**-0,0**	-0,0	**-0,0**	-0,0
Other operating expenses	**-6,7**	-6,2	**-21,9**	-23,5
OPERATING PROFIT	**0,5**	1,1	**2,8**	3,9
Financial income	**0,0**	0,0	**0,0**	0,0
Financial expenses	**-0,1**	-0,1	**-0,4**	-0,5
Share of profit/loss accounted for using the equity method	**0,8**	0,6	**0,4**	0,3
PROFIT/LOSS BEFORE TAX	**1,2**	1,6	**2,9**	3,7
Tax on income from operations	**-0,1**	-0,1	**-0,5**	-0,6
Profit/loss from continuing operations	**1,2**	1,5	**2,4**	3,1
Discontinued Operations				
Profit/loss from discontinued operations	**-**	0,0	**-**	0,1
PROFIT/LOSS FOR THE PERIOD	**1,2**	1,5	**2,4**	3,2
Basic earnings per share calculated on profit attributable to equity holders of the parent				
Continuing operations	**0,19**	0,24	**0,38**	0,49
Discontinued operations	**-**	0,01	**-**	0,02
To the shareholders of the parent company	**0,19**	0,25	**0,38**	0,52
Diluted earnings per share calculated on profit attributable to equity holders of the parent				
Continuing operations	**0,19**	0,24	**0,38**	0,49
Discontinued operations	**-**	0,01	**-**	0,02
To the shareholders of the parent company	**0,19**	0,25	**0,38**	0,52
Other comprehensive income:				
Exchange differences on translating foreign operations	**0,0**	-0,0	**0,0**	-0,0
Cash flow hedges	**3,5**	1,5	**-1,0**	0,6
Items that may be reclassified subsequently to profit or loss	**3,5**	1,5	**-1,0**	0,6
TOTAL COMPREHENSIVE INCOME	**4,7**	3,0	**1,3**	3,8
Total comprehensive income attributable to:				
Owners of the parent company	**4,7**	3,0	**1,3**	3,8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	**31.12.2021**	31.12.2020
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	**1.8**	2.3
Goodwill	**0.4**	0.4
Property, plant, equipment	**38.2**	36.1
Right-of-use assets	**3.0**	4.6
Shares in associated companies	**19.9**	19.7
Other non-current financial assets	**0.3**	0.3
Non-current trade and other receivables	**0.0**	0.0
Deferred tax assets	**4.2**	4.3
NON-CURRENT ASSETS	**68.0**	67.7
CURRENT ASSETS		
Inventories	**70.8**	58.7
Trade receivables and other receivables	**10.8**	15.2
Cash and cash equivalents	**7.5**	1.1
CURRENT ASSETS	**89.1**	75.1
Non-current assets held for sale	**0.1**	-
ASSETS	**157.1**	142.8

	31.12.2021	31.12.2020
EQUITY AND LIABILITIES		
Owners of the parent company	**93.3**	95.0
EQUITY	93.3	95.0
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**0.1**	0.1
Non-current liabilities, interest-bearing	**1.8**	3.9
Non-current interest-free liabilities	**0.1**	0.2
Liabilities from defined benefit plan	**0.2**	0.2
NON-CURRENT LIABILITIES	**2.3**	4.4
CURRENT LIABILITIES		
Current interest-bearing liabilities	**30.5**	17.8
Trade Payables and Other Liabilities	**31.1**	25.6
CURRENT LIABILITIES	**61.5**	43.4
LIABILITIES	**63.8**	47.8
EQUITY AND LIABILITIES	**157.1**	142.8

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	**1-12/2021**	1-12/2020
PROFIT/LOSS FOR THE PERIOD	**2.4**	3.2
Adjustments to cash flow from operating activities	**7.0**	6.9
Working capital changes	**-3.7**	17.3
Interest paid	**-0.3**	-0.5
Interest received	**0.0**	0.0
Other financial items from business operations	**-0.2**	-
Income taxes paid	**-0.2**	-0.1
Net cash from operating activities	**5.0**	**26.8**
Purchase of tangible and intangible assets	**-6.6**	-7.9
Proceeds from sale of tangible and intangible assets	**0.1**	0.0
Acquisition of subsidiaries, net of cash acquired	**-**	-1.0
Proceeds from sales of business operations	**-**	-0.1
Purchase of investments	**-**	-0.0
Proceeds from sale of investments	**0.0**	-0.0
Dividends received	**0.2**	0.0
Net cash used in investing activities	**-6.3**	**-8.9**
Proceeds from sale of treasury shares	**0.1**	-
Addition / deduction of current borrowings	**12.1**	-14.3
Repayment of non-current borrowings	**-**	-1.0
Payment of lease liabilities	**-1.4**	-1.6
Dividends paid	**-3.1**	-2.8
Net cash used in financing activities	**7.7**	**-19.7**
Net change in cash and cash equivalents	**6.4**	**-1.8**
Cash and cash equivalents at the beginning of the period	**1.1**	2.9
Cash and cash equivalents at the end of the period	**7.5**	1.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
B = Share premium
C = Treasury shares
D = Invested non-restricted equity capital
E = Fair value reserve
F = Other reserves
G = Translation differences
H = Retained earnings
I = Total equity

1-12/2021

EUR million	A	B	C	D	E	F	G	H	I
Equity 1.1.	**12.6**	**23.4**	**-1.3**	**-**	**0.1**	**7.2**	**-0.0**	**53.0**	**95.0**
Profit/loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.4**	**2.4**
Cash flow hedges	**-**	**-**	**-**	**-**	**-1.0**	**-**	**-**	**-**	**-1.0**
Translation differences	**-0.0**	**-**	**-**	**-**	**-**	**-**	**0.0**	**0.0**	**0.0**
Comprehensive income	**-0.0**	**-**	**-**	**-**	**-1.0**	**-**	**0.0**	**2.4**	**1.3**
Dividend distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-3.1**	**-3.1**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Other changes	**-0.0**	**-0.0**	**0.1**	**0.1**	**-0.1**	**-**	**-**	**-0.2**	**-0.0**
Muutokset yhteensä	**-0.0**	**-0.0**	**0.1**	**0.1**	**-1.1**	**-**	**0.0**	**-0.8**	**-1.7**
Equity 31.12.	**12.6**	**23.4**	**-1.2**	**0.1**	**-1.0**	**7.2**	**-0.0**	**52.1**	**93.3**

1-12/2020

EUR million	A	B	C	D	E	F	G	H	I
Equity 1.1.	12.6	23.4	-1.3	-	-0.5	7.2	-0.0	52.6	93.9
Profit/loss for the period	-	-	-	-	-	-	-	3.2	3.2
Cash flow hedges	-	-	-	-	0.6	-	-	-	0.6
Translation differences	-0.0	-	-	-	-	-	-0.0	0.0	-0.0
Comprehensive income	**-0.0**	**-**	**-**	**-**	**0.6**	**-**	**-0.0**	**3.2**	**3.8**
Dividend distribution	-	-	-	-	-	-	-	-2.8	-2.8
Share-based payments	-	-	-	-	-	-	-	-	-
Other changes	-0.0	-	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.	12.6	23.4	-1.3	-	0.1	7.2	-0.0	53.0	95.0

ACCOUNTING PRINCIPLES

The Interim report has been prepared in accordance with the IAS 34-standard (Interim Financial Reporting). The accounting policies adopted are consistent with those described in the annual financial statements for 2020.

SEGMENT INFORMATION

A = Food solutions
B = Oilseed products
C = Grain trade
D = Group Functions
E = Continuing Operations
F = Discontinued Operations
G = Apetit Group

1-12/2021
EUR million

	A	B	C	D	**E**	F	**G**
Segment net sales	61.5	88.1	164.5	-	**314.1**	-	**314.1**
Intra-group net sales	-0.0	-0.5	-29.7	-	**-30.2**	-	**-30.2**
Net sales	61.5	87.6	134.8	-	**283.9**	-	**283.9**
Operating profit	5.9	2.0	-3.0	-2.2	**2.8**	-	**2.8**
Gross investments in non-current assets	2.0	3.7	0.0	0.9	**6.6**	-	**6.6**
Business acquisitions and other investments	-	-	-	-	**-**	-	**-**
Depreciation and amortisation	-3.3	-1.3	-1.0	-0.7	**-6.3**	-	**-6.3**
Impairment	0.0	-	-	-	**0.0**	-	**0.0**
Personnel, FTE	232	42	51	12	**337**	-	**337**

1-12/2020
EUR million

	A	B	C	D	**E**	F	**G**
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**	0.0	**-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**
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**

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.

Result from discontinued operations

EUR million	**1-12/2021**	1-12/2020
Income	**-**	0.0
Expenses	**-**	0.1
Operating profit	**-**	0.2
Financial income and expense	**-**	-
Profit before taxes	**-**	0.2
Income taxes	**-**	-0.0
Profit for the period, discontinued operations	**-**	0.1

Consideration received

EUR million	**1-12/2021**	1-12/2020
Costs attributable to the sales of business and adjustments to consideration	**-**	-0.1
Net cash flow from disposal of business	**-**	-0.1

NON-CURRENT ASSETS AND RELATING LIABILITIES HELD FOR SALE

Apetit Group's subsidiary Avena Nordic Grain has signed an agreement on selling the Baltic operations of the Grain Trade business to Scandagra Group. The sale covers the business and assets of Avena's companies in Estonia and Lithuania. The transaction is expected to be completed during the first quarter of 2022. In order to be completed, the transaction requires the approval of the competition authorities in Estonia and Lithuania.

Non-current assets and relating liabilities held for sale

EUR million	**1-12/2021**	1-12/2020
Tangible assets	0.1	-
Non-current assets held for sale	0.1	-

GROUP KEY INDICATORS	**1-12/2021**	1-12/2020
Shareholders' equity per share, EUR	**14.95**	15.26
Equity ratio, %	**59.4**	66.5
Net gearing, %	**26.6**	21.7
Gross investments in non-current assets, EUR million	**6.6**	7.8
Personnel, FTE	**337**	343
Average adjusted number of shares	**6,234,286**	6,223,332

The formulas for the key indicators are presented in the 2020 annual financial statements.

COLLATERAL, CONTINGENT LIABILITIES, CONTINGENT ASSETS AND OTHER COMMITMENTS

EUR million	**31.12.2021**	31.12.2020
Pledges given for debts		
Guarantees	**2.2**	2.2
Binding agreements not recognised in the balance sheet		
Within one year	1.5	1.0
After one year but not more than five years	2.9	1.2
Total	4.4	2.3
Contingent assets		
Claim for damages associated with the foreign grain supplier's neglect of delivery*	-	3.1
*) Recognition of the claim is considered highly unlikely and is no longer presented as a contingent asset		
Investment commitments		
Food Solutions	**2.5**	0.1
Oilseed products	**0.5**	1.7
Group Functions	**-**	-

Other contingent liabilities

Liability to adjust value added tax on property investments

The Group is liable to adjust value added tax deductions on the 2012-2021 property investments, if the taxable use of the properties decreases. The maximum value of the liability is EUR 2,0 (1.6) million and the liability is valid until 2031.

CHANGES IN TANGIBLE ASSETS

EUR million	**1-12/2021**	1-12/2020
Book value at the beginning of the period	**40.7**	37.2
Additions	**7.5**	7.7
Disposals	**-1.2**	-0.0
Reclassifications	**0.0**	2.0
Depreciation, amortisation and impairment	**-5.7**	-5.6
Other changes	**-0.1**	-0.6
Book value at the end of the period	**41.3**	40.7

Tangible assets include right-of-use items in accordance with IFRS16

RELATED PARTY TRANSACTIONS

EUR million	**1-12/2021**	1-12/2020
Sales to associated companies	**0.5**	0.6
Purchases from associated companies	**3.2**	3.5
Trade receivables and other receivables from associated companies	**0.0**	0.1
Trade payables and other liabilities to associated companies	**0.8**	0.7
Sales to other related parties	**0.0**	0.1
Purchases from other related parties	**0.6**	0.6
Receivables from other related parties	**-**	0.0
Liabilities to other related parties	**0.3**	0.3

The sales of goods and services to related parties are based on valid market prices.
Purchases and liabilities with other related parties relate mostly to acgicultural product purchases from members of the Supervisory Board.

Säkylä, 16 February 2022
APETIT PLC
Board of Directors