Apetit

ANNUAL REPORT 2022

CONTENTS

Apetit's integrated annual and corporate responsibility report provides information about Apetit Group's operations and impact, events in 2022 and the progress of strategic targets and corporate responsibility work.

OUR MISSION

Good food for everyone. Locally.

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. 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.

Key Figures 2022

33%

CO_2 emissions reduction

82%

use of finnish raw-materials in frozen products

288

personnel, average

NET SALES

181.7

EUR million
(149.1)

PROFIT FOR THE PERIOD

3.2

EUR million
(5.3)

EBITDA

9.2

EUR million
(11.1)

OPERATING PROFIT

3.5

EUR million
(5.8)

INVESTMENTS

5.0

EUR million
(6.6)

PROPOSED DIVIDEND

0.50

EUR
(0.40)

Our business

Food Solutions

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 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.

NET SALES
64.2
EUR million

OPERATING PROFIT
4.2
EUR million

EBITDA
7.6
EUR million

PERSONNEL
230
employees

Oilseed Products

Apetit’s Oilseed Products business is Finland’s the most significant producer of vegetable oils and rapeseed expeller. Apetit's 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. The best-known consumer products are Apetit and Neito rapeseed oils. Oilseed Products’ customers include retail trade, the Food Service sector, the food industry and the animal feed industry, which uses rapeseed expeller.

NET SALES
118.2
EUR million

OPERATING PROFIT
1.5
EUR million

EBITDA
3.2
EUR million

PERSONNEL
47
employees

Selected topics from 2022

New energy solution will reduce the Säkylä plant's CO_2 emissions by 80 per cent

The energy solution of Apetit's Säkylä frozen foods plant will be completely renewed. The new energy solution will increase the share of renewable energy used at the plant to about 70 per cent while significantly improving energy efficiency through heat recovery. The new energy solution is scheduled to be deployed in the second quarter of 2023.

Pea intake at the Säkylä plant was upgraded

The intake end of the pea production line at the Säkylä plant was upgraded in the spring, and the new equipment went into production in the summer. The new components of the pea production line reduce the consumption of energy and water. The new intake end saves 2,500 litres of water per tonne of frozen peas produced.

ISO 45001 occupational safety certification for the Säkylä frozen foods plant

The occupational health and safety system of the Säkylä frozen foods plant was audited in autumn 2022. Following the audit, the system was certified in accordance with the ISO 45001 standard. The aim of the certification process is to improve employee health and safety, reduce workplace risks and create healthier and safer working conditions.

Local fish from the Baltic Sea now also available in the form of patties

Apetit's popular local fish product family, which allows people to make sustainable food choices, grew in October 2022 with the launch of the Baltic Sea Fish Patties product. Made from Baltic herring caught in Finnish waters, the fish patties are a convenient and delicious way for consumers to put more local fish on their plate. The product is good for both people and the Baltic Sea, as the fishing of Baltic herring removes eutrophying nutrients from the sea.

Apetit's frozen pizzas were completely renewed

Apetit invested approximately EUR 2 million in upgrading the frozen pizza plant in Pudasjärvi. Following the investment, the frozen pizzas are now cooked in a stone sole oven. The new sourdough pizzas have been designed to suit Finnish tastes, using as many Finnish ingredients as possible. The redesigned frozen pizzas were launched in October 2022.

More renewable energy and reduced climate impacts

The bioenergy plant of Apetit's Kantvik vegetable oil milling plant has been in operation for more than a year. As a result of this plant, the Scope 1&2 emissions of the vegetable oil milling plant have decreased by more than 90 per cent. Apetit Group's Scope 1&2 emissions have reduced by more than 70 per cent from 2019.

3,000 days of no accidents at the Pudasjärvi plant

In September 2022, the frozen pizza production plant in Pudasjärvi celebrated 3,000 days, or over eight years, of no accidents. This achievement was made possible by a long-term commitment to workplace safety, appropriate targets and small incentives.

Grain Trade divestment

The sale of Apetit's Finnish operations of the Grain Trade business to Berner Ltd was completed on 31 May 2022. The transaction included Avena's Finnish grain trade business, as well as its grain stocks and port operations in Finland. The divestment of Baltic operations were completed in March 2022.

Meaningful work at Apetit

Apetit's annual personnel survey provides insights into the employees' perceived well-being at work as well as the strengths and weaknesses of the organisation and workplace community. According to the latest survey, the most significant Group-level strength is that the work people do at Apetit is meaningful.

CEO’S REVIEW

Growth from plant-based food products

In 2022, our result was challenged by increased raw material and energy costs due to the cost inflation. We actively raised sales prices in both of our business segments. In Food Solutions, the increased costs were passed on to selling prices with a delay. On an annual basis, the operating profit of our continuing businesses fell short from the comparison period.

Apetit's comparable net sales increased clearly from the comparison year on an annual basis. Higher costs being passed on to selling prices was a factor in the growth of net sales. In Food Solutions, sales volumes grew in the food service sector and exports, while retail volumes remained at the high level seen in the comparison period. In Oilseed Products, net sales were increased by the successful pricing and high market prices.

After the challenging circumstances of the past year, we look positively to the future in both business segments. In Oilseed Products, the last quarter of the year brought a significant improvement in result compared to the comparison period. In Food Solutions, we completed the renewal effort of the Pudasjärvi frozen pizza factory according to plans. The harvest season as a whole was successful.

The year 2022 was full of work for Apetit in many ways. We completed significant investment at the Pudasjärvi frozen pizza plant as planned, and our completely redesigned frozen pizzas became available in shops in the autumn. We announced the renewal of the Säkylä frozen foods plant’s energy solution. The new solution, which is based on renewable energy sources and heat recovery, accelerates our progress towards our ambitious emission reduction targets. When the new energy solution is deployed in the second quarter of 2023, we will also use biogas produced from the side streams of our harvest season production at the plant. The sale of the Grain Trade business was completed on 31 May 2022. Apetit Group’s two businesses, namely Food Solutions and Oilseed Products, operate strongly in the value chain of domestic food.

Apetit published its renewed strategy on 15 November 2022. The main message for the strategy period 2023–2025 is Growth from diverse plant-based food products. The renewed strategy is a natural continuation of the past strategy period, during which we strengthened our core activities. We work in close collaboration with domestic primary production, and cooperation with domestic

growers is the cornerstone of our business.

Apetit's business is well-aligned with the current trends in eating and consumption. Climate action and sustainable alternatives are increasingly important factors in consumption decisions. This supports the growing demand for plant-based food products. In addition to environmentally sustainable choices, the current food trends are focused on increasing well-being and convenient solutions for daily life. The origin of food has become an increasingly important factor. We need to look after our value chain and competitive advantages sustainably.

Our updated strategy has four focus areas: Stronger together, Diverse plant-based food products, More domestic plant proteins, and Sustainable value chain. With our renewed strategy, we also sharpened our vision: we want to be a Growing and profitable market leader in plant-based products.

Stronger together

Cooperation with Finnish primary production is at the core of both of our businesses and an important aspect of Apetit's unique value chain from field to fork. We want to develop a sustainable Finnish food supply chain together to ensure the future availability of Finnish food. Strengthening the Finnish food supply chain is increasingly important after the events of the past few years.

We foster a culture of continuous improvement. Apetit Group's business synergies and shared processes can be strengthened further. Our highly competent employees play an important role in this regard. Apetit has a strong brand and high brand awareness as part of a sustainable Finnish food supply chain. We need to ensure that the food industry and Apetit will continue to be viewed as an attractive and meaningful career choice for highly competent people. The significance of the work performed at Apetit has been highlighted in the company's personnel survey as Apetit's most highly-valued strength.

Diverse plant-based food products

Developing added-value products and increasing the refining rate play a key role in improving profitability. New product groups and applications present many opportunities for Apetit.

We seek to significantly increase the cultivation area of domestic oilseed plants and the volume of domestic frozen peas. Increasing the cultivation of domestic rapeseed to a sustainable level is also important for the security of supply.

Our goal is to further strengthen our exports, particularly with regard to our position in Sweden, where we aim to increase our market share and expand our product range, for example by launching a new product family.

More domestic plant proteins

We want to increase the diverse use of domestic plant proteins. We will systematically promote the production and commercialisation of the BlackGrain rapeseed protein ingredient. To support the increasing supply of domestic plant proteins, we promote the cultivation of domestic pulses and research opportunities for the production of domestic pea protein. Important work is being done on cultivation and variety research at our experimental farm Räpi.

Plant-based eating continues to grow, and there is increasing need for new protein alternatives. The development of domestic plant proteins provides growth opportunities while simultaneously helping secure the domestic supply of food. The export market potential is very significant for plant-based products. Highly processed products have more added value in exports than products with a low degree of processing.

Sustainable value chain

We promote sustainable primary production and food choices. To reduce our direct climate impacts, we have promoted the adoption of fossil-free energy solutions. In the near future, we will use energy produced primarily from renewable sources throughout the Group. Renewable energy solutions reduce climate impacts while enabling the development of self-sufficiency in energy, which helps secure the company's business both financially and operationally.

In addition to reducing climate impacts, we are launching sustainable products – some that even have a positive climate impact – such as our products based on local fish. There is growing demand for sustainably and transparently produced food.

Thanks

The past few years have been marred by crises. They have led to rising costs for raw materials and energy, and to an unstable operating environment. At the same time, the food industry is expected to take action to promote the sustainability of the food supply chain. Food has become a prominent topic in the discussion around climate change and emissions and, indeed, the entire food supply chain can be part of the solution. At Apetit, we see the promotion of sustainable food choices as an opportunity.

The challenging conditions highlight the role of reliable partners, domestic growers and our highly competent personnel. They provide a strong foundation for us to build upon. Together, we contribute to Finland's self-sufficiency with regard to food by promoting the sustainable cultivation of domestic vegetables and their availability on Finnish plates. Cooperation provides security and continuity.

Apetit's key strengths are highly competent and motivated employees and expert partners. I would like to take this opportunity to warmly thank all our stakeholders: our shareholders, customers, contract growers, personnel and other partners.

Esa Mäki
CEO

Unique value chain

Our operations are based on a unique and sustainable value chain: we create well-being from vegetables by offering tasty food solutions that make daily life easier.

SUSTAINABLE PRIMARY PRODUCTION

- We seek to increase rapeseed production in Finland through long-term cooperation with growers.
- We promote the cultivation opportunities of Finnish oilseed plants and best cultivation practices in selected research projects.
- We promote sustainable cultivation methods for field vegetables by participating in research projects and through our in-house development efforts with the aim of improving the cultivation conditions of soil.
- We engage in the continuous development of plant varieties at our Räpi experimental farm.
- Training and advisory services for farmers: field vegetables and domestic oilseed plants.
- Responsible farming method and plant-specific cultivation instructions.
- We want to promote the use of Finnish plant proteins.

CLIMATE-FRIENDLY PRODUCTION

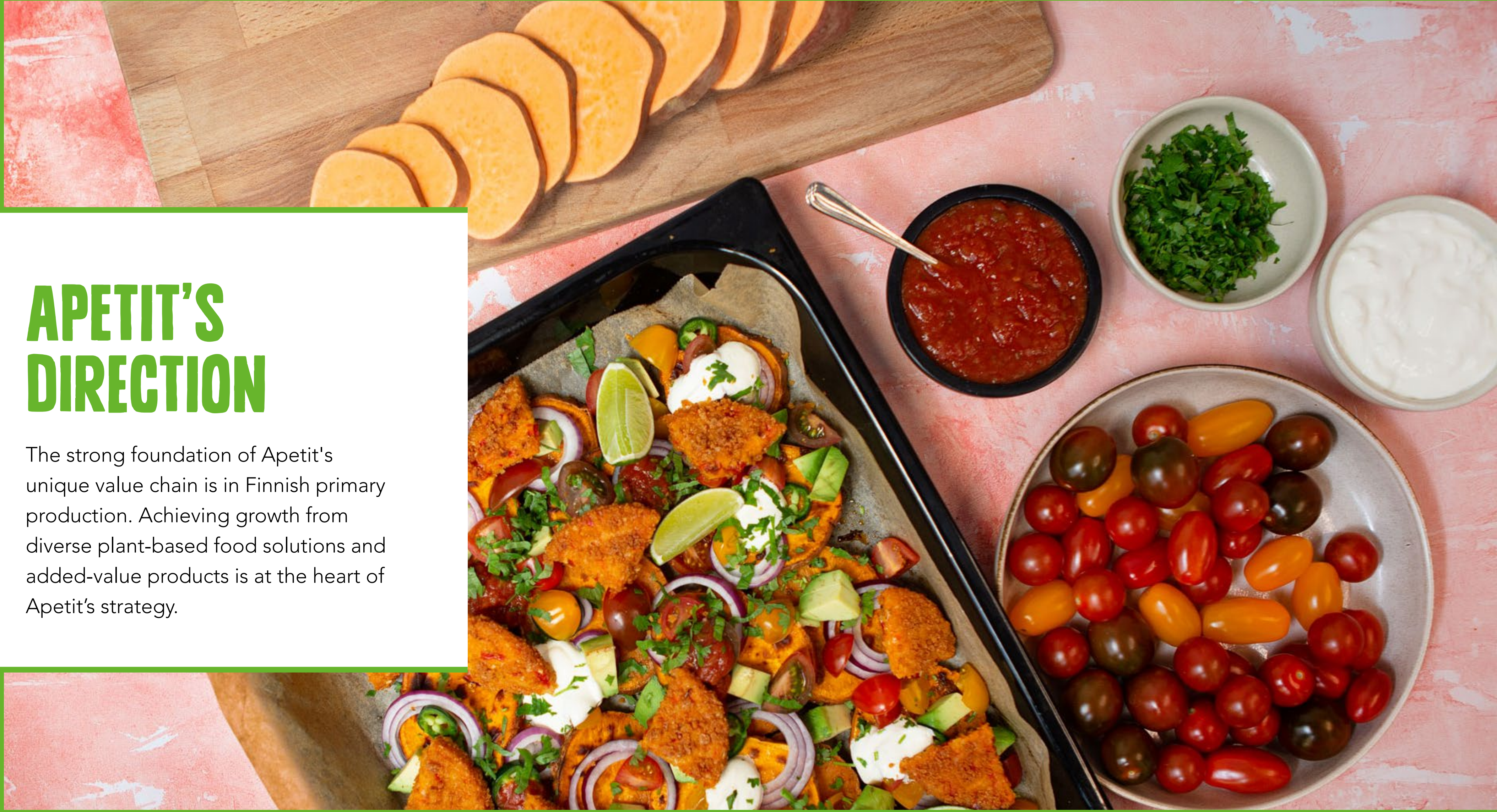
- We systematically reduce the climate impacts of our operations: Our carbon footprint of our own operations has been reduced by more than 70 per cent since 2019.
- Renewable sources accounted for 76 per cent of the energy used at our production plants in 2022.
- More renewable energy solutions: wind power is used at production plants, the Kantvik vegetable oil milling plant has its own bioenergy plant, and a new energy solution will be deployed at the Säkylä frozen foods plant in 2023.
- Investments in the material efficiency of production operations at the Säkylä plant.
- We systematically identify and minimise the environmental impacts of our operations: the results are created through concrete actions by Apetit employees at our production plants.

SUSTAINABLE FOOD CHOICES

- Diverse alternatives for increasing the use of vegetables and plant-based products.
- Significantly increasing the commercial use of local fish.
- 82% of the raw materials of frozen products are Finnish.
- All of our rapeseed oil sold through retailers is Finnish.
- Safe food products, high quality criteria, approved and audited suppliers.
- Innovative plant proteins: BlackGrain as a completely new plant protein.
- Increasing the recyclability of packaging: 70 percent of the packaging of Apetit products that end up with consumers is recyclable material.

WELL-BEING FROM VEGETABLES

- We are a responsible partner and employer.
- All of our operations take place in Finland: in addition to our direct employment effect, we have an indirect impact in the areas around our production plants.
- Close cooperation with Finnish primary production.
- The plant-based and fish-based products we produce play a role in enabling consumers to adopt sustainable eating habits that improve their well-being and are affordable.
- Apetit engages in unique and innovative efforts to create and develop plant-based food solutions.



APETIT'S DIRECTION

The strong foundation of Apetit's unique value chain is in Finnish primary production. Achieving growth from diverse plant-based food solutions and added-value products is at the heart of Apetit's strategy.

Operating environment

As well as being healthy and tasting good, vegetable-based eating is a sustainable choice. Food trends highlight factors related to responsibility and individual well-being: healthiness, concern about climate change, domesticity, making everyday life easier, local food and transparency of the food chain.

Apetit is the largest Finnish operator in Finland, its principal market area, and the significant developer of 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.

The most significant drivers of change in the operating environment for Apetit are associated with climate change and related to crop variability and, in particular, inflation with regard to the prices of raw materials and energy. The global political situation creates uncertainty. Consumption moving increasingly to home kitchens has contributed to the growth of the retail channel.

MARKET POSITION

Frozen vegetables and frozen foods

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. Competition is mainly coming from big international players and private label products. In the international food trade, Apetit is fairly unknown, but has strengthened its position especially in the retail trade and Food Service sector in Sweden.

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, Finnish production facilities in Finland

Vegetable oils

MARKET SHARE AND COMPETETIVE POSITION

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.

COMPETETIVE ADVANTAGES

- Economies of scale in production and sourcing
- High production efficiency and delivery reliability, own energy solution
- High-quality products for a broad customer base
- Chemical-free and environmentally sustainable process
- Domesticity
- Strong market position and well-known brand

Raw materials for feeds

MARKET SHARE AND COMPETETIVE POSITION

Apetit has a considerable share in the sales of oilseed-based raw materials for feeds in Finland.

COMPETETIVE ADVANTAGES

- No salmonella
- Alternative for soy

Food trends

The list of the most influential food trends continues to be topped by appreciation for Finnish and local food, sustainability, well-being and health. Growing trends also include home cooking, making cooking an experience, and the ease of cooking.

Products of Finnish origin are highly valued

People associate Finnish food products with sustainability, a clean food supply chain and transparency. Maintaining self-sufficiency has also emerged as a reason for choosing Finnish food products. The Finnish origin of products is at the core of Apetit's operations.

Innovation plays a role in keeping Finnish products attractive. Apetit continuously develops Finnish products and tests different plant varieties at its Räpi experimental farm. The cultivation area of chickpeas was expanded to three hectares in 2022, for example.

Apetit launched new products with a high degree of domestic origin in 2022. Examples of such products include Finnish seasoned chilli-ginger wok vegetables, Baltic Sea Fish Patties made from fish caught in Finnish waters, and the Superior frozen pizza product family.

Towards a planetary health diet

Food choices can reduce the burden on the environment. Apetit's plant-based products with a high degree of Finnish origin combine sustainable choices, Finnish origin and health-conscious eating.

Alongside its other plant-based products, Apetit has expanded its range of plant patties and balls over the past few years by developing and using new plant proteins in products that are accessible at affordable prices. The latest addition to Apetit's range of plant patties and balls is Tex Mex seed plant balls, which include seeds and are generously seasoned with spices.

Minimising food waste is one way for consumers to directly improve the sustainability of their eating habits. Frozen foods make it easy to control food waste at home: taking only the required amount of a meal ingredient from the freezer ensures that there will be no waste.

Apetit's local fish product family was expanded to include Baltic Sea Fish Patties made from Baltic herring. Baltic herring, which is underutilised in food, removes eutrophying phosphorus from the Baltic Sea.

Well-being from food

Vegetables and good fats are key components of healthy eating. Apetit's plant-based products are an excellent fit with the trend of eating for increased well-being. Apetit has continued the development and production of plant protein products.

Due to its versatility, rapeseed oil can replace practically all types of fats used in food. Rapeseed oil is rich in healthy unsaturated fats and vitamin E. Apetit's frozen food products, in turn, provide a diverse range of plant-based products that includes solutions for daily cooking as well as tasty snacks.

Interest in home cooking is growing, convenience is key

As people have worked and studied from home, their relationship with food has changed. Consumers want convenient solutions for cooking, but they also want to improve their skills in the kitchen.

Apetit's plant-based frozen products and rapeseed oils provide diverse and convenient solutions to the needs of home chefs. The product range offers opportunities for experimenting with fancy meals but also for convenience in daily life. Apetit's continuously growing database of recipes features new and innovative ways of using plant-based frozen food products, while our ready-to-eat products and frozen pizzas provide breaks from cooking entire meals.

Strategy

STRATEGIC FOCUS AREAS 2020–2022	KEY MEASURES IN 2022
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.	• Investments to enhance production and improve material efficiency at the Säkylä plant. • Investment to the extensive renewal of the frozen pizza factory in Pudasjärvi. • The sale of Grain Trade business.
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.	• Preparation for launching a new product family on the Nordic market. • Launching new products and working to establish a market position in Sweden. • Expanding export partnerships and increasing total export volume.
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.	• Continuous development of new plant- and fish-based products and product groups. • Utilization of rapeseed protein ingredient BlackGrain in Apetit Vegetable ball. • Expanding the Kotimainen Wok product family.
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.	• Active participation in the Räpi experimental farm's projects promoting soil fertility and carbon sequestration. • Promoting the cultivation of domestic pulses. • Participation in the RypsiRapsi 2025 project and the project aimed at raising the yield level of oilseeds. • Continuous cooperation with farmers and industry operators: advice and training.
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.	• The decision on the Säkylä plant's new energy solution, which will reduce the plant's CO_2 emissions by 80 percent. • Expansion of the product family based on domestic wild fish by launching the Baltic Sea Fish Patty made from herring. • Studying the carbon footprint of domestic rapeseed oil.

FINANCIAL OBJECTIVES 2020–2022

EBITDA

14 EUR MILLION

IN 2022

(continuing operation in 2019 EUR 0.8 million)

RETURN ON CAPITAL EMPLOYED (ROCE %)

> 8.0%

(2019: -4.0%)

APETIT'S RENEWED STRATEGY FOR 2023-2025

Growth from diverse plant-based food products - Apetit targets an operating profit of over EUR 9 million and a ROCE of over 8 per cent

Achieving growth from diverse plant-based food solutions and added-value products is at the heart of Apetit's strategy. As the cornerstone of our business, we continue to invest in cooperation with growers and in Finnish primary production.

Apetit's current strengths and competitive advantages have been identified in the strategy. Apetit's operations are based in domestic raw materials and in plant-based and sustainable food solutions.

Growing the cultivation area of domestic peas and oilseed plants and investing in our added-value products and added value growth play a significant role in Apetit's strategy. Apetit also aim to increase the use of domestic plant-based proteins.

The phenomena governing the operating environment support the company's strategy. In consumption, climate-responsible actions and sustainable alternatives are highlighted. This supports the demand for plant-based food products and the promotion of well-being as a food trend. The origin of the food has become an increasingly important factor.

Apetit's four strategic focus areas for 2023–2025

1. STRONGER TOGETHER

As the cornerstone of our business, we invest in cooperation with growers and in Finnish primary production. We strengthen business synergies and shared processes. We foster a culture of continuous improvement. We look after our competitive advantages: our motivated and skilled employees, strong brand and differentiating factors.

2. DIVERSE PLANT-BASED FOOD PRODUCTS

We develop added-value food products and increase the refining rate in vegetable oil products. We increase food exports and strengthen our position in Sweden. We increase the volume and cultivation area of strategically significant plants. We make strategic investments to speed up organic growth. We are open for business acquisitions to allow inorganic growth.

3. MORE DOMESTIC PLANT PROTEINS

We continue the commercialisation of the BlackGrain rapeseed ingredient towards an industrial scale. We promote the cultivation of domestic pulses. We explore opportunities to produce Finnish pea protein. We use domestic plant proteins in our own production in diverse ways.

4. SUSTAINABLE VALUE CHAIN

We promote sustainable primary production and food choices. We reduce the impact of our operations on the climate and the environment. We make sure that our sourcing processes are transparent and sustainable. We ensure that social responsibility is realised throughout the value chain.

Our renewed strategy is a natural continuation of the current strategy period. Apetit's detailed vision is *Growing and profitable market leader in plant-based products.*

Apetit works in close cooperation with domestic primary production and seek to develop products with a high added value using domestic raw materials. This is also reflected in Apetit's mission *Good food for everyone. Locally.*

FINANCIAL OBJECTIVES FOR 2025

EBIT

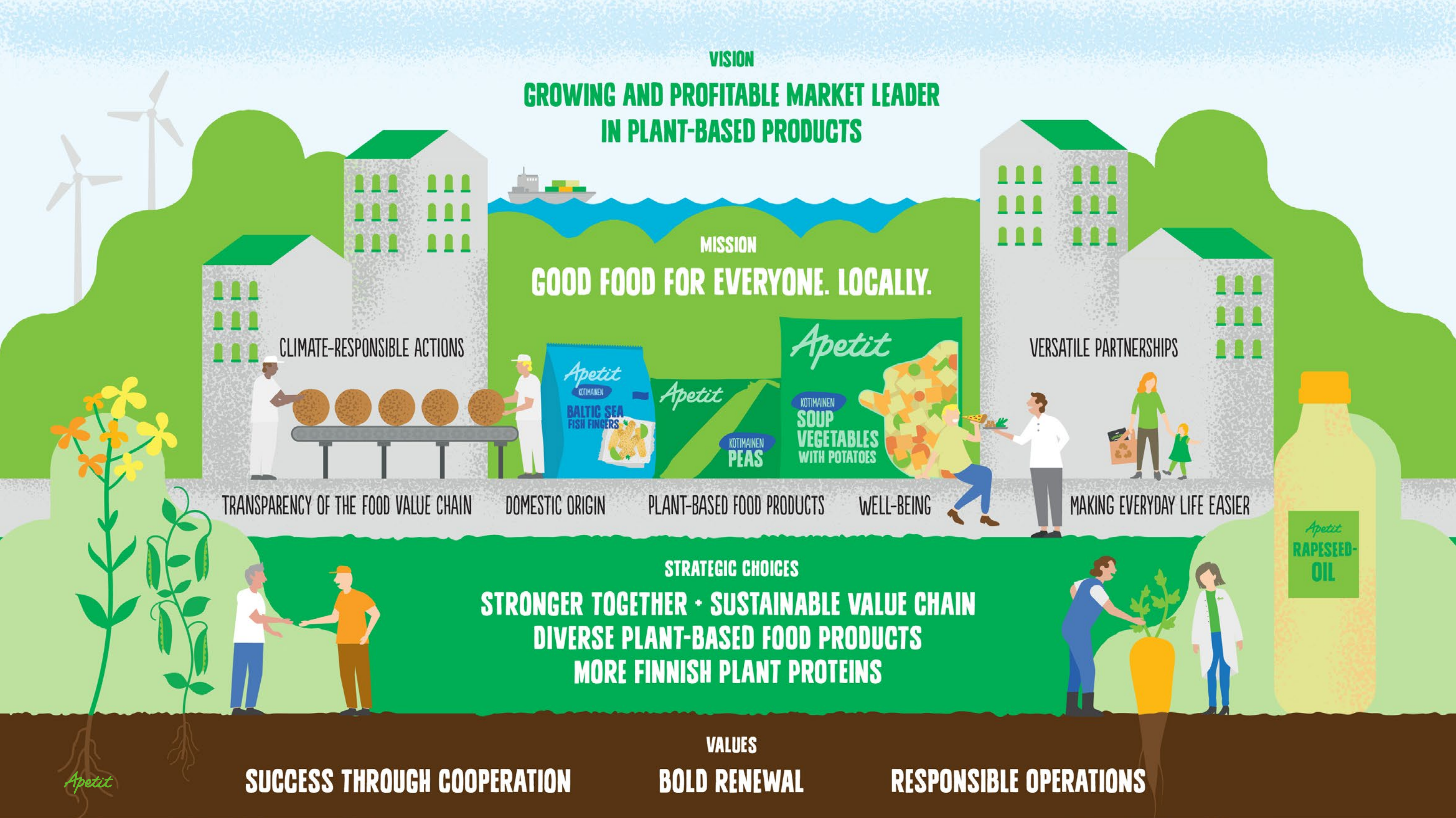
>9.0 EUR MILLION

(2022: EUR 3.5 million)

ROCE

> 8.0%

(2022: 5.7 %)


VISION
GROWING AND PROFITABLE MARKET LEADER IN PLANT-BASED PRODUCTS
MISSION
GOOD FOOD FOR EVERYONE. LOCALLY.
CLIMATE-RESPONSIBLE ACTIONS
VERSATILE PARTNERSHIPS
Apetit
KOTIMAINEN
BALTIC SEA FISH FINGERS
Apetit
KOTIMAINEN
PEAS
Apetit
KOTIMAINEN
SOUP VEGETABLES WITH POTATOES
TRANSPARENCY OF THE FOOD VALUE CHAIN
DOMESTIC ORIGIN
PLANT-BASED FOOD PRODUCTS
WELL-BEING
MAKING EVERYDAY LIFE EASIER
Apetit
RAPESEED-OIL
STRATEGIC CHOICES
STRONGER TOGETHER • SUSTAINABLE VALUE CHAIN
DIVERSE PLANT-BASED FOOD PRODUCTS
MORE FINNISH PLANT PROTEINS
VALUES
SUCCESS THROUGH COOPERATION
BOLD RENEWAL
RESPONSIBLE OPERATIONS
Apetit

How we create value

RESOURCES

Personnel:
288 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.

Intangible capital:
Strong and well-known brands (Apetit, 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. Strong expertise.

Financial resources:
High equity ratio
EBITDA EUR 9.2 million
Return on investment 5.7%
Operating profit EUR 3.5 million
Net sales EUR 181.7 million

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

OUR OPERATIONS

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

MISSION: Good food for everyone. Locally.

Two business segments:
- Food Solutions
- Oilseed Products

Four strategic focus areas:
- Stronger together
- Diverse plant-based food products
- More domestic plant proteins
- Sustainable value chain

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.

Owners:
Dividends EUR 2.5 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 feed EUR 14.5 million

Growers and partners:
Raw materials, goods and services total EUR 149.1 million

Purchases from domestic farmers:
EUR 5.0 million vegetables
EUR 8.5 million rapeseed

Safe and pure food at an affordable price for consumers.

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

Environmental impacts

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

Apetit Group's carbon footprint:
6,731.4 tonnes CO_2 eq. (Scope 1&2).
201,016.3 tonnes CO_2 eq. (Scope 1-3).

Target:
Reducing Scope 1&2 CO_2 emissions by 75% by 2025.

Products based on plant-based raw materials and on sustainable fish stocks.

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.

SUSTAINABLE VALUE CHAIN

Apetit's corporate responsibility emphasises climate-responsible everyday actions as we build a sustainable food supply chain through various value chains.

Responsible actions

Apetit's actions to foster sustainable value chain

Sustainable cultivation methods

Apetit's agricultural research including cultivation and variety tests at Räpi experimental farm continues, for example, with studies on domestic pulses such as chickpeas. Projects concerning, for example, soil fertility improvements are ongoing at Räpi. In 2022, the use of carrot nets on the contract growers' fields continued to increase, and the use of nets instead of pesticides has approximately doubled from the previous year.

More renewable energy

The bioenergy plant of Kantvik vegetable oil milling plant has been in operation for more than a year. As a result of this plant, the Scope 1&2 emissions of the vegetable oil milling plant have decreased by more than 90 per cent. By the energy used by Apetit group in 2022, 76 percent was from renewable sources. At the Kantvik's bioenergy plant, side streams from the batches of seeds coming to the plant are also used in energy production.

Apetit announced that the Säkylä frozen foods plant will renew its energy solution. The new energy solution based on bioenergy and heat recovery is scheduled to be deployed in the second quarter of 2023.

Higher material efficiency

The water efficiency of the Säkylä plant has been improved over the past few years. The brush scrubbers and steam peelers installed at the Säkylä plant in 2021 enhance the efficiency of the vegetable washing process, which reduced the plant's water consumption by 13 per cent during the reporting period. Pea receiving processes were updated at the plant in 2022, which reduced water consumption by 2,500 litres per tonne of frozen peas produced. Along the brush scrubbers and steam peelers, the yield of harvest season vegetables also significantly improved: approximately one million kilograms more root vegetables are currently frozen at the plant when compared to similar harvests before.

More domestic plant proteins

Apetit aims to increase the use of Finnish plant proteins. The goal is to examine the use of Apetit's rapeseed-based BlackGrain, domestic pea protein and other possible plant proteins. The Vegetable Ball, containing BlackGrain, was launched in early 2022 for professional kitchens.

Getting more out of vegetables

New product for HoReCa segment – Apetit Kotimainen Säkylän kasvispyörykkä vegetable balls – is utilising even those parts of vegetables processed at Apetit's Säkylä frozen foods plant which used to end up in the side streams of the process. The vegetable balls contain side streams from domestic peas and carrots, and the delicious broth that adds flavour to the vegetable balls also includes side streams from harvest-time production.

Sustainable food choices

Apetit expanded its local fish product family by launching the Baltic Sea Fish Patties. In 2022, Apetit increased the amount of domestic Baltic herring and cyprinids from Finnish lakes in its products by more than 15 per cent compared to previous year.

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, a responsible value chain is one of the strategic choices in Apetit's strategy.

Apetit's sustainability work is based on Apetit's values, mission and vision. Apetit's sustainability work is guided by the Group's ethical principles and operating policy as well as procurement principles and responsibility guidelines founded on the UN Global Compact initiative. At Apetit, corporate responsibility is part of the company's strategy and day-to-day operations.

Sustainable food choices

Our consumption habits and choices play a significant role in the promotion of sustainable development. Food is a necessity that features prominently in both daily life and special occasions.

By making sustainable food choices, we can contribute to the sustainable consumption of the Earth's finite natural resources from the perspective of the climate, the environment and human well-being.

We want to promote sustainable food choices: we offer sustainably grown and produced food products and ingredients while developing a value chain that supports the well-being of people and the environment.

Goal-driven sustainability efforts

Apetit's operations are built around domestic sourcing and production, sustainable food solutions and ingredients as well as responsible operating methods.

Responsibility runs through the entire value chain of our operations, from the well-being of the environment to human well-being. This is reflected in our mission: Good food for everyone. Locally.

At Apetit, responsibility is part of the company's strategy and day-to-day operations: Apetit's corporate responsibility emphasises climate-responsible everyday actions as we build a sustainable food supply chain through various value chains.

In cooperation with stakeholders

We have a strong commitment to domestic primary production. We develop sustainable cultivation methods in cooperation with our contract growers to ensure the continued availability of domestic vegetables and other plant-based ingredients.

We believe that a diverse environment, healthy soil and farmers who look after it are our best partners in food production.

In everything we do, we also want to ensure that sustainable operating methods and our ethical principles are realised throughout the value chain. We want to be a responsible employer and a reliable partner for all of our stakeholders.

Sustainable value chain

In our operations, we focus on reducing our climate impacts especially by investing in renewable energy solutions as well as by developing energy efficiency and material efficiency.

In our products, we rely on domestic plant-based food solutions and their development, growing our range of products based on local fish as well as packaging solutions that are sustainable and fit for their purpose.

CORPORATE RESPONSIBILITY PROGRAMME – OUR TARGETS UNTIL 2025

CULTIVATION DEVELOPMENT AND CONTRACT FARMING

GOAL

We will promote sustainable cultivation methods in selected research projects and our own development efforts with the aim of promoting natural soil fertility and carbon farming.

MEASURES

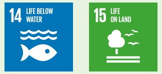
- We will expand our existing cultivation methods that improve natural soil fertility and promote carbon farming as well as develop new cultivation methods to this end.
- We will train our contract farmers (100%) on practices that improve natural soil fertility.

PROGRESS

- Apetit's agricultural research including cultivation and variety tests at Räpi experimental farm continues, for example, with studies on domestic pulses such as chickpeas.
- The RypsiRapsi 2025 project and a project aimed at increasing the size of the oilseed harvest continued during the year.

WE HAVE AN IMPACT TO THE FOLLOWING SDGS:

WE CAN INCREASE OUR CONTRIBUTION TO THE FOLLOWING SDGS:



THE CLIMATE IMPACTS OF OPERATIONS

GOAL

We will systematically reduce the climate impacts of our operations.

MEASURES

- We will reduce our direct CO_2 emissions by 75%* by transitioning to energy solutions based on renewable resources and by improving energy efficiency.
- We will reduce waste at our frozen foods plants: we will develop our material efficiency and promote the recovery and reuse of side streams.

PROGRESS

- Scope 1&2 emissions reduced by 71 per cent since 2019.
- Scope 1&2 emissions from Kantvik oilmilling plant reduced by more than 90 per cent since 2019.
- Säkylä frozen foods plant new energy solution based on bioenergy and heat recovery is scheduled to be deployed in the second quarter of 2023.

WE HAVE AN IMPACT TO THE FOLLOWING SDGS:

PRODUCTS AND PACKAGING SOLUTIONS

GOAL
We will focus particularly on domestic vegetables and local fish – sustainably packaged.

MEASURES
- We will maintain the degree of domestic origin of our frozen products (80%) and plant-based ingredients (95%) at least at the current level.
- We will increase the share of local fish caught in the Baltic Sea and Finnish lakes to 20** per cent of our total use of fish.
- We will increase the recycling rate of the packaging materials of Apetit products sold through retail channels to 100 per cent.***

PROGRESS
- The degree of domestic origin in frozen products was 82 per cent and the share of plant-based ingredients 96 per cent.
- The share of local domestic fish was 15 per cent of our total use of fish.
- The recyclability of packaging materials is being increased and the recycling rate is 70 per cent.

WE HAVE AN IMPACT TO THE FOLLOWING SDGS:

WE CAN INCREASE OUR CONTRIBUTION TO THE FOLLOWING SDGS:

SOCIAL IMPACTS

GOAL
We are a responsible partner and employer.

MEASURES
- We only use suppliers that have signed our Supplier Code of Conduct in direct raw material procurement for our processing operations.
- We will develop Apetit as an employer that is perceived by our personnel as an equal and fair workplace where it is safe to work and where employees are given space to participate in development efforts as well as develop themselves as professionals.

PROGRESS
The number of occupational accidents (LTA1) has decreased by one from the previous year's figure, average employee satisfaction rate was 3.9 (out of 5).

WE HAVE AN IMPACT TO THE FOLLOWING SDGS:

*Comparison year 2019: Scope1&2 emissions
**In 2020: 11 %
***In 2020: 60 %

CULTIVATION AND ITS DEVELOPMENT

Apetit is firmly rooted in Finnish primary production. Approximately 140 contract growers cultivate over 30 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 long-term goal is to increase the farming of oilseeds in Finland to sustainable level.

Apetit is Finland's largest procurer of contract-grown field vegetables. The majority of vegetables used at Apetit's Säkylä frozen foods plant come from Finnish contract growers. 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 development of sustainable cultivation methods plays a key role in the reduction of Apetit's environmental impacts.

Apetit 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. Apetit also contributes to improving harvest levels by taking part in the RypsiRapsi2025 project, aiming to find the best cultivation practices and develop harvest levels.

In the cultivation of field vegetables, 2022 was a successful year. The domestic pea harvest was good in terms of both quality and quantity, and the root vegetable harvest was in line with expectations. Carrot nets to control carrot psyllids were again used more in the fields of Apetit's contract growers than in the previous growing season. The domestic oilseed plant harvest was approximately one-third higher than the previous year, but still below the 10-year average.

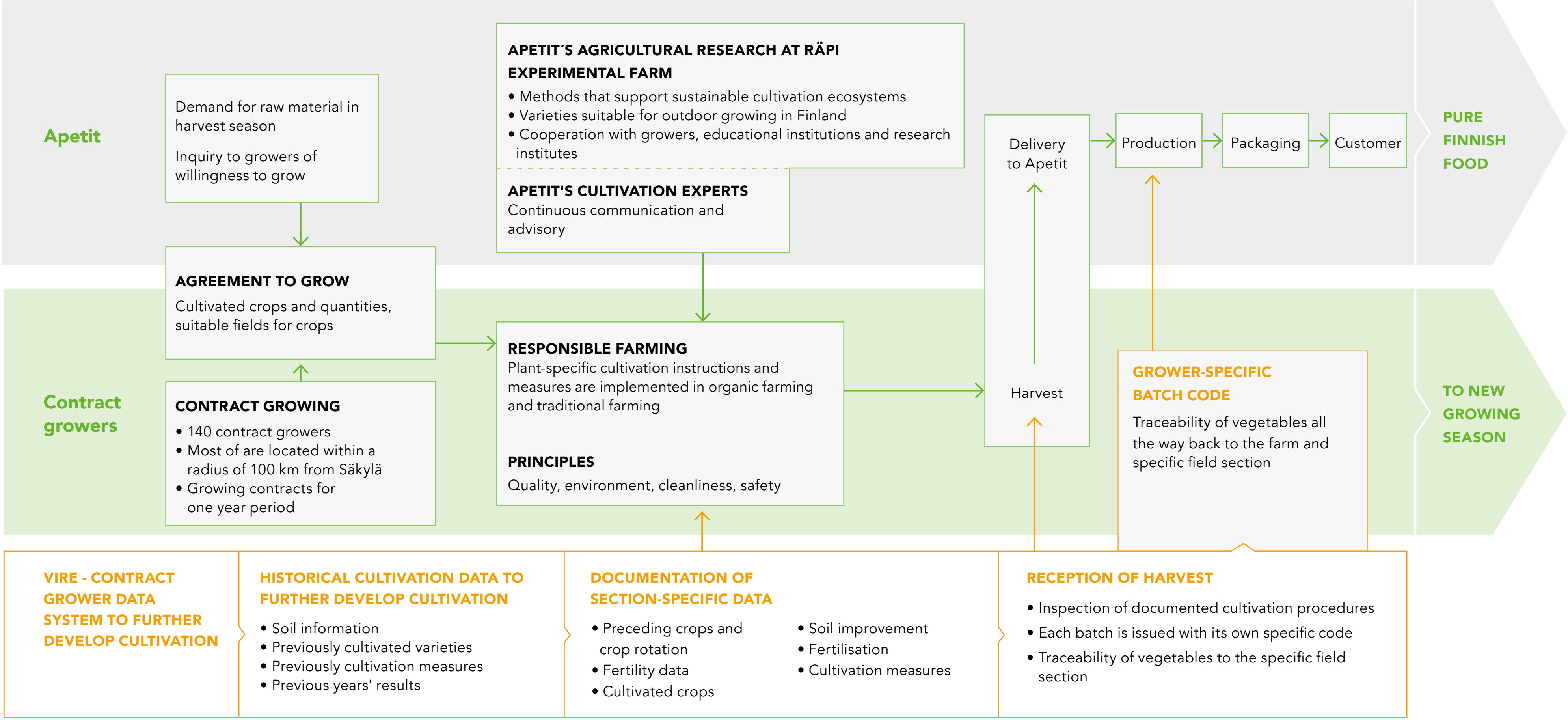
Purchases from Finnish growers, EUR million	2022	2021	2020	2019
Harvest season vegetables	5.0	4.3	4.8	5.3
Oilseeds	8.5	10.7	6.9	8.7
Total	13.5	15.0	11.7	14.0

CASE

Legume cultivation is developed by testing different varieties

Apetit engages in continuous research and development concerning pea cultivation. Peas and other legumes are researched at the Räpi experimental farm by testing different varieties. With an eye on the future, Apetit considers it important to research plant varieties that suit various cultivation conditions. In 2022, cultivation tests were conducted at the Räpi farm on several varieties of peas as well as broad beans, chickpeas and soybeans, for example. In 2022, the chickpea cultivation area was increased to three hectares, up from half a hectare in 2021.

PURE FINNISH FOOD
- Apetit Responsible farming method



CLIMATE IMPACTS

Apetit Group’s most significant climate impacts arise in the various stages of the company’s value chain. Apetit’s Scope 3 emissions represent over 95 per cent of the Group’s total emissions. The most significant emission category is purchased products and services. Most of the emissions in Apetit’s value chain are generated by the cultivation of food.

Apetit seeks to reduce its value chain emissions by developing cultivation methods and crop levels. For field vegetables, cultivation methods are developed with regard to the responsible farming practices used by Apetit’s contract growers. As regards oilseed plants, Apetit participates in development efforts such as the RypsiRapsi2025 project, which aims at finding and disseminating the best cultivation practices. The development of cultivation methods, improving the cultivation conditions of soil through carbon farming methods, for example, and increasing crop levels represent concrete measures for reducing the carbon footprint of cultivation.

The other most significant emission categories in Apetit’s value chain include emissions arising from the use of sold products, including the computational food waste impact (2.9%) and upstream and downstream logistics (2.3%).

CASE

Scope 1&2 emissions have decreased by 71 per cent since 2019, renewable energy accounts for 76 per cent of total energy consumption

The bioenergy plant built at the Kantvik vegetable oil milling plant went into production in late 2021. The bioenergy plant has significantly reduced the Group’s CO2 emissions. Milling rapeseed to produce vegetable oil is one of the Group’s most energy consuming processes. The commissioning of the bioenergy plant has increased the share of renewable energy to 76 per cent of the total energy consumption of Apetit Group.

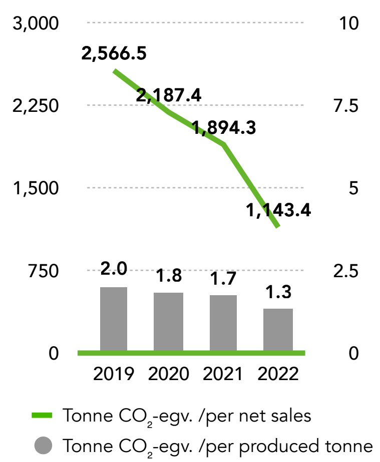
GOALS OF THE RESPONSIBILITY PROGRAMME

The climate impacts of operations
We will reduce our direct CO_2 emissions by 75% by transitioning to energy solutions based on renewable resources and by improving energy efficiency.

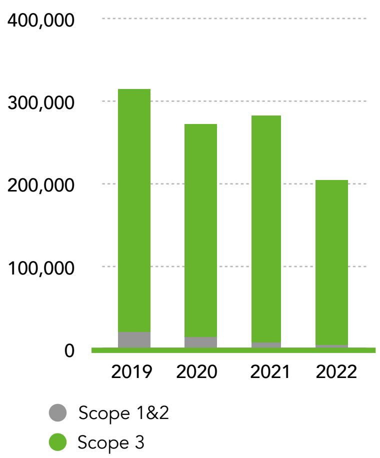
Apetit's direct and energy indirect emissions (Scope 1 and Scope 2) account for 3.2% of the Group's total emissions. Apetit's own direct emissions have increased following the commissioning of the bioenergy plant at the Kantvik vegetable oil milling plant, which resulted in a change in the emission category of the energy used by the plant. In total, Apetit's Scope 1 and Scope 2 emissions decreased by 33 per cent compared to the previous year.

Apetit is committed to reducing its own emissions by 75 per cent by 2025, using 2019 as the baseline. By 2022, emissions had been reduced by 71 per cent compared to 2019. The reduction in emissions is mainly attributable to the adoption of electricity produced from wind power at all of Apetit's production plants in 2020, and the effect of the Kantvik vegetable oil milling plant's bioenergy plant on the Group's carbon footprint. In 2022, 76 per cent of the energy used by Apetit's production plants was produced from renewable sources. In 2019, the corresponding figure was 10 per cent.

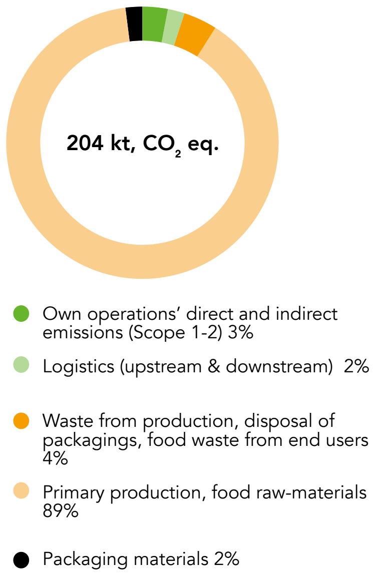
Intensity of direct and indirect CO_2 emissions (Scope 1-3)



Climate impacts, CO_2 emissions, tonne CO_2-eqv.



Climate impacts of food production chain



THE CLIMATE IMPACTS OF APETIT'S VALUE CHAIN

Apetit has calculated the direct emissions of its own operations (Scope 1&2) as well as the indirect emissions of the value chain (Scope 3) according to the GHG Protocol. The calculation has been carried out taking into account the relevant Scope 3 categories and based on operational control.

More than 95 per cent of Apetit Group's emissions arise from the indirect emissions of the value chain. The most significant emission category is purchased products and services, which account for almost 90 per cent of the Group's total emissions. Logistics account for 2.3 per cent of total emissions.

Apetit's own direct emissions (Scope 1&2) have decreased by 71 per cent compared to the reference year 2019. The Group's total emissions have declined by 35 per cent compared to the reference year 2019. The decrease in total emissions has been influenced by the decrease in own direct emissions, but also by the amount of purchased raw material, especially related to differences in harvest seasons.

Scope 2

Indirect emissions

- Purchased energy (steam, electricity, heat)

5,129.5 t CO_2 ekv, 2.5%

Scope 3

Upstream: indirect emissions

- Purchased goods and services
- Capital goods
- Upstream transportation and distribution
- Waste generated in operations
- Business travel
- Employee commuting

191,381.0 t CO_2 ekv, 92.1%

Scope 1

Direct emissions

- Direct emissions from company facilities
- Company vehicles and work machines

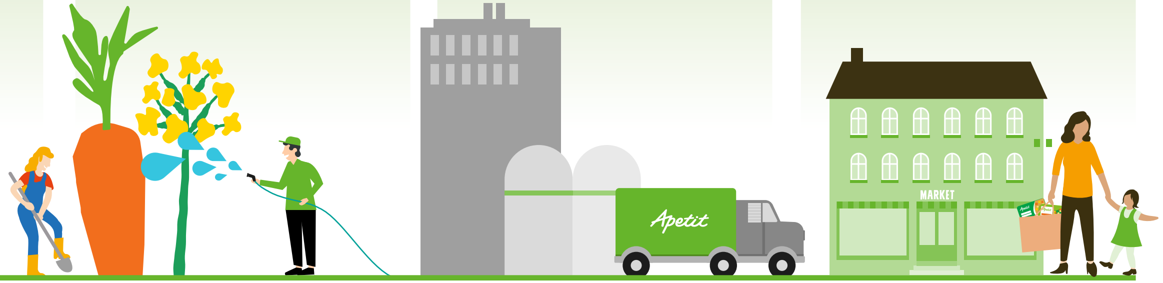
1,601.9 t CO_2 ekv, 0.8%

Scope 3

Downstream: indirect

- Downstream transportation and distribution
- Use of sold products
- End-of-life treatment of sold products

9,635.3 t CO_2 ekv, 4.6%



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.

Examples of natural capital goods used by Apetit include clean and nutrient-rich soil, clean water, crops and seeds, wild fish as well as wood and other wood fibres. Apetit's operations depend on the maintenance of air and soil quality, the availability of clean water and the maintenance of biodiversity. Apetit has also identified risks related to climate change in its operations.

The environmental impacts of the operations generated by Apetit's entire value chain are related to all natural capital dependencies. Acquisitions related cultivation and other raw materials have an impact on the soil, for example through changing land use. The climate impacts of operations also result mainly from cultivation. Apetit's impacts on waterways are caused, for instance, by nutrient runoffs from cultivation and waste streams and wastewater from plants.

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 freezing machinery. In 2022, there were no accidents with significant environmental impacts at the production facilities. Related with the operations of the Kantvik vegetable oil milling plant, there have been several observations of odour nuisances. Apetit has decided to purchase a catalytic burner to the oil milling plant to eliminate odours. The burner will be put into use in the summer of 2023.

Reducing environmental impacts

Apetit has identified opportunities to positively influence its environmental impacts. Research is being carried out at Apetit's Räpi experimental farm to promote sustainable cultivation methods and carbon farming and to improve soil fertility, among other things. The use of sustainable local fish stocks can also have a positive impact to the well-being of water systems.

Apetit reduces its direct climate impacts by improving energy efficiency and by switching to renewable energy sources. An investment made in the receiving end of the pea production line at Apetit's Säkylä plant has significantly reduced water consumption at the production plant.

CASE

The use of Baltic herring from Finnish waters has a positive impact on the Baltic Sea

Launched in autumn 2022, Baltic Sea Fish Patties are the latest addition to Apetit's range of local fish products. As in the case of the previously launched Baltic Sea Fish Fingers, the main ingredient in Baltic Sea Fish Patties is MSC-certified Baltic herring caught in Finnish waters on the Baltic Sea.

Eutrophication is one of the Baltic Sea's biggest problems. Nutrient leaching from land to water is one driver of eutrophication. Baltic herring is a sustainable food choice. Eating Baltic herring contributes to the removal of nutrients from waterways, such as eutrophying phosphorus.

Apetit's corporate responsibility programme includes a goal of increasing the share of domestic local fish to 20 per cent of all fish used by the company. In 2022, the use of local fish – such as Baltic herring and cyprinids – accounted for 15 per cent of Apetit's total use of fish.

Apetit's own operations and value chain: dependencies and the use of natural capital

PRODUCTION

- Products' food raw materials: crops and seeds, other vegetable-based raw-materials, fish, other raw materials of animal origin.
- Other raw materials, e.g. wood fibres, fossil resources.
- Energy.
- Water.

NATURE-RELATED REGULATION AND MAINTENANCE

- Clean air and climate regulation.
- Clean and nutrient-rich soil and its quality maintenance.
- Waterway quality maintenance.
- Mitigation of pest damage.
- Pollination.
- Waste and wastewater treatment.
- Supporting biodiversity and the habitats of different organisms.

VALUES AND CULTURE

- Purity and origin of food.
- Versatile countryside landscape as part of the cultural value of food.

Apetit's environmental impacts/risks and opportunities

SOIL

Impacts:

- Land use changes (cultivation, wood- and fibre-based materials), impacts of cultivation on soil.
- Impacts of cultivation and soil changes on biodiversity.

Opportunities:

- Sustainable cultivation methods: regenerative and carbon farming, improvement of natural soil fertility.
- Sustainable use of certified and renewable natural resources.

CLIMATE

Impacts:

- Climate impacts from cultivation and land use, energy consumption (heat, steam, electricity), logistics chains and waste generated at different stages of the value chain.

Opportunities:

- Reduction and elimination of the use of fossil energy resources. Promotion of energy efficiency and the circular economy. Promotion of carbon farming.
- Promotion of a plant-based and sustainable diet, reduction of food waste.

WATERWAYS

Impacts:

- Impacts of cultivation on waterways (nutrient runoff) and their ecosystems, nutrient concentrations in the plants' wastewater and their impacts on aquatic organisms.

Opportunities:

- Increase in the use of local fish, reduction of the plants' water consumption. Use of certified and sustainable fish stocks.

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: around 5 per cent of the Group's biowaste is generated at Pudasjärvi.

The majority, around 80 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. Some of the side streams of harvest-time production, such as crushed material from peas, can be used as an ingredient in products.

In addition to the reportable biowaste, waste streams are generated from soil and stones that come from the field along with the seasonal vegetables. Their amount corresponds to about a quarter of the total amount of waste from the Säkylä plant. About 65 per cent of waste streams are biowaste, mainly consisting of the side streams of harvest season vegetables. The side streams are mainly being utilised in the production of bioenergy at the bioenergy plant adjacent to the Säkylä frozen foods plant.

THE NEW PEA LINE PART SAVES

2,500 l

WATER PER FROZEN PEA TONNE

Developing raw material efficiency and material efficiency

The new intake end of the harvest-time production's pea line at the Säkylä plant was completed in spring 2022, which meant that it was operational right from the start of the pea season. The new pea line part enables smaller water consumption due to water recycling in the wash line. Due to the new intake end, around of 2,500 litres of water per frozen pea tonne were saved. A material review has also been conducted at the Säkylä frozen foods plant, on the basis of which Apetit is trying to, among other things, reduce the amount of side streams that would be suitable for food use.

GOALS OF THE RESPONSIBILITY PROGRAMME

The climate impacts of operations
We will reduce waste at our frozen foods plants: we will develop our material efficiency and promote the recovery and reuse of side streams.

CASE

Recovering side streams – Kotimainen Säkylä vegetable balls

The processing of vegetables inevitably generates side streams, such as irregular-sized chunks of root vegetables and parts of peas. These materials are put into good use in the production of Kotimainen Säkylä vegetable balls: the balls contain side streams from domestic peas and carrots, and the broth that adds flavour to the vegetable balls also includes side streams from harvest-time production.

ENERGY EFFICIENCY

At its production facilities, Apetit uses electricity, steam, district heat and light fuel oil. The operations that consume the most energy at Apetit's production plants include the milling and refining processes at the Kantvik vegetable oil milling plant, cooling and freezing processes at the Säkylä and Pudasjärvi plants, as well as the peeling and processing of harvest season vegetables and the deep frying of patties and balls at the Säkylä plant.

The Säkylä frozen foods plant, in particular, has enhanced the monitoring of energy consumption in different processes to improve energy efficiency.

Logistics play an important role in both of the Group's businesses, but Apetit has little in the way of its own transportation fleet or work machinery. Logistics can be influenced particularly by ensuring that loads are large and filled to capacity. The amount of fuels used in logistics and the resulting environmental impacts are mitigated by optimising transport operations.

Apetit has significantly increased the use of renewable energy sources in its production activities. Electricity produced from wind power has been used exclusively at all of Apetit's production plants since April 2020. The bioenergy plant at the Kantvik vegetable oil milling plant went into production in late 2021. At the Säkylä plant, an energy solution based on biogas and heat recovery is scheduled to be deployed in summer 2023.

Renewable sources accounted for 76 per cent of the energy used by Apetit at its production plants in 2022.

Developing energy efficiency

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.

In 2022, the Group's energy consumption decreased by seven per cent compared to the reference year. The decrease relative to the Energy Efficiency Agreement system's benchmark year of 2016 was seven per cent. Energy efficiency at the Säkylä frozen foods plant has been improved by reducing the use of warm water, for example.

> **By turning off the lights at the Säkylä plant in a timely manner, we can save up to around 4% of lighting electricity consumption in a year."**
>
> MARKO HAAPARANTA, PRODUCTION DEVELOPER

Energy intensity, MWh / produced tonne	2022	2021	2020	2019
Frozen foods and vegetables	1.0	1.2	1.2	1.1
Frozen pizzas	1.5	1.8	1.5	1.5
Oilseed products	0.1	0.2	0.3	0.3
Apetit combined	0.4	0.4	0.5	0.4

Energy consumption, MWh	2022	2021	2020	2019
Electricity	30,293	33,289	31,467	27,783
Steam	28,756	29,494	30,458	30,650
District heating	6,897	8,149	8,048	7,027
Light fuel oil	1,215	1,379	1,123	1,287
Energy consumption combined, MWh	67,161	72,312	71,096	66,747
Energy consumption combined, TJ	241.8	260.3	255.9	240.3

Energy consumption, renewable and non-renewable sources, per cent	2022	2021	2020	2019
Renewable sources	76%	55%	34%	10%
Non-renewable sources	24%	45%	66%	90%

WATER CONSUMPTION

Apetit Group's production plants use household water, lake water and sea water. Water consumption is the highest at the Säkylä frozen foods plant, where water is used particularly for washing vegetables. Household water is used at all production facilities.

Lake water and household water are used at the Säkylä frozen foods plant. The washing of harvest season vegetables is the process with the highest water consumption. Water is used in a closed system for cooling equipment. The Kantvik vegetable oil milling plant uses sea water in a closed system for process cooling purposes.

The Säkylä plant's water consumption represents more than 80 per cent of the entire Group's water consumption, not taking into account the sea water used in the closed system at the Kantvik plant. Water used for washing vegetables goes to the wastewater treatment plant for processing, while lake water used for cooling is returned to the same body of water through a closed cycle.

Water consumption at the Kantvik vegetable oil milling plant has increased due to the commissioning of the adjacent bioenergy plant. The use of sea water in the closed system at Kantvik has decreased significantly due to the completion of the bioenergy plant and the renewal of the oil milling plant's vacuum system.

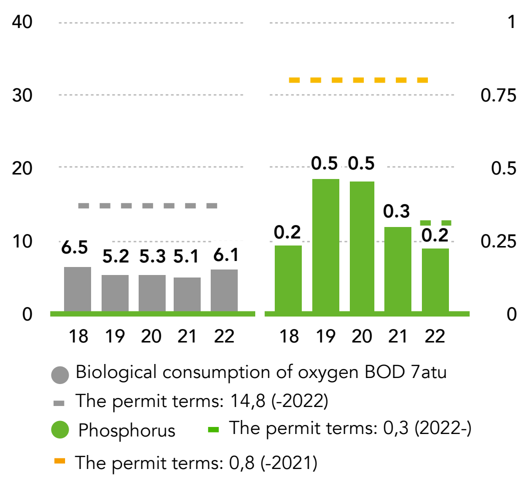
The frozen pizza plant in Pudasjärvi uses only household water, and its water consumption is low compared to Apetit's other operations.

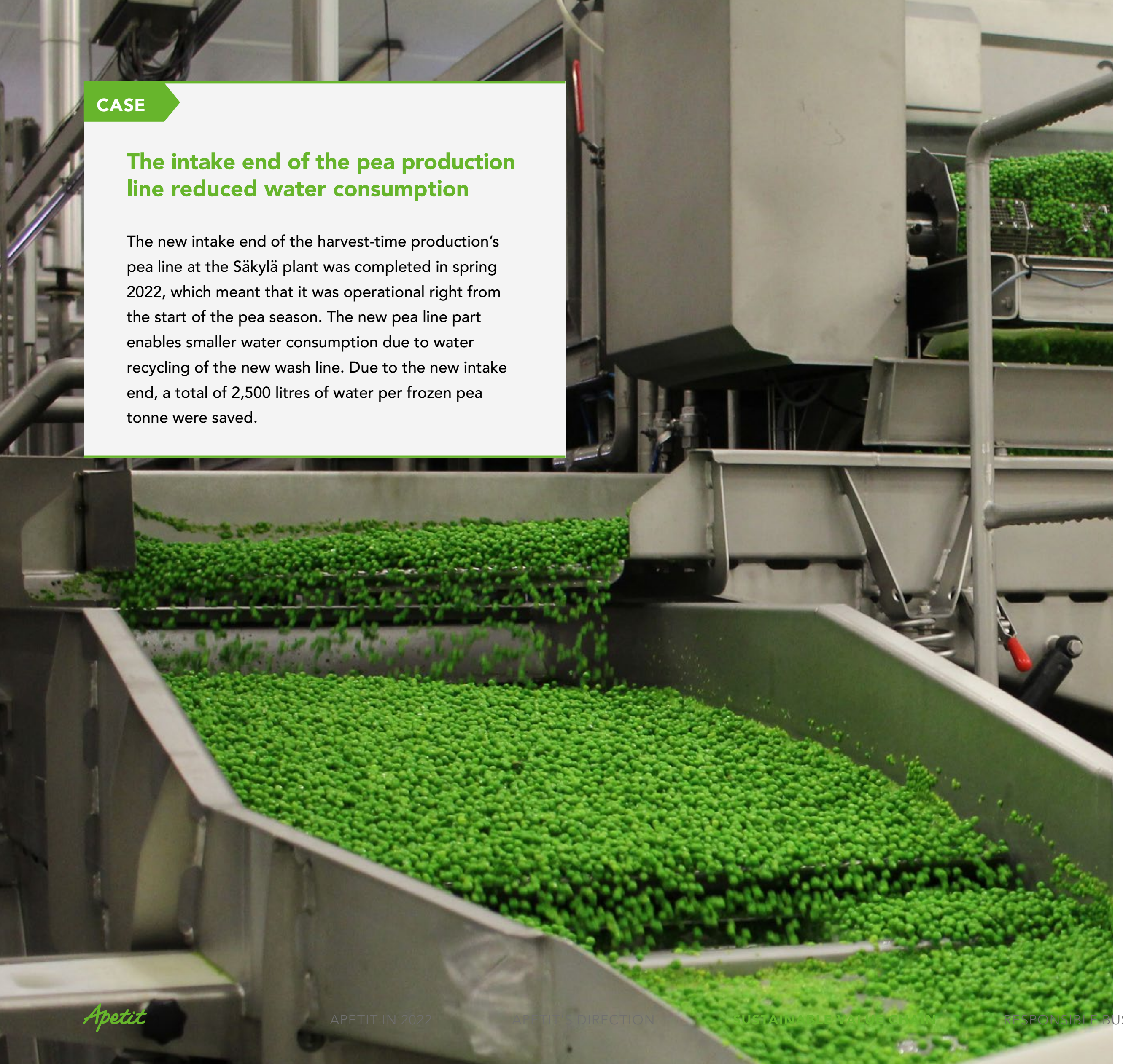
As all of Apetit Group's production facilities are located in Finland, no water is taken from areas where water is scarce. Apetit has studied the eutrophication effects and water footprint of selected products to reduce its environmental impacts.

Reducing water consumption

Among Apetit's production plants, water consumption is highest at the Säkylä frozen foods plant, particularly in production activities involving harvest season vegetables. The water efficiency of the Säkylä plant has been improved over the past few years. Pea receiving processes were updated at the plant in 2022, which reduced water consumption by 2,500 litres per frozen pea tonne. The brush scrubbers and steam peelers installed at the Säkylä plant in 2021 enhance the efficiency of the vegetable washing process. The plant's water consumption was reduced by 13 per cent during the reporting period after the investment.

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





CASE

The intake end of the pea production line reduced water consumption

The new intake end of the harvest-time production's pea line at the Säkylä plant was completed in spring 2022, which meant that it was operational right from the start of the pea season. The new pea line part enables smaller water consumption due to water recycling of the new wash line. Due to the new intake end, a total of 2,500 litres of water per frozen pea tonne were saved.

Operation of the wastewater treatment plant, Säkylä mg/l	2022	2021	2020	2019
Cleaned waste water m^3	711,646	755,882	864,579	679,385
Nitrogen	11.7	9.9	14.5	12.1
Ammonium-nitrogen	1.6	0.8	2.5	0.1
Solids	15.2	21.2	15	14.3
Biological consumption of oxygen	8.9	8.6	7.2	6.9

Water withdrawal (all production facilities) , m^3	2022	2021	2020	2019
Sea water	381,390	386,077	654,616	606,709
Lake water	86,542	103,210	112,494	133,425
Household water	231,180	238,547	245,988	246,805

Water discharges, m^3 (all production facilities)	2022	2021	2020	2019
Municipal sewerage network	42,678	43,675	41,239	45,154
Sea	381,390	386,077	654,616	606,709
Wastewater treatment plant	224,243	220,984	294,021	308,737

WASTE

Over 99 per cent of Apetit Group's waste streams are non-hazardous waste that is either recovered or used in energy production. Nearly half of the entire Group's waste is biowaste from the Säkylä frozen foods plant, consisting mainly of vegetable peeling waste and sidestreams from harvest season vegetables. Biowaste streams from the Säkylä frozen foods plant are used in bioenergy production.

The Kantvik vegetable oil milling plant generates a very small amount of landfill waste. In addition to biowaste, the plant generates waste streams that are channelled to energy production as industrial biowaste. Some of the Kantvik plant's waste streams, such as the screening fraction of oilseeds, can be utilised in the oil milling plant's in-house bioenergy production.

Hazardous waste accounts for less than 0.1 per cent of the Group's waste streams. Apetit Group's waste is processed by an external operator that is responsible for the appropriate disposal of waste.

Waste generated by the end products produced by Apetit consist of packaging waste and potential food waste. Apetit aims to increase the degree of recyclability of the packaging materials it uses. Of the packaging waste of Apetit products at the consumer's end, 43 per cent is recyclable paperboard, 28 per cent is recyclable plastic, and 28 per cent is plastic that can not be recovered in recycling.

Apetit Group's operations do not generate wastewater that is 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 the water were to be released into the environment without treatment, it would increase eutrophication.

Waste, tonne	2022	2021	2020	2019
Non-hazardous waste				
Recycle/utilisation waste	8,343.8	9,432.6	8,186.5	7,546.6
- of which biowaste	4,549.8	4,773.7	5,458.5	4,512.6
Refuse dump waste	24.8	14.3	20.7	28.4
Hazardous waste, tonne				
Hazardous waste treatment	4.1	13.0	6.5	4.5
Waste combined, tonne	8,372.6	9,459.9	8,193.0	7,589.5
Waste combined, kg per produced ton	52.7	57.5	54.7	48.5

Percentages of total waste				
Non-hazardous waste	99.9 %	99.9 %	99.9 %	99.9 %
Hazardous waste	0.1 %	0.1 %	0.1 %	0.1 %

Reducing side streams

The bioenergy plant built at the Kantvik vegetable oil milling plant uses the milling plant's own side streams in energy production. The straw waste that comes with oilseeds is used as raw material for the bioenergy plant, which reduces the amount of the plant's waste processed elsewhere.

A new energy solution to be implemented at the Säkylä plant in 2023 will make use of biosteam produced from the plant's own sidestreams, among other things. The brush scrubbers and steam peelers deployed at the Säkylä frozen foods plant have significantly improved root vegetable yield by reducing the amount of material ending up as peeling waste.

"As part of the new energy solution to be implemented at the Säkylä plant in 2023 will make use of bio steam produced from the plant's own side streams."

JYRKI TUPALA,
PROJECT MANAGER

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.

Vegetables and good fats are key components of healthy eating. Apetit's plant-based products are an excellent fit with the trend of eating for increased well-being: the mainly plant-based and fish-based products that we produce enable sustainable eating habits that improve well-being.

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 and for exports.

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 designed with taste as the first priority, but also in accordance with nutritional recommendations. In its products, Apetit primarily uses 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.

GOALS OF THE RESPONSIBILITY PROGRAMME

Products and packaging: We will maintain the degree of domestic origin of our frozen products (80%) and plant-based ingredients (95%) at least at the current level.

SOURCING

Apetit invests strongly in cooperation with Finnish primary production and sources around 80 per cent of all of the food raw materials used in its frozen vegetables and frozen foods directly from its contract growers. Apetit aims to maximise the amount of domestic raw materials used in oilseed products. The procurement of both domestic and foreign oilseed plants primarily takes place through grain intermediaries.

In Finland, Apetit sources raw-materials not only from its contract growers, but also from fishermen and other producers. Apetit makes purchases mainly from low-risk countries. Less than 5 per cent of the raw material sourcing for frozen products is made as direct or indirect purchases from high-risk countries. Apetit requires all its suppliers to know its value chain. Apetit prefers long-term partnerships with its suppliers. Raw materials for oilseed products are sourced only from low-risk countries.

In its sourcing responsibility principles, Apetit has defined the statements required from suppliers regarding the management and realisation of social and environmental responsibility.

Apetit assesses the realisation of social and ethical practices and environmental responsibility management among its suppliers based on audits conducted by Apetit or a third party, self-evaluation surveys as well as cooperation between the supplier and the company.

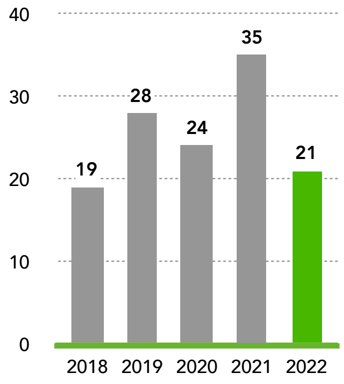
The supplier requirements cover both the suppliers' own operations and their value chain. Apetit Group requires that its suppliers commit to the principles of ethical, social and environmental responsibility documented in the Group's supplier requirements. Apetit Group's ethical supplier requirements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

Purchased food raw materials of domestic origin, %	2022	2021	2020	2019
Frozen products	82	79	82	79
Oilseed products	17	27	29	37

Apetit Group's ethical supplier requirements are based on the guidelines of the UN's Global Compact initiative."

VIRPI MUSTAPARTA,
HEAD OF PROCUREMENT

Supplier audits, pcs



GOALS OF THE RESPONSIBILITY PROGRAMME

Social impacts
We only use suppliers that have signed our Supplier Code of Conduct in direct raw material procurement for our processing operations.

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 knowledge and management. The production chain of Apetit's frozen vegetables, frozen foods 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.

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	2022	2021	2020	2019
Frozen food products	1*	1*	0	2*
Oilseed products	0	0	0	0
Apetit combined	0	1	0	2

Includes both public and instore withdrawals
* Incorrect labeling

CERTIFICATES:

Food Solutions

BRC (Grade AA) (Säkylä plant)
FSSC 22000 5.1 (Pudasjärvi)
ISO 9001 & ISO 14001 & ISO 45001
FSA - Farm sustainability assessment (contract growing of peas)
MSC - Marine Stewardship council (Säkylä, patty and ball production)
Organic certification (Säkylä)

Oilseed Products

FSSC 22000 5.1 & ISO 22000
ISO 9001
ISO 17025 (salmonella self-monitoring)
Halal & Kosher
Efisc.GTP

PACKAGING MATERIALS

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

Apetit uses mainly plastics and paperboards as product packaging materials. In addition, glass is used in Neito rapeseed oil bottles. Wood is used in the palletised transport of product batches.

Plastics are 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.

The recyclability of the packagings of Apetit products will increase when the frozen potato products were changed to recyclable packaging from the beginning of 2023. The change increases the use of recyclable packaging materials by approximately 22,000 kilograms annually.

In Apetit products sold in retail stores, 44 per cent of packaging materials used by Apetit are renewable. When it comes to plastic packaging, 36 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 to 100 per cent. Also the labelling on packaging has been developed in connection with labelling updates, especially with regard to recycling instructions.

Some of Apetit's 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.

CASE

Recyclability of packaging materials on the rise

From the beginning of 2023, the packaging plastics for frozen potato products were replaced with recyclable material. The change increases the use of recyclable packaging materials by approximately 22,000 kilograms annually. In 2022, in Apetit products sold in retail stores, the share of recyclable packaging materials was 70 per cent.

GOALS OF THE RESPONSIBILITY PROGRAMME

Products and packaging: We will increase the recycling rate of the packaging materials of Apetit products sold through retail channels to 100 per cent.

Packaging materials, tonne	2022	2021	2020	2019
Paper fibers	1,272.5	1,245.6	1,291.9	1,471.2
Plastics	783.4	712.7	690.0	739.0
Metals	-	0.3	0.3	0.3
Glass	43.2	46.0	49.5	46.4
Wood	2,175.2	1,927.2	1,931.3	2,255.7
Packaging materials combined	4,274.3	3,931.8	3,962.7	4,512.6
Packaging materials combined, kg per produced tonne	26.9	24.1	26.7	29.2
Share of renewable packaging materials, per cent	82%	81%	81%	83%

PERSONNEL

Apetit's personnel strategy focuses on responsible leadership based on the company's values and corporate culture, ensuring the availability of labour by focusing on retention and attraction factors, improving employees' occupational well-being and ability to cope with the demands of work by using a wide range of work ability management methods, and the continuous development of strategic and critical competencies.

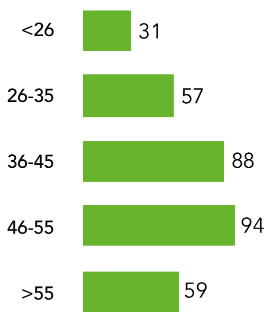
Apetit's objective is that each employee is familiar with the goals of their work and able to make use of their strengths and skills in their job. It is important that Apetit's employees can work in an encouraging and inspiring work atmosphere with rewarding tasks that they find meaningful.

At the end of 2022, Apetit had 324 employees, all of whom worked in Finland. The number of personnel has been reduced by the divestment of the Grain Trade business. In full-time equivalents, the average number of personnel in continuing operations was 288. Apetit does not use external labour, such as leased employees, to a significant extent.

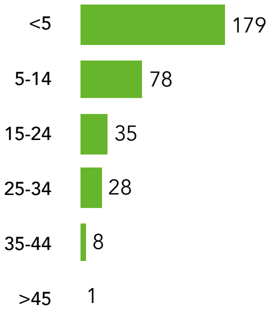
The number of employees at Apetit's Säkylä plant varies during the year based on the harvest season. The number of temporary employees increases for a period of about six months in the harvest season. During this season, the number of temporary employees at the plant is approximately 30 per cent higher than normally.

There were four part-time employees employed by the Group during 2022. Subcontractors were

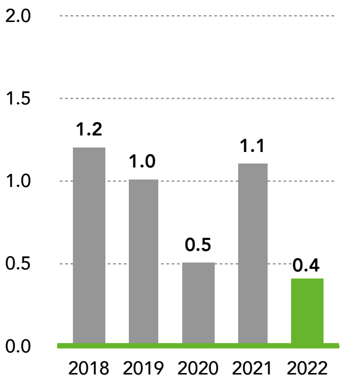
Age structure of personnel, 31.12.2022



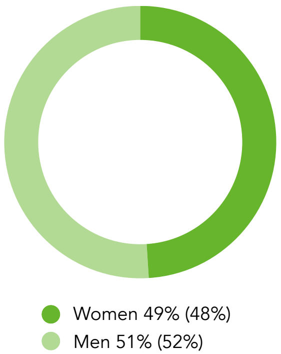
Service years of personnel, 31.12.2022



Training days for personnel, average per person



Share of women and men in personnel, 2022



GOALS OF THE RESPONSIBILITY PROGRAMME

Social impacts: We will develop Apetit as an employer that is perceived by our personnel as an equal and fair, and where it is safe to work and where employees are given space to participate in development efforts as well as develop themselves as professionals.

used in projects and maintenance activities carried out at Apetit's production plants 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.

Competence development

One of the most important goals of personnel development is ensuring sufficient and appropriate capabilities. The key competence areas for Apetit's employees include a customer-focused approach, product development skills, competencies related to production, occupational safety and quality, and project management.

The Group's competence development methods include an internal online learning environment and external training activities, for example. All office employees are covered by performance appraisals. The company has begun to create a new and effective performance appraisal process for its personnel groups. During the reporting period, 76 per cent of performance appraisals were conducted. The percentage remained low compared to comparison years due to an exceptional turnover rate.

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 employees provide feedback on issues such as their well-being at work, the workplace atmosphere, occupational safety, the content of their work, and the quality of managerial work.

In the survey conducted in March 2022, average employee satisfaction was 3.9 (2021: 4.0, out of maximum 5.0). According to the results, the Group's strengths include the fact that the employees feel that work being carried out in the company is meaningful and that their roles and responsibilities are clear. Regular feedback on work was identified as an area requiring development.

Number of personnel at the end of the year	2022	2021	2020	2019
Permanent				
Women	119	131	129	133
Men	139	156	152	170
In Finland	258	287	281	276
Other lands	0	24	26	27
Permanent combined	258	311	307	303
Temporary				
Women	42	38	32	46
Men	28	27	31	24
In Finland	70	65	63	70
Other lands	0	0	0	0
Permanent combined	70	65	63	70
Apetit combined at the end of the year (incl. part-time and on-demand employees)	329	376	370	373

Development discussions	2022	2021	2020
Women	76%	91%	92%
Men	76%	91%	92%
Combined	76%*	91%	92%

*The percentage of development discussions in 2022 remained low compared to comparison years due to an exceptionally high turnover rate.

Number of employees and officials at the end of the year	2022	2021	2020	2019
Employees				
Women	102	98	92	97
Men	126	125	128	122
In Finland	228	223	220	219
Other lands	0	0	0	0
Employees combined	228	223	220	219
Officials				
Women	59	71	69	82
Men	42	58	55	72
In Finland	101	129	124	127
Other lands	0	24	26	27
Officials combined	101	153	150	154

Employee satisfaction survey (grade 1-5)	2022	2021	2020	2019
Average grade	*	3.9	4.0	3.9

* the survey will be conducted in spring 2023

Equal pay	2022	2021
Women's share of basic salary of men's pay		
Employees	90%	92%
Officials	85%	83%
Seniof officials and upper management	76%	71%

New hired personnel and turnover	2022	2021	2020	2019
New hired personnel				
Women	46	62	61	97
Men	25	42	48	122
In Finland	71	104	109	219
Other lands	0	0	0	0
Combined	71	104	109	219
- of which to permanent employment relationship	32%	10%	19%	27%

Turnover, in, per cent	2022	2021	2020	2019
	19	28	32	31

Terminated employments and turnover	2022	2021	2020	2019
Terminated employments				
Women	56	61	69	
Men	42	43	51	
In Finland	98	104	120	
Other lands	0	0	0	
Combined	98	104	120	
- of which from permanent employment relationship	40%	26%	31%	

Turnover, out, per cent	2022	2021	2020	2019
Combined	26	28	35	11

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. The occupational health and safety system of the Säkylä frozen foods plant was audited in autumn 2022. Following the audit, the system was certified in accordance with the ISO 45001 standard.

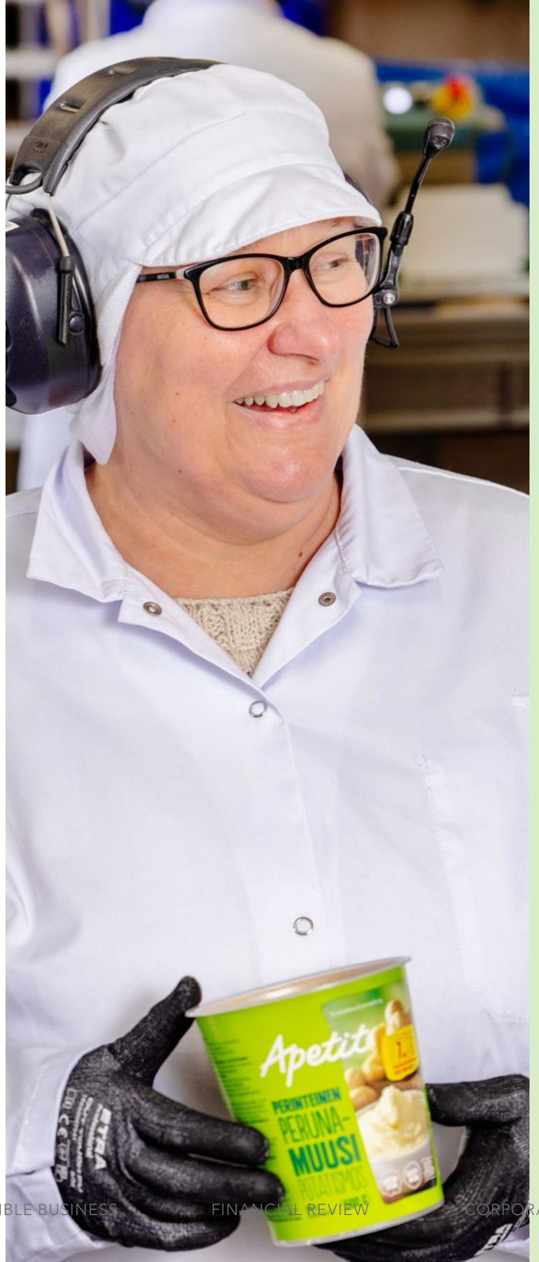
At Apetit, the risk of occupational accidents is increased by, for example, cold-storage facilities, high noise level in some places, the use of machines and knives and potential slipperiness in production facilities. Production work also involves repetitive movements that may cause musculoskeletal disorders. Apetit seeks to reduce the risk of accidents and illnesses in a proactive manner, especially through appropriate job-specific instructions and personal protective equipment. In 2022 at Apetit's Säkylä production plant, two volunteers from the Apetit organisation were trained as occupational well-being ambassadors to support Apetit employees in day-to-day matters pertaining to well-being at work.

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. 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 wellbeing 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 purchases occupational health care services from an external service provider.

Complying with the requirements of the ISO 45001 certification granted to the Säkylä frozen foods plant and the related external audits is one tool that supports occupational safety and health work."

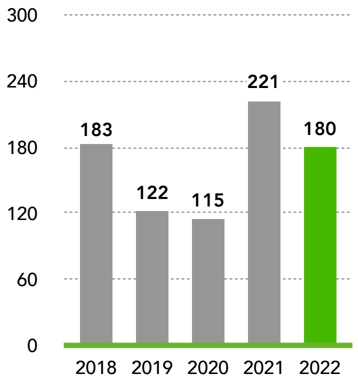
NIKO LEHTI,
HSE MANAGER



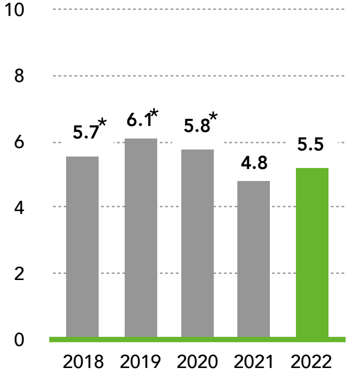
GOALS OF THE RESPONSIBILITY PROGRAMME

Social impacts: We will develop Apetit as an employer that is perceived by our personnel as an equal and fair workplace where it is safe to work and where employees are given space to participate in development efforts as well as develop themselves as professionals.

Absence days caused by occupational accidents



Sickness absence of regular working time, %



*Employees only

Occupational accidents LTA1	2022	2021	2020	2019
Occupational accidents and accidents on way to work that cause sickness absence of at least one day	17	18	18	11

Occupational accidents TRI	2022	2021	2020	2019
All recorded occupational accidents and accidents on way to work	36	32	26	25

Occupational accidents rate*	2022	2021	2020	2019
LTA1	27.0	27.1	27.7	21.9
TRI	56.0	48.2	43.1	20.8

*per million working hours

CASE

Occupational well-being ambassadors provide support at the workplace

A pilot project was carried out at Apetit's Säkylä production plant in 2022 to support the proactive prevention of musculoskeletal problems and physical stress factors in production. During the project, two volunteers from the Apetit organisation were trained as occupational well-being ambassadors to support Apetit employees in day-to-day matters pertaining to well-being at work.

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 2022, Apetit's purchases of raw materials, goods and services totalled EUR 149.1 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 also cooperates in various primary production R&D projects with parties such as Baltic Sea Action Group and Pyhäjärvi institute. In 2022, Apetit Group invested EUR 1.4 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.

All of the employees work at the Group's Finnish production facilities or in its other locations in Finland. The food industry in Finland has an exceptionally high proportion of women compared to other industries. In Apetit Group's operations, the share of women is 45 per cent among employees, 58 per cent among office employees and 49 per cent among the entire personnel.

Percentage of women, 31st of December 2022, %	2022	2021	2020	2019
Corporate management	20	17	17	25
Board of Directors	40	40	33	20
Supervisory Board	28	17	17	24

Age structure, %	30–40	40–50	50–60	60–
Corporate management	0	0	100	0
Board of Directors	0	11	56	33
Supervisory Board	4	12	60	24

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. One report was submitted via the whistleblowing channel in 2022. The matter has been handled within the company. 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

The material aspects of Apetit's corporate responsibility are closely intertwined with the company's value chain.

MATERIAL THEMES OF APETIT'S 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 Manager. The targets of the corporate responsibility programme have been approved as part of the company's business and sustainability work. One of the four strategic focus areas of the Apetit Group is Sustainable value chain.

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, initiative channels and daily operations.

Group's Code of Conduct and management systems

- Code of Conduct
- Operating policies
- Management systems
- Environmental systems
- Procurement policy, ethical supplier requirements and sourcing responsibility guidelines

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 Global Reporting Initiative (GRI) standards.

Ethical channel

At the Apetit Group, suspected misconduct and noncompliance 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.

Managing corporate responsibility

BOARD OF DIRECTORS
Adressing 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 parf of normal business operations.

THE GROUPS SUSTAINABILITY MANAGER AND THE CORPORATE RESPONSIBILITY STEERING GROUP
Guide the development of corporate responsibility, monitor and secure the implementation of corporate resonsibility 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.

The 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, Gafta, FEDIOL and the Finnish Cereal Committee.

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

CUSTOMERS	• Retail, hotel, restaurant and catering sector, food industry • Consumers
PERSONNEL	• 288 employees in three production facilities, and all together in four offices in Finland
FARMERS	• Contract growers for vegetables • Oilseed plant growers
OWNERS	• Over 11,000 owners, of which approximately 55 per cent domestic households
PARTNERS	• Suppliers and service providers • Investors
MEDIA	• Domestic and foreign media • Social media
SOCIETY	• 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 OF CORPORATE RESPONSIBILITY

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.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 sustainable cultivation methods	Development and adoption of sustainable cultivation methods especially for field vegetables and oilseed plants. Research projects, own development work.	Apetit's strategy, corporate responsibility programme, Apetit's Responsible farming method. 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.	Corporate responsibility programme, product development strategy, procurement policy
Sustainable packaging solutions	Sustainably produced packaging that guarantees product safety. Increasing recyclability and the use of renewable materials.	Corporate responsibility programme, product development strategy, procurement policy
Promotion of sustainable food choices	Development and promotion the supply of sustainable food solutions: the full life cycle of the product, from primary production to consumption and the final disposal of the packaging.	Apetit's strategy, corporate responsibility programme, 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. Recution of the climate impacts in value chain. Identification of the climate related risks.	Operating policy, goals of the corporate responsibility programme. External initiatives: CDP, TCFD.
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, corporate responsibility programme.
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, corporate responsibility programme.
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, corporate responsibility programme.
Competence and capability development	Part of the personnel strategy and measured by the employee satisfaction survey.	Operating policy, ethical principles, personnel strategy, corporate responsibility programme.
Promotion of equality and diversity	Part of the personnel strategy and measured by the employee satisfaction survey.	Operating policy, ethical principles, personnel strategy, corporate responsibility programme.
Well-being and safety at work	Monitoring on the basis of the number of occupational accidents and sickness absences. For occupational accidents, the number of accidents involving external employees working at the production plant is also monitored.	Operating policy, ethical principles, personnel strategy, corporate responsibility programme.
Social impacts in the supply chain	Apetit requires its direct suppliers to commit to the Group's ethical supplier requirements. Policy for sustainable procurement.	Ethical principles, ethical supplier requirements, Apetit Group's procurement principles and sustainability policies, corporate responsibility programme.
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, corporate responsibility programme.
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, joint research projects with Pyhäjärvi Institute's and Natural Resources Institute Finland.

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 Global Reporting Initiative (GRI) standards.
The scope of the Corporate Responsibility Report includes the Food Solutions and Oilseed Products business operations as well as Group functions. Food solutions and Oilseed products are part of the Apetit Group's continuing operations in the financial statements. Apetit reports Group Functions that are not allocated to the business segments. Discontinued operations, the Grain Trade business, are not included in the responsibility reporting.

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.

The corporate responsibility report has not been verified.

Data on climate impact calculations

Apetit calculates the carbon footprint of its operations in accordance with the standards and guidelines with the GHG protocol (version 2004, update 2013). For Scope 3 emissions, a separate Scope 3 emission calculation standard supplementing the GHG protocol (2011) and a technical guide (2013) were also applied. Apetit has defined the organization based on the operational control of the functions, i.e. the functions that are controlled by Apetit have been taken into account in the calculation. Apetit has no operations outside of Finland.

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. The relevant emission categories identified for the Apetit Group of the downstream and upstream of the company's value chain have been taken into account in the Scope 3 calculation.

Energy consumption

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

Changes in reporting

The emission data of the discontinued Grain Trade business has been removed from the comparison data for the climate impact calculations. The sale of Apetit's Grain Trade business's Finnish operations, previously part of climate impact calculations, took place on May 31, 2022.

Removing the emissions of the Grain Trade business from the comparison data has especially reduced the share of the downstream logistics category of Scope 3 emissions in Apetit's climate impacts. The climate impacts from Grain Trade accounted for more than 95 percent of the emissions of the downstream logistics category in 2021. Of Apetit's Scope 1&2 emissions, Grain Trade business' share in 2021 was about 1 percent.

Reporting period and contact information

The report describes the progress and results of Apetit's corporate responsibility work in 2022. Some of the information has been updated for January–February 2023. 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
GRI 2: GENERAL DISCLOSURES				
GRI 2: The organization and its reporting practices	2021	2-1 Organizational details		63, 17
		2-2 Entities included in the organization's sustainability reporting		55
		2-3 Reporting period, frequency and contact point		55
		2-4 Restatements of information		55
		2-5 External assurance	No external assurance.	GRI index
GRI 2: Activities and workers	2021	2-6 Activities, value chain and other business relationships		17
		2-7 Employees		41, 43
		2-8 Workers who are not employees		41, 43
GRI 2: Governance	2021	2-9 Governance structure and composition		50, 53-54, 127-133
		2-10 Nomination and selection of the highest governance body	Partly reported: only the evaluation of independence reported of nomination criterions.	127-133
		2-11 Chair of the highest governance body		127-133
		2-12 Role of the highest governance body in overseeing the management of impacts		50, 127-133
		2-13 Delegation of responsibility for managing impacts		50, 127-133
		2-14 Role of the highest governance body in sustainability reporting	The Board of Directors has approved the key sustainability issues discussed in the report.	50, 127-133
		2-15 Conflicts of interest		127-133
		2-16 Communication of critical concerns		69
		2-17 Collective knowledge of the highest governance body		127-133
		2-18 Evaluation of the performance of the highest governance body		127-133
		2-19 Remuneration policies		134-135
		2-20 Process to determine remuneration		134-135
		2-21 Annual total compensation ratio		134-135

	Standard version	GRI disclosure	More information	Location
GRI 2: Strategy, policies and practices	2021	2-22 Statement on sustainable development strategy		66-69, apetit.fi/en/code-of-conduct/
		2-23 Policy commitments		53-54
		2-24 Embedding policy commitments		50, 53-54
		2-25 Processes to remediate negative impacts		47, 50
		2-26 Mechanisms for seeking advice and raising concerns		47, apetit.fi/en/whistleblowing-channel/
		2-27 Compliance with laws and regulations	No instances of non-compliance with law and regulations	GRI Index
		2-28 Membership associations		51
GRI 2: Stakeholder engagement	2021	2-29 Approach to stakeholder engagement		51-52
		2-30 Collective bargaining agreements		41-42
GRI 3: MATERIAL TOPICS				
GRI 3: Disclosures on material topics	2021	3-1 Process to determine material topics		49
		3-2 List of material topics		49
		3-3 Management of material topics		49
TOPIC STANDARDS				
GRI 201: Economic Performance	2016	201-1 Direct economic value generated and distributed		17
		201-2 Financial implications and other risks and opportunities due to climate change		68
GRI 204: Procurement Practices	2016	204-1 Proportion of spending on local suppliers		17
GRI 205: Anti-corruption	2016	205-2 Communication and training about anti-corruption policies and procedures		47, apetit.fi/en/code-of-conduct/
		205-3 Confirmed incidents of corruption and actions taken	No incidents.	GRI Index
GRI 301: Materials	2016	301-1 Materials used by weight or volume		40

	Standard version	GRI disclosure	More information	Location
GRI 302: Energy	2016	302-1 Energy consumption within the organization		33
		302-3 Energy intensity		33
		302-4 Reduction of energy consumption		34
GRI 303: Water and Effluents	2018	303-1 Interactions with water as a shared resource		34-35
		303-2 Management of water discharge-related impacts		34-35
		303-3 Water withdrawal		34-35
		303-4 Water discharge		34-35
		303-5 Water consumption		34-35
GRI 304: Biodiversity	2016	304-2 Significant impacts of activities, products and services on biodiversity		29-30
GRI 305: Emissions	2016	305-1 Direct (Scope 1) GHG emissions		26-28
		305-2 Energy indirect (Scope 2) GHG emissions		26-28
		305-3 Other indirect (Scope 3) GHG emissions		26-28
		305-4 GHG emissions intensity		26-28
		305-5 Reduction of GHG emissions		26-28
GRI 306: Waste	2020	306-1 Waste generation and significant waste-related impacts		36
		306-2 Management of significant waste-related impacts		36
		306-3 Waste generated		36
		306-4 Waste diverted from disposal		36
		306-5 Waste directed to disposal		36
GRI 308: Supplier Environmental Assessment	2016	308-1 New suppliers that were screened using environmental criteria		38
GRI 401: Employment	2016	401-1 New employee hires and employee turnover		43

	Standard version	GRI disclosure	More information	Location
GRI 403: Occupational Health and Safety	2018	403-1 Occupational health and safety management system		44-45
		403-2 Hazard identification, risk assessment, and incident investigation		44-45
		403-3 Occupational health services		44-45
		403-4 Worker participation, consultation, and communication on occupational health and safety		44-45
		403-5 Worker training on occupational health and safety		44-45
		403-6 Promotion of worker health		44-45
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		44-45
		403-8 Workers covered by an occupational health and safety management system		44-45
		403-9 Work-related injuries		44-45
		403-10 Work-related ill health		44-45
GRI 404: Training and Education	2016	404-1 Average hours of training per year per employee		41
		404-2 Programs for upgrading employee skills and transition assistance programs		42
		404-3 Percentage of employees receiving regular performance and career development reviews		42
GRI 405: Diversity and Equal Opportunity	2016	405-1 Diversity of governance bodies and employees		43, 46
		405-2 Ratio of basic salary and remuneration of women to men		43
GRI 414: Supplier Social Assessment	2016	414-1 New suppliers that were screened using social criteria		38
GRI 417: Marketing and Labeling	2016	417-1 Requirements for product and service information and labeling		37
		417-2 Incidents of non-compliance concerning product and service information and labeling	No incidents.	GRI Index
		417-3 Incidents of non-compliance concerning marketing communications	No incidents.	GRI Index

FINANCIAL REVIEW

CONTENTS

The financial statement presented in the annual report is voluntary and does not meet the requirements of Chapter 7 § 5 of the Securities Market Act. The financial statement in accordance with the technical regulation is published as a separate file.

BOARD OF DIRECTOR'S REPORT

BOARD OF DIRECTORS' REPORT

Apetit is a Finnish food industry company that focuses on plant-based food products and is 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 oilseeds and feed raw-materials markets.

The Group's businesses and reporting segments are Food Solutions and Oilseed Products. In addition to the two 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 two business segments.

The Food Solutions segment consists of Apetit Ruoka Oy. Apetit Kasviöljy Oy and its subsidiaries are responsible for 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 181.7 (149.1) million. Operating profit was EUR 3.5 (5.8) million. The operating profit includes capitalisation of fixed costs arising from harvest-time production in the amount of EUR -0.3 (0.5) million.

The share of the profit of the associated company Sucros was EUR 0.5 (0.4) million in January–December.

Financial income and expenses totalled EUR -0.2 (0.2) million.

The profit before taxes was EUR 3.8 (6.4) million, and taxes on the profit for the period came to EUR -0.7 (-1.1) million. Profit for the period came to EUR 3.2 (5.3) million, and earnings per share amounted to EUR 0.51 (0.85).

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 28.4 (5.0) million in January–December. The impact of the change in working capital was EUR 18.5 (-3.7) million. The effect of seasonality on the change in working capital is presented under the heading Seasonality of operations. The change was mainly attributable to the divestment of the Grain Trade business.

The net cash flow from investing activities was EUR 11.7 (-6.3) million. The cash flow from financing activities came to EUR -32.7 (7.7) million, including EUR -29.1 (12.1) million in net loan repayments and EUR -2.5 (-3.1) million in dividend payments.

At the end of the period, the Group's interest-bearing liabilities amounted to EUR 2.1 (32.3) million and liquid assets to EUR 14.8 (7.5) million. Net interest-bearing liabilities totalled EUR -12.7 (24.8) million.

The consolidated balance sheet total stood at EUR 117.3 (157.1) million. At the end of the review period, equity totalled EUR 96.0 (93.3) million. The equity ratio was 81.8 (59.4) per cent, and gearing was -13.2 (26.6) 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 0.0 (28.0) million.

Overview Of Operating Segments

FOOD SOLUTIONS

Net sales in the Food Solutions segment amounted to EUR 64.2 (61.5) million in January–December. Operating profit was EUR 4.2 (5.9) million.

Investment for the period totalled EUR 4.3 (2.0) million and was mainly associated with production efficiency improvements in Säkylä and the renewal of the pizza production line in Pudasjärvi.

OILSEED PRODUCTS

Net sales in the Oilseed Products segment were EUR 118.2 (88.1) million in January–December. Operating profit was EUR 1.5 (2.0) million.

Investment for the period totalled EUR 0.7 (3.7) million and was mainly associated to the product development of rapeseed-based vegetable protein.

DISCONTINUED OPERATIONS

Grain Trade

Net sales in the Grain Trade segment were EUR 67.2 (164.5) million in January–December. Operating profit was EUR 2.7 (-3.0) million.

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

Impacts on business of the war in Ukraine

The war in Ukraine has an indirect impact on Apetit's business through the higher prices of energy, raw materials and packaging materials. Apetit does not have operations in Ukraine, Russia or Belarus. Apetit also does not export food products or raw materials to these countries. The events in Ukraine has created uncertainty and exceptional volatility in the prices of raw materials and products in the oilseed plant business. Logistics chains for raw and packaging materials may also be disrupted by the war. The potential business effects of sanctions are actively monitored.

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 secure operational capability during the pandemic. During 2022, the restrictions were gradually waived. Apetit monitors the situation and the instructions of the authorities and tries to prevent the negative effects of the pandemic on its business operations as best as possible.

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. 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.

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 on sustainable 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 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 2022

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.

Key measures in 2022:

- Investments to enhance production and improve material efficiency at the Säkylä plant.
- Investment to the extensive renewal of the frozen pizza factory in Pudasjärvi.
- The sale of Grain Trade business.

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 2022:

- Preparation for launching a new product family on the Nordic market.
- Launching new products and working to establish a market position in Sweden.
- Expanding export partnerships and increasing 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 2022:

- Continuous development of new plant- and fish-based products and product groups.
- Utilization of rapeseed protein ingredient BlackGrain in Apetit Vegetable ball.
- Expanding the Kotimainen Wok product family.

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.

Key measures in 2022:

- Active participation in the Räpi experimental farm in research projects promoting soil fertility and carbon sequestration.
- Promoting the cultivation of domestic pulses.
- Participation in the RypsiRapsi 2025 project and the project aimed at raising the yield level of oilseeds.
- Continuous cooperation with farmers and industry operators: 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 2022:

- The decision on the Säkylä plant's new energy solution, which will reduce the plant's CO_2 emissions by 80 percent.
- Expansion of the product family based on domestic wild fish by launching the Baltic Sea Fish Patty made from herring.
- Studying the carbon footprint of domestic rapeseed oil.

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.

RENEWED STRATEGY FOR 2023–2025

Apetit published its strategy for 2023–2025 15 November 2022. Achieving growth from diverse plant-based food solutions and added-value products is at the heart of Apetit's strategy. As the cornerstone of our business, we continue to invest in cooperation with growers and in Finnish primary production. Targets for the strategy period is an operating profit of over EUR 9 million and an ROCE of over 8 per cent.

Apetit's four strategic focus areas for 2023–2025 are: Stronger together, Diverse plant-based food products, More domestic plant proteins, Sustainable value chain.

Investment

The Group's investment in non-current assets came to EUR 5.0 (6.6) million and was divided as follows: investment in Food Solutions totalled EUR 4.3 (2.0) million, in Oilseed Products EUR 0.7 (3.7) million, in Grain Trade EUR 0.0 (0.0) million and in Group Functions EUR 0.1 (0.9) million.

Research and development

Research and development costs of continuous operations were EUR 1.4 (1.0) million, or 0.8% (0.7%) of net sales. In addition, EUR 0.2 (0.1) 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 improves its products and creating brand new products to provide easy, delicious plant-based products 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 and vegetable oils 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 has been to develop an entirely new 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 has continued to assess options related to the commercialisation of the ingredient and to develop new rapeseed-based ingredients. The majority of the small-scale production of the rapeseed ingredient that was started in the autumn 2021 was delivered for production testing by customers as well as Apetit's own product development. In 2022, the development work focused on the production process. 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 strategic goals of the Oilseed Products business include increasing the cultivation of oilseed plants in Finland to a sustainable level and increasing the yield level of oilseeds. The achievement of this goal was promoted with participation in the RypsiRapsi 2025 project, and the project aimed at raising the yield level of oilseeds.

Apetit carries out cultivation research and development operations on its experimental farm in Köyliö, Säkylä with the aim of securing the outdoor cultivation of vegetables by taking proactive measures to adjust cultivation 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 insect nets and mechanical weed separation and organic cultivation methods.

In addition to in-house research and development activities, Apetit participates in selected research projects and development programmes coordinated by various partners. In 2022, the Räpi experimental farm had ongoing research projects to explore ways to improve soil fertility, especially from the point of view of vegetable cultivation. Research was carried out together with the Natural Resources Institute Finland and Pyhäjärvi Institute. The projects provide more practical ways to promote soil fertility and mitigate nutrient runoffs as well as research data on the potential of using soil amendments and green manure.

The Natural Resources Institute Finland's Fertile vegetable soil (VIIVI) project continued on Räpi's fields. In 2022, the project's crop was spinach. Pyhäjärvi Institute's BioEväät project ended on the Räpi farm at the end of the three-year project period. The aim of the project was to provide farmers with new methods to improve soil fertility and water resource management. One of the measures taken on the research parcel of the Räpi experimental farm is the application of zero fibre, a side stream of the forest industry, to reduce nutrient runoff and improve soil fertility.

Apetit is also involved in the Green Future of Satakunta project coordinated by Pyhäjärvi Institute, which aims, among other things, to develop the cultivation of domestic cauliflower and pulses. For the fourth year, chickpeas were cultivated at the Räpi farm. Domestic pulses will also be tested in diverse ways in Apetit's product development.

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 recognized 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 timing of end of the harvest season can affect the comparability between financial years. The seasonal nature of profit accumulation is most marked in 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 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 production in the Food Solutions segment is seasonal and follows the harvest period, the working capital tied up in operations is at its highest around the turn of the year in that segment.

Risks, uncertainties and risk management

The Board of Directors of Apetit Plc has confirmed the Group's risk management policy and principles. The goal of risk management is to systematically identify and assess risks and manage them in a cost-effective manner. Risks are factors that threaten the achievement of the company's strategic or operational goals. 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. Risk assessments support strategy work and decision-making. The risk management framework, policies and principles are assessed and developed regularly.

Apetit Group classifies risks into strategic, operative and financial risks and risk events. 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 use, and fluctuations in raw material prices. Price risk management is particularly important in Oilseed Products. The prices of oilseeds are determined in the world market. In 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 25 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 risks always, when insurance can be justified on financial or other grounds.

The assessment of Apetit's most significant risks also covers non-financial risks. A typical effect of the realisation of a non-financial risk would be a negative reputation effect. Apetit Group's Code of Conduct guides all operations in Group. Apetit requires that all of its employees and suppliers comply with the Code of Conduct. Climate related risks are discussed in more detail in the non-financial information section.

ENVIRONMENTAL RISKS

Apetit's operational activities do not involve direct 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. Apetit has assessed the risks and opportunities related to its value chain caused by climate change in accordance with the TCFD framework. Climate-related risks are discussed in the non-financial information section.

SOCIAL AND EMPLOYEE-RELATED RISKS

Safety at work is vitally important for Apetit. 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.

Ensuring a competent and motivated workforce has also been identified among social and employee-related risks. Apetit's personnel strategy focuses on responsible leadership based on the company's values and corporate culture, ensuring the availability of labour by focusing on retention and attraction factors, improving employees' occupational well-being and ability to cope with the demands of work by using a wide range of work ability management methods, and the continuous development of strategic and critical competencies.

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. Apetit Group's ethical supplier requirements are based on the guidelines of the UN's Global Compact initiative.

In its sourcing responsibility guidelines, Apetit has defined the statements required from suppliers regarding the management and realisation of social and environmental responsibility.

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.

Non-financial information

Responsible operations and a value chain that enables sustainable food choices are key competitive advantages for Apetit. 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 its actions, Apetit wants to increase the well-being of both the environment and people. The idea is also part of the company's mission: Good food for everyone. Locally. Apetit's business model and value creation are described in more detail in its annual report.

On 15 November 2022, Apetit published its renewed strategy for 2023–2025. Achieving growth from diverse plant-based food solutions and added-value products is at the heart of Apetit's strategy. As the cornerstone of its business, the company will continue to invest in cooperation with growers and in Finnish primary production. The strategic focus areas include the development of sustainable Finnish primary production, domestic plant proteins and a sustainable value chain. The company's strategy is supported by the phenomena that drive changes in the operating environment. Climate action and sustainable alternatives are increasingly important factors in consumption decisions. This supports the demand for plant-based food products and the promotion of well-being as a food trend.

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. Corporate responsibility is managed by the corporate management as part of its normal operations.

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. In cooperation with its key stakeholders, Apetit implemented an extensive process to determine the material themes of its corporate responsibility.

Sustainable value chain is one of Apetit's strategic focus areas: We promote sustainable primary production and food choices. We reduce the impact of our operations on the climate and the environment. We make sure that our sourcing processes are transparent and sustainable. We ensure that social responsibility is realised throughout the value chain.

Apetit seeks to understand the impact of its operations on people, society and the environment comprehensively. The company has identified the environmental impacts of our value chain and works to reduce them and to promote the sustainable use of natural resources in the subject areas identified as material. Apetit collects systematically key figures and information from the most material aspects of its corporate responsibility to continuously develop sustainable operations.

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

PROGRESS OF CORPORATE RESPONSIBILITY WORK

In its corporate responsibility program, Apetit has set goals for the progress of its corporate responsibility work. The corporate responsibility programme is based on sustainable food choices: Through its operations, Apetit wants to contribute to a food supply chain that supports the well-being of people and the environment.

Cultivation development and contract farming

Apetit carries out cultivation research and development operations on its experimental farm with the aim of securing the outdoor cultivation of vegetables by taking proactive measures to adjust cultivation methods in response to a changing environment and by providing farmers with the latest information and expertise.

In 2022, Apetit's agricultural research including cultivation and variety tests at Räpi experimental farm continues, for example, with studies on domestic pulses such as chickpeas. The RypsiRapsi 2025 project and a project aimed at increasing the size of the oilseed harvest continued during the year.

The climate impacts of operations

The bioenergy plant of Apetit's Kantvik vegetable oil milling plant has been in operation for more than a year. The bioenergy plant has reduced the Group's Scope 1&2 emissions by more than 70 per cent from 2019. Apetit announced that the Säkylä frozen foods plant will renew its energy solution. The new energy solution based on bioenergy and heat recovery is scheduled to be deployed in summer 2023.

Products and packaging solutions

Apetit's novelty products for 2022 included, among others, a Vegetable Ball product that contains BlackGrain, a rapeseed-based plant protein developed by Apetit and Baltic Sea Fish Patties, made from domestic Baltic Herring. Apetit's new product – Kotimainen Säkylän kasvispyörykkä vegetable balls – utilises even those parts of the vegetables processed at Apetit's Säkylä frozen foods plant which used to end up in the side streams of the process. The vegetable balls contain side streams from domestic peas and carrots. The recyclability of Apetit's product packaging increased when recyclable packaging was introduced for frozen potato products from the start of 2023. The change increases the use of recyclable packaging materials by approximately 22,000 kilos per year.

Social impacts

In the personnel survey conducted in March 2022, the average employee satisfaction score was 3.9 (2021: 4.0). According to the results, the Group's strengths include the fact that the employees feel that work being carried out in the company is meaningful and that their roles and responsibilities are clear. The occupational health and safety system of the Säkylä frozen foods plant was audited in autumn 2022 and granted an ISO 45001 occupational safety certificate.

Environment and climate

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. In its Corporate responsibility program, Apetit has set goals related to environmental impact, such as the goal of reducing its own CO2 emissions by 75 percent from 2019 to 2025. The Group's environmental management system complies with the ISO 14001 standard in the Food Solutions business.

The impacts of Apetit's operations and value chain 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. Examples of natural capital goods used by Apetit include clean and nutrient-rich soil, clean water, crops and seeds, wild fish as well as wood and other wood fibres. Apetit's operations depend on the maintenance of air and soil quality, the availability of clean water and the maintenance of biodiversity. The environmental impacts of the operations generated by Apetit's entire value chain are related to all natural capital dependencies.

The goal is efficient and safe production that is in harmony with the environment. The direct 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 2022, Apetit's energy consumption was 0.4 (0.4) MWh per tonne produced.

As part of reducing its climate impacts and increasing its use of renewable energy, Apetit commissioned the bioenergy plant built in conjunction with its vegetable oil milling plant in Kirkkonummi. In 2022, the direct CO_2 emissions from Kantvik plant were reduced by more than 90 percent from 2019. Apetit has also released that it will deploy new energy solution to its Säkylä frozen products plant in the second quarter of 2023. The new energy solution is based on steam produced by bioenergy and heat recovery. New energy solution is expected to reduce the Säkylä plant's CO_2 emissions by 80 per cent.

All of the electricity used by Apetit Group's production facilities has been generated from renewable energy sources starting from 1 April 2020. The use of energy produced with renewable natural resources and the development of energy efficiency have reduced the carbon footprint of Apetit Group's Scope 1&2 emissions by more than 70 per cent from 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 accidents with significant environmental impacts at the production facilities. Related with the operations of the Kantvik vegetable oil milling plant, there have been several observations of odour nuisances. Apetit has decided to purchase a catalytic burner to the oil milling plant to eliminate odours. The burner will be put into use in the summer of 2023.

In accordance with the decision of the Vaasa Administrative Court of 30 December 2021, the environmental permit of Apetit's Säkylä plant remains unchanged. In its decision, the Administrative Court requires Apetit to submit a report to the state environmental permit authority by 31 December 2026, which must examine the conditions of the wastewater treatment plant, required for achieving a good treatment result, as well as explain the reasons for exceeding limit values, if any, and for insufficient treatment efficiency. Based on the report, the permit authority may specify permit regulations or supplement Apetit's environmental permit. On 2 September 2022, the Supreme Administrative Court rejected the appeal leave application regarding the decision issued on 30 December 2021.

The company is not aware of any significant individual environmental risks on the balance sheet date. The Group's environmental costs were EUR 1.4 (1.4) million, or 0.8 (0.9) per cent of net sales.

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

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Apetit has carried out a study on the risks and opportunities related to climate change in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures).

The most significant climate-related risks in both of Apetit's businesses are harvest risks related to the procurement of raw material. Extreme weather phenomena caused by climate change can have a significant impact on annual harvest levels. Apetit manages this risk particularly by developing cultivation methods and conducting tests on different plant varieties. The financial impacts of changes in the harvest levels may be significant in the short term. In the long term, climate change may also lead to growing disease pressures due to changes in the cultivation conditions, for example.

The other potential climate-related risks are associated with regulations governing emission compensation, for example. Apetit complies with the current national and EU-level legislation. The company also monitors and evaluates future regulations and their impacts on the Group's operations. Apetit Group has identified the reduction of its climate impacts as one of the material aspects of its corporate responsibility. Apetit is committed to reducing its direct climate impacts by 75 per cent by 2025. This will be achieved particularly by transitioning to renewable energy solutions. The bioenergy plant already completed at the Kantvik vegetable oil milling plant and the new energy solution to be deployed at the Säkylä plant in 2023 enable the company to better manage its climate impacts. The solutions also enable the use of production side streams in bioenergy production.

Apetit's most significant climate-related opportunities are related to changes in consumer behaviour, with eating habits shifting towards more plant-based diets and climate-friendly consumption.

Apetit's sustainable food solutions and plant-based food products support planetary health diets very well. Apetit is also developing the use of diverse plant proteins in its products.

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 2022 to improve occupational safety were active and inclusive occupational safety communications and incident investigation as well as systematic safety observation practices. Apetit's Säkylä plant was certified in accordance with the ISO 45001 standard.

In 2022, there were 17 (18) occupational accidents that led to at least a one-day absence. The accident frequency rate was 27 (27). 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 2022, the sickness absence rate was 5.5 (4.8) per cent. The sickness absence rate is the sickness absence time in relation to the theoretical regular working time.

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 2022 was 3.9 (4.0). The next survey will be conducted in March 2023.

In January–December 2022, the continuing operations had 288 (286) employees in full-time equivalents. Apetit Group had 324 (376) employees at the end of December, including all types of employment. The number of employees at Apetit's Säkylä plant varies during the year based on the harvest seasons.

The salaries and other remuneration paid to the employees of continued operations in 2022 amounted to EUR 14.5 (13.6) million.

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

QUALITY AND PRODUCT SAFETY

Product quality and product safety are key factors in Apetit's operations. 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.

The most significant risks related to product safety include foreign objects, risks related to allergen control and the accuracy of the labelling on product packaging. Apetit carried out 1 (1) product recalls in 2022.

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. One report was submitted via the whistleblowing channel in 2022. The matter has been handled within the company.

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 2022.

Corporate Governance

CORPORATE GOVERNANCE STATEMENT AND REMUNERATION REPORT

The 2022 Corporate Governance Statement and the Remuneration report 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 2022

Apetit Plc's Annual General Meeting was held in Säkylä on 5 May 2022. 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 2021. The Board of Directors' proposals to the Annual General Meeting were approved without changes.

DECISIONS OF THE ANNUAL GENERAL MEETING 2022

Dividend distribution

The AGM resolved that a dividend of EUR 0.40 per share be paid for the financial year 2021. The dividend was paid on 16 May 2022. No dividend will be paid on shares held by the company.

REMUNERATION REPORT FOR GOVERNING BODIES

The AGM resolved to support Apetit's Remuneration Report for Governing Bodies 2021. 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

The Board of Directors received two different proposals from shareholders regarding the number of members on the Supervisory Board. The proposal that received more votes was adopted. Based on the result of the vote, it was confirmed that the Supervisory Board will have 14 members. Two different proposals were received from shareholders regarding the members to be elected to the Supervisory Board. Having determined the opinions of the shareholders that submitted the proposals, the Board of Directors decided that the members of the Supervisory Board will be selected by voting, with the shareholders participating in advance voting to express their opinion on each candidate separately. Based on the decision concerning the number of members on the Supervisory Board, the two candidates receiving the most votes in the advance voting were elected. To replace the members of the Supervisory Board whose term ended, Pekka Perälä was re-elected to the Supervisory Board and Tommi Mäkelä was elected to the Supervisory Board as a new member.

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 2023 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. The fee is also paid to the Chairman and Deputy Chairman of the Supervisory Board when they attend the board meeting. 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 2023, but no longer than until 31 May 2023.

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 2024, but no longer than until 31 May 2024. The authorisation replaces the previous share issue authorisation given on 28 May 2021.

ORGANISATION OF THE SUPERVISORY BOARD AND ELECTION OF THE BOARD OF DIRECTORS

At its organisational meeting on 5 May 2022, 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 22,800 and that the Chair and Deputy Chair receive an annual remuneration of EUR 45,000 and EUR 27,600, respectively. The remuneration will be paid in cash by monthly instalments. It was also decided that the Chair and members of the Board of Directors be paid a meeting allowance of EUR 600 and EUR 400, respectively. Members of the Board's Committees are to be paid a meeting fee of EUR 600.

CHANGES IN THE BOARD OF DIRECTORS

There were no changes in the composition of the Board of Directors during 2022.

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 77,668 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 2022.

SHARE PRICE AND TRADING

The number of Apetit Plc shares traded on the stock exchange during the review period was 500,249 (1,093,741), representing 7.9 (17.3) per cent of the total number of shares. The highest share price quoted was EUR 13.90 (14.90) and the lowest was EUR 9.62 (10.70). The average price of shares traded was EUR 10.92 (13.09). The share turnover for the period was EUR 5.5 (14.3) million. At the end of the review period, the market capitalisation was EUR 64.4 (81.2) 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 the management of raw material price changes, the availability of raw materials, the harvest quality and quantity of 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.

Events after the end of the financial year

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

Assessment of expected future development

The full-year operating profit from continuing operations is expected to improve year-on-year (EUR 3.5 million in 2022).

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 40-60 per cent of the profit for the financial year in dividends.

The parent company's distributable funds totalled EUR 49,931,349.93 on 31 December 2022, after adding the profit for the financial year, EUR 671,713.81. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 per share be paid. The dividend corresponding to this proposal is EUR 3,158,788.00 for all the company shares on the balance sheet date and EUR 3,119,954.00 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.

APPENDICES TO THE BOARD OF DIRECTORS' REPORT

KEY INDICATORS

Financial ratios

Profitability

Continuing operations

EUR million	2022	2021	2020	2019	2018
Net sales	**181.7**	283.9	292.9	296.9	259.9
Exports	**42.4**	108.5	134.0	134.4	77.7
Operating profit	**3.5**	2.8	3.9	-4.8	0.5
% of net sales	**1.9**	1.0	1.3	-1.6	0.2
R & D expenses	**1.4**	1.0	1.0	1.3	1.3
% of net sales	**0.8**	0.4	0.4	0.4	0.4
Financial income (+)/expenses(-), net	**-0.2**	-0.4	-0.5	-0.7	-0.4
Result before taxes	**3.8**	2.9	3.7	-6.4	-0.6
% of net sales	**2.1**	1.0	1.3	-2.1	-0.2
Result for the period	**3.2**	2.4	3.1	-5.4	-0.4
% of net sales	**1.7**	0.8	1.0	-1.8	-0.2
Attributable to					
Shareholders of the parent company	**3.2**	2.4	3.1	-5.4	-0.4
Non-controlling interests	**-**	-	-	-	-

Finance and financial position

Group

EUR million	2022	2021	2020	2019	2018
Return on equity, % (ROE)	**5.5**	2.5	3.4	-4.5	-7.0
Return on capital employed, % (ROCE)	**5.7**	2.4	3.3	-4.0	-7.0
Equity ratio, %	**81.8**	59.4	66.5	55.0	61.4
Net gearing, %	**-13.2**	26.6	21.7	35.9	21.5
Non-current assets	**64.9**	68.0	67.7	64.4	67.6
Inventories	**30.1**	70.8	58.7	66.4	80.9
Other current assets	**22.3**	18.2	16.3	39.9	16.1
Shareholders' equity	**96.0**	93.3	95.0	93.9	101.1
Distributable funds	**49.9**	51.8	55.2	55.1	58.6
Interest-bearing liabilities	**2.1**	32.3	21.7	36.6	24.4
Non-interest-bearing liabilities	**19.2**	31.6	26.1	40.3	39.0
Balance sheet total	**117.3**	157.1	142.8	170.8	164.6

Other indicators

Continuing operations

EUR million	2022	2021	2020	2019	2018
Gross investments excluding business acquisitions	**5.0**	6.6	7.8	11.5	6.1
% of net sales	**2.8**	2.3	2.7	4.0	2.3
Gross investments excluding business acquisitions	**0.0**	-	0.0	-	0.6
% of net sales	**0.0**	-	0.0	-	0.2

Group

	2022	2021	2020	2019	2018
Personnel, FTE	**303**	337	343	452	564

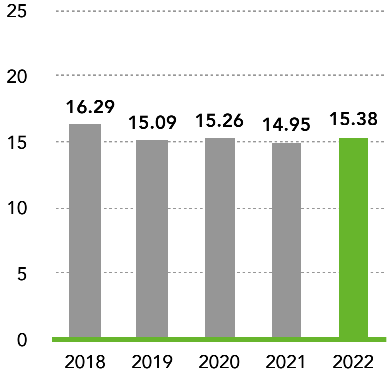
Share indicators

	2022	2021	2020	2019	2018
					Group
Earnings per share, EUR	**0.83**	0.38	0.52	-0.71	-1.21
Dividend per share, EUR *	**0.50***	0.40	0.50	0.45	0.40
Dividend per earnings, %	**60.1**	105.4	96.6	-	-
Effective dividend yield, % *	**4.9***	3.1	4.7	5.7	4.4
P/E ratio	**12.3**	33.9	20.8	-	-
Shareholders' equity per share, EUR	**15.38**	14.95	15.26	15.09	16.29
Share performance, EUR					
Lowest price during the year	**9.62**	10.70	7.12	7.66	8.86
Highest price during the year	**13.90**	14.90	10.80	9.84	15.25
Average price during the year	**10.94**	13.09	8.94	8.54	11.68
Share price at the end of the year	**10.20**	12.85	10.70	7.84	9.00
Share turnover					
Share turnover (1,000 pcs)	**500**	1 094	1 627	1 252	635
Turnover ratio, %	**7.9**	17.3	25.8	20.0	10.0
Share capital, EUR million	**12.6**	12.6	12.6	12.6	12.6
Market capitalisation, EUR million	**64.4**	81.2	67.6	49.5	56.9
Dividends, EUR million *	**3.1***	2.5	3.1	2.8	2.5

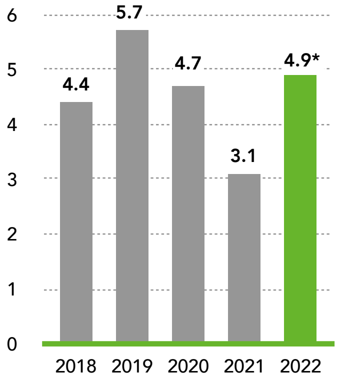
Number of shares	2022	2021	2020	2019	2018
					Group
Number of shares	**6,317,576**	6,317,576	6,317,576	6,317,576	6,317,576
Average adjusted number of shares	**6,239,744**	6,234,286	6,223,332	6,217,118	6,210,652
Adjusted number of shares at the end of the period	**6,239,908**	6,238,923	6,228,346	6,222,876	6,216,621
Number of own shares	**77,668**	78,653	89,230	94,700	100,955

* Proposal of the board of directors

Shareholders' equity per share, EUR

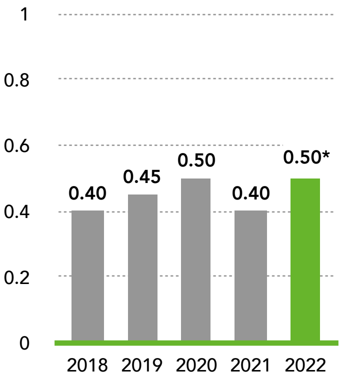


Effective dividend yield 2018-2022, %



*Board's proposal

Dividend/share 2018-2022, EUR



*Board's proposal

Calculation of key indicators

IFRS KEY FIGURES

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

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. In addition to IFRS key figures, Apetit uses and reports the following alternative performance measures:

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

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

Capital employed = Equity + interest-bearing liabilities

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

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

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

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

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

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 30 December 2022

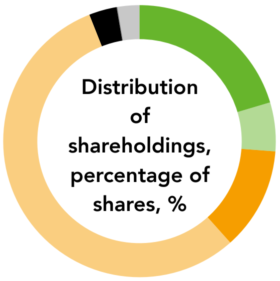
	Number of shares	%	Number of votes	%
Valio's Pension Fund	580,108	9.2	580,108	9.3
Berner Oy	499,667	7.9	499,667	8.0
Eela Esko	392,392	6.2	392,392	6.3
Nordea Nordic Small Cap Fund	347,860	5.5	347,860	5.6
EM Group Oy	141,747	2.2	141,747	2.3
Central Union of Agricultural Producers and Forest Owners	125,485	2.0	125,485	2.0
Skandinaviska Enskilda Banken ABP, Helsinki Branch	110,904	1.8	110,904	1.8
Poutiainen Juha	110,000	1.7	110,000	1.8
Laakkonen Mikko	102,802	1.6	102,802	1.6
Pharmacies Pension Fund	90,395	1.4	90,395	1.4
Top 10 sub-total	2,501,360	39.6	2,501,360	40.1
Nominee-registered shares	161,548	2.6	161,548	2.6
Other shareholders	3,577,000	56.6	3,577,000	57.3
External ownership total	6,239,908	98.8	6,239,908	100.0
Shares owned by the company	77,668	1.2		
Total	**6,317,576**	**100.0**		

Distribution of ownership on 30 December 2022

	% of shareholders	% of shares
Companies total	2.3	20.4
Financial and insurance institutions	0.1	5.8
Public organisations	0.2	12.2
Private households	96.2	55.6
Non-profit organisations	0.9	3.3
Foreign owners	0.3	0.1
Nominee-registered		2.6
Total		100.0

Distribution of shareholdings on 30 December 2022

Shares		Number of shareholders pcs	% of shareholders	Number of shares, pcs	% of shares
1	100	6,699	55.9	262,103	4.1
101	500	3,912	32.6	944,945	15.0
501	1000	799	6.7	596,906	9.4
1001	5000	497	4.1	960,388	15.2
5001	10000	47	0.4	310,918	4.9
10001	50000	26	0.2	543,534	8.6
50001	100000	4	0.0	287,817	4.6
100001	500000	8	0.1	1,830,857	28.98
500001		1	0.0	580,108	9.2
Total		**11,993**	**100.0**	**6,317,576**	**100.0**



- Companies total 20.4%
- Financial and insurance institutions 5.8%
- Public organisations 12.2%
- Private households 55.6%
- Non-profit organisations 3.3%
- Foreign owners 0.1%
- Nominee-registered 2.6%

- Companies total 2.3%
- Financial and insurance institutions 0.1%
- Public organisations 0.2%
- Private households 96.2%
- Non-profit organisations 0.9%
- Foreign owners 0.3%

FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	1-12/2022	1-12/2021
CONTINUING OPERATIONS			
Net sales	(2)	**181.7**	149.1
Other operating income	(4)	**1.2**	0.9
Material and services	(7)	**-137.3**	-104.7
Employee benefits expense	(5)	**-17.9**	-16.5
Depreciation and amortisation	(2,8)	**-5.7**	-5.3
Impairment	(2,8)	**-0.0**	-0.0
Other operating expenses	(4)	**-18.5**	-17.5
Operating profit	(2)	**3.5**	5.8
Financial income	(9)	**0.6**	0.8
Financial expenses	(9)	**-0.8**	-0.7
Share of profit/loss accounted for using the equity method	(14)	**0.5**	0.4
Profit/loss before tax		**3.8**	6.4
Tax on income from operations	(10)	**-0.7**	-1.1
Profit/loss from continuing operations		**3.2**	5.3
DISCONTINUED OPERATIONS			
Profit/loss from discontinued operations	(3)	**2.0**	-2.9
PROFIT/LOSS FOR THE PERIOD		**5.2**	2.4

EUR million	Note	1-12/2022	1-12/2021
Earnings per share calculated on profit attributable to equity holders of the parent			
Earnings per share, basic, Continuing Operations		**0.51**	0.85
Earnings per share, basic, Discontinued Operations		**0.33**	-0.47
Earnings per share, basic	(12)	**0.83**	0.38
Earnings per share, diluted, Continuing Operations		**0.51**	0.85
Earnings per share, diluted, Discontinued Operations		**0.33**	-0.47
Earnings per share, diluted	(12)	**0.83**	0.38
Profit attributable to:			
Owners of the parent company		**5.2**	2.4
Other comprehensive income:			
Exchange differences on translating foreign operations		**-0.0**	0.0
Cash flow hedges	(25)	**-0.0**	-1.0
Items that may be reclassified subsequently to profit or loss		**-0.0**	-1.0
Other comprehensive income for the year net of tax		**-0.0**	-1.0
TOTAL COMPREHENSIVE INCOME		**5.1**	1.3
Total comprehensive income attributable to:			
Owners of the parent company		**5.1**	1.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Intangible assets	(13)	**1.2**	1.8
Goodwill	(13)	**0.4**	0.4
Property, plant, equipment	(13)	**37.6**	38.2
Right-of-use assets	(13)	**2.1**	3.0
Shares in associated companies	(14)	**20.1**	19.9
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)	**3.2**	4.2
Non-current assets		**64.9**	68.0
Current assets			
Inventories	(18)	**30.1**	70.8
Trade receivables and other receivables	(17)	**7.5**	10.8
Cash and cash equivalents	(19)	**14.8**	7.5
Current assets		**52.4**	89.1
Non-current assets held for sale	(3)	**-**	0.1
ASSETS		**117.3**	157.1

EUR million	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Share capital	(20)	**12.6**	12.6
Share premium	(20)	**23.4**	23.4
Unrestricted equity reserve		**0.1**	0.1
Treasury shares		**-1.1**	-1.2
Hedging reserve		**-1.1**	-1.0
Other reserves		**7.2**	7.2
Translation differences		**-0.0**	-0.0
Retained earnings without profit/loss for the period		**49.7**	49.7
Profit/loss for the period		**5.2**	2.4
Equity attributable to owners of the parent company		**96.0**	93.3
EQUITY		**96.0**	93.3
Non-current liabilities			
Deferred tax liabilities	(11)	**0.1**	0.1
Non-current liabilities, interest-bearing	(23)	**1.2**	1.8
Non-current interest-free liabilities	(24)	**-**	0.1
Liabilities from defined benefit plan	(21)	**0.2**	0.2
Non-current liabilities		**1.5**	2.3
Current liabilities			
Current interest-bearing liabilities	(23)	**0.9**	30.5
Trade payables and other liabilities	(24)	**18.9**	31.1
Current liabilities		**19.8**	61.5
Liabilities	(2)	**21.3**	63.8
EQUITY AND LIABILITIES		**117.3**	157.1

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	1-12/2022	1-12/2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period		**5.2**	2.4
Adjustments to cash flow from operating activities	*	**5.3**	7.0
Working capital changes		**18.5**	-3.7
Interest paid		**-0.3**	-0.3
Interest received		**-0.2**	-0.2
Other financial items		**0.0**	0.0
Income taxes paid		**-0.1**	-0.2
Net cash from operating activities		**28.4**	5.0
Cash flows from investing activities			
Purchase of tangible and intangible assets		**-5.0**	-6.6
Proceeds from sale of tangible and intangible assets		**-0.0**	0.1
Proceeds from disposal of discontinued operations		**16.4**	0.0
Dividends received		**0.3**	0.2
Net cash used in investing activities		**11.7**	-6.3
Cash flows from financing activities			
Proceeds from sale of treasury shares		**-**	0.1
Repayment of current borrowings	(22)	**0.0**	-1.0
Addition / deduction of current borrowings	(22)	**-29.1**	13.0
Payment of lease liabilities	(22)	**-1.1**	-1.4
Dividends paid		**-2.5**	-3.1
Net cash used in financing activities		**-32.7**	7.7

EUR million	Note	1-12/2022	1-12/2021
Net change in cash and cash equivalents		**7.3**	6.4
Cash and cash equivalents at the beginning of the period	(19)	**7.5**	1.1
Effects of exchange rate fluctuations on cash held		**-**	-0.0
Cash and cash equivalents at the end of the period	(19)	**14.8**	7.5
*** Adjustments to cash flow from operating activities**			
Depreciation, amortisation and impairment		**6.2**	6.3
Gains and losses of disposals of fixed assets and other non-current assets		**-0.0**	-0.1
Share of profit/loss accounted for using the equity method	(14)	**-0.5**	-0.4
Other non-cash items		**0.4**	0.2
Financial income and expenses		**0.4**	0.4
Tax on income from operations	(10)	**1.1**	0.5
Other adjustments		**-2.3**	0.1
Total		**5.3**	7.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium	Unrestricted equity reserve	Treasury shares	Hedging reserve	Other reserves	Translation differences	Retained earnings	Total equity
EQUITY 1.1.2022	**12.6**	**23.4**	**0.1**	**-1.2**	**-1.0**	**7.2**	**-0.0**	**52.1**	**93.3**
Profit/loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5.2**	**5.2**
Cash flow hedges	**-**	**-**	**-**	**-**	**-0.0**	**-**	**-**	**-**	**-0.0**
Translation differences	**-0.0**	**-**	**-**	**-**	**-**	**-**	**-0.0**	**-0.0**	**-0.0**
Comprehensive income	**-0.0**	**-**	**-**	**-**	**-0.0**	**-**	**-0.0**	**5.2**	**5.1**
Dividend distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-2.5**	**-2.5**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Other changes	**0.0**	**-**	**-**	**0.0**	**-0.0**	**-**	**-**	**-0.0**	**-0.0**
Changes in equity total	**-0.0**	**-**	**-**	**0.0**	**-0.1**	**-**	**-0.0**	**2.7**	**2.7**
EQUITY 31.12.2022	**12.6**	**23.4**	**0.1**	**-1.1**	**-1.1**	**7.2**	**-0.0**	**54.9**	**96.0**
EQUITY 1.1.2021	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
Changes in equity total	-0.0	-0.0	0.1	0.1	-1.1	-	0.0	-0.8	-1.7
EQUITY 31.12.2021	12.6	23.4	0.1	-1.2	-1.0	7.2	-0.0	52.1	93.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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 15 February 2023, the Apetit Plc Board of Directors approved the financial statements for publication. According to the Finnish Companies Act, shareholders have the option of approving or rejecting the financial statements at the Annual General Meeting held after their publication. The Annual General Meeting also has the opportunity to make a decision to amend the financial statements.

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 and Oilseed Products. In addition, 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 business segments.

Grain Trade is reported as a discontinued operation starting from the Q1/2022 Business Review. The divestment of the Estonian grain trade business to Scandagra was completed on 10 March 2022, and the divestment of the Lithuanian business was completed on 31 March 2022. The divestment of the Finnish operations of the Grain Trade business to Berner Ltd was completed on 31 May 2022.

Operating segments	Products and services
FOOD SOLUTIONS	
Apetit Ruoka Oy	Frozen foods
OILSEEDS PRODUCTS	
Apetit Kasviöljy Oy	Trade in vegetable oils and protein feed
Apetit 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 Apetit Kasviöljy Oy
Lännen Sokeri Oy	Non-operative company
GRAINS AND OILSEEDS BUSINESS	
Apetit Kasviöljy Oy	Trade in grains, oil seeds and animal feedstuff
UAB Avena Nordic Grain, Liettua **	Trade in grains, oil seeds and animal feedstuff
Avena Nordic Grain OÜ, Viro *	Trade in grains, oil seeds and animal feedstuff
SIA Avena Nordic Grain, Latvia **	Trade in grains, oil seeds and animal feedstuff
OOO Avena-Ukraina, Ukraina *	Trade in grains, oil seeds and animal feedstuff

* Activities ended
** Company dissolved

Operating segments	Products and services
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) complying the IAS and IFRS standards as well as the SIC and IFRIC interpretations valid on the date of the financial statement. 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 accounting 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 derivative financial instruments 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 via other comprehensive income in the translation differences of the consolidated shareholders' equity. If a foreign subsidiary or associate is disposed of, the accrued translation difference is recognised in the income statement under profit or loss.

NET SALES AND REVENUE RECOGNITION

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

Food Solutions segment sells frozen vegetables and frozen ready meals to retail chains and food wholesalers operating in Finland and European Union. Finland is the main market area.

Oilseed Products segment sells vegetable oils and expeller. Sales focus on Finland, but there are also sales to the European Union and third countries.

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

The Group has factored a significant part of Finnish trade receivables to a financial institution, which bears e.g. the customer's credit risk. Foreign credit sales are either factored or hedged with credit insurance. The sale of receivables to a financial institution and the use of credit insurance reduce the Group's counterparty risk. Factored receivables are not included in the consolidated balance sheet.

Customary terms of payment apply to selling on credit. Some sales include customary bonus or marketing support obligations, which are assessed on an agreement level and regosnised in the income statement and in the balance sheet on 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.

SHARE-BASED PAYMENTS

The fair value of the share-based payments is determined at the grant date. The expense is recognized evenly over the vesting period. The fair value of the payments settled in shares is determined based on Apetit Plc's share price at the stock exchange at the grant date deducted by expected dividends. The payments settled in cash are remeasured at each reporting date until the settlement. Apetit Plc share-based payments include only non-market-based performance criteria such as profitability conditions. The total amount to be expensed over the vesting period is determined based on the estimate of the number of the shares that are expected to be vested by the end of the vesting period. The impact of the revision of original estimates is recognized in the statement of income. On a cumulative basis expense is recognized only to the extent that share-based payments have finally vested. For payments settled in shares the expense is recognized against equity and for payments settled in cash the expense is recognized against liabilities/cash.

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, lease agreements, 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 financial assets, 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.

RESEARCH AND DEVELOPMENT COSTS

Research costs is expensed as incurred. Development costs are recognised on the statement of financial position when all of the following criterias are met:

- research and development phases can be separated from each other
- completion is technically feasible so that the asset can be used or sold
- completion is certain and the asset will be 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
- development expenditure can be reliably measured

If the development expenditure does not meet all the above 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. For this purpose goodwill is allocated to appropriate cash-generating units. 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 capitalised in the balance sheet and amortised on a straight-line basis over the period of their useful lives. Intangible assets do not include assets with an unlimited useful life.

Depreciation period for intangible assets:

Development costs	5 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. 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. Land is not subject to depreciation.

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 when they are classified as assets held for sale.

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

GOVERNMENT GRANTS

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

LEASES

Lease agreements are valued to present value by discounting contractual lease payments. The discount rate used in the valuation is the Group's incremental borrowing rate The maturity of a lease agreement is assessed on a contract-by-contract basis and the option to extend is used only when it is highly probable that sush option is to be excercised. The present value of the agreement is recognized in the balance sheet as a right-of-use asset and a right-of-use liability.

Right-of-use assets depreciated on a straight-line basis over the lease term. The rent payments are allocated to the principal and financial expenses. Financial expenses are calculated from the remaining right-of-use liability using the Group's incremental borrowing rate.

The Group uses the exemptions permitted by the standard and 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 expenses 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, tangible and right-of-use 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 tangible, right-of-use and 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 or standard costing 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 derivatives not covered by hedge accounting and publicly listed shares. Financial assets recognised at amortised cost include trade 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.

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 in 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. 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 recognised at fair values are measured primarily using publicly quoted prices. Market prices are normally available for commodity derivatives used by the Group. If publicly quoted prices are not available, fair value is measured with standardized valuation methods using for example interest rates and discounted cash flows and price quotations from market counterparties.

Financial liabilities are originally recognised at fair value less transaction costs directly related to the acquisition or issuance of the item in question. 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. An indication of final payment failure is for example a payment being 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 offset 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 for interest rate and currency derivatives is recognised to financial items and for commodity derivatives to other operating income or expenses. The cumulative change in fair value recognised in other comprehensive income is recognised to purchases or sales or financial items based on their nature on the same date that the cash flow from the hedged transaction is recognised in the income statement. When a derivative financial instrument expires, is sold or does not meet the hedge accounting criteria, 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 cash flow of the hedged item is recognised in the income statement. The cumulative fair values of the hedging instruments are transferred immediately from the hedge reserve to other operating income or expense or financial items based on their nature 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 in other operating income or 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.

PREPARATION OF FINANCIAL STATEMENTS IN ESEF FORMAT

The financial statements are reported in electronic ESEF format. The main statements of the financial statements and disclosures are marked with the XBRL taxonomy. The ESEF fromat financial statements have been reviewed by the auditor.

NEW IFRS STANDARDS AND IFRIC INTERPRETATIONS

The new IFRS standards, amendments to standards and IFRIC interpretations effective after the end of the financial year are not expected to have a material impact on the Group.

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 and Oilseed Products. In addition, 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 business segments.

Grain Trade is reported as a discontinued operation starting from the Q1/2022 Business Review. The divestment of the Estonian grain trade business to Scandagra was completed on 10 March 2022, and the divestment of the Lithuanian business was completed on 31 March 2022. The divestment of the Finnish operations of the Grain Trade business to Berner Ltd was completed on 31 May 2022.

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

Operating segments 1-12/2022

EUR million	Food solutions	Oilseed products	Group Functions	Continuing Operations	Discontinued Operations	Apetit Group
Segment net sales	64.2	118.2	-	182.3	67.2	249.5
Intra-group net sales	-0.0	-0.6	-	-0.6	-17.0	-17.7
Net sales	64.2	117.5	-	181.7	50.1	231.8
Operating profit	4.2	1.5	-2.2	3.5	2.7	6.2
Assets	42.2	34.2	-	76.3	0.1	76.4
Unallocated						40.9
Total assets	42.2	34.2	-	76.3	0.1	117.3
Liabilities	12.4	7.1	-	19.5	0.8	20.2
Unallocated						1.1
Total liabilities	12.4	7.1	-	19.5	0.8	21.3
Gross investments in non-current assets	4.3	0.7	0.1	5.0	-	5.0
Business acquisitions and other investments	-	-	0.0	0.0	0.0	0.0
Depreciation and amortisation	3.4	1.6	0.7	5.7	0.4	6.1
Impairment	0.0	0.0	-	0.0	0.1	0.1
Personnel, FTE	230	47	11	288	16	303

Operating segments 1-12/2021

EUR million	Food solutions	Oilseed products	Group Functions	Continuing Operations	Discontinued Operations	Apetit Group
Segment net sales	61.5	88.1	-	149.6	164.5	314.1
Intra-group net sales	-0.0	-0.5	-	-0.5	-29.7	-30.2
Net sales	61.5	87.6	-	149.1	134.8	283.9
Operating profit	5.9	2.0	-2.2	5.8	-3.0	2.8
Assets	37.6	45.2	-	82.7	37.1	119.8
Unallocated						37.3
Total assets	37.6	45.2	-	82.7	37.1	157.1
Liabilities	12.8	7.5	-	20.3	14.3	34.6
Unallocated						29.2
Total liabilities	12.8	7.5	-	20.3	14.3	63.8
Gross investments in non-current assets	2.0	3.7	0.9	6.6	0.0	6.6
Depreciation and amortisation	3.3	1.3	0.7	5.3	1.0	6.3
Impairment	0.0	-	-	0.0	-	0.0
Personnel, FTE	232	42	12	286	51	337

Geographical information

	Net sales		Non-current assets	
EUR million	2022	2021	2022	2021
Finland	**189.4**	175.4	**64.9**	67.9
Norway	**21.6**	16.7	**-**	-
Germany	**5.0**	19.4	**-**	-
Sweden	**6.6**	6.2	**-**	-
Other countries	**9.2**	66.2	**-**	0.1
Total	**231.8**	283.9	**64.9**	68.0

The group had two customers whose turnover exceeded 10% of the entire group's turnover. The turnover of customer a) was 27.2 million euros (11.7%) and it was accumulated from the Food Solutions and Oilseed Products segments. The turnover of customer b) was 24.9 million euros (10.8%) and it was accumulated from the Oilseed Products and Grain Trade segments.

NOTE 3. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

Discontinued operations

Discontinued operations includes the Grain Trading business unit, which was classified as a discontinued operation in March 2022. On March 23, 2022, Apetit announced that it had agreed to sell Avena's domestic grain trading business and the grain warehouses and port operations located in Finland to Berner Ltd. The transaction was completed on May 31, 2022. Already on December 28, 2021, Apetit announced that its subsidiary Avena Nordic Grain had agreed to sell the Baltic operations of the Grain Trade business unit to the Scandagra Group, including the business of Avena's Estonian and Lithuanian companies. The transaction with Scandagra Group was completed in March 2022.

Result from discontinued operations

EUR million	1-12/2022	1-12/2021
Revenue	**67.2**	164.5
Other income and expense items	**-64.5**	-167.4
Operating profit	**2.7**	-3.0
Financial income and expense	**-0.2**	-0.6
Profit/loss before tax	**2.5**	-3.5
Tax on income from operations	**-0.4**	0.6
Profit/loss for the period	**2.0**	-2.9

Cash flow

EUR million	1-12/2022	1-12/2021
Net cash from operating activities	**6.9**	6.0
Net cash used in investing activities	**16.4**	-0.0
Net cash used in financing activities	**-23.3**	-6.0
Net change in cash and cash equivalents	**-**	-

Consideration received

EUR million	1-12/2022
Cash received	**16.8**
Costs attributable to the sales of business and adjustments to consideration	**-0.4**
Carrying amount of net assets sold	**-14.0**
Gain on sale before income tax	**2.3**
Income tax expense	**-0.5**
Gain on sale after income tax	**1.9**

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	1-12/2022
Tangible assets	**1.2**
Inventories	**13.1**
Trade payables and other liabilities	**-0.3**
Net assets sold	**14.0**

Non-current assets and relating liabilities held for sale

Baltic operations of the Grain Trade

EUR million	1-12/2022	1-12/2021
Tangible assets	**-**	0.1
Non-current assets held for sale	**-**	0.1

NOTE 4. OTHER OPERATING INCOME AND EXPENSES

EUR million	1-12/2022	1-12/2021
Other operating income		
Government subsidies	**0.1**	0.1
Gain on disposal of non-current assets, tangibles	**-**	0.1
Rental income	**0.2**	0.2
Other operating income	**0.9**	0.5
Total	**1.2**	0.9
Other operating expenses		
Rents and leases	**1.6**	1.5
Administrative expenses	**1.2**	1.0
IT and communication expenses	**1.5**	1.4
Sales and marketing expenses	**2.3**	2.6
Maintenance expenses	**4.4**	4.0
Other selling expenses	**4.2**	3.6
Other items	**3.2**	3.4
Total	**18.5**	17.5

Audit fees paid by the Group to its independent auditor

EUR million	1-12/2022	1-12/2021
Regular statutory audit services	**0.1**	0.2
Other statutory audit services	**0.0**	0.0
Tax advisory	**-**	-
Other services	**-**	-
Total	**0.1**	0.2

NOTE 5. EMPLOYEE BENEFITS EXPENSE

EUR million	1-12/2022	1-12/2021
Salaries and fees	**14.5**	13.6
Pension expenses	**2.6**	2.4
Other employee benefit	**0.8**	0.6
Total	**17.9**	16.5

NOTE 6. R&D EXPENSES

R & D expenses of continuous operations amounted to EUR 1.4 (1.0) million, representing 0.8% (0.7%) of the net sales. In addition, a total of EUR 0.2 (0.1) million worth of development costs have been capitalised in the balance sheet.

NOTE 7. MATERIALS AND SERVICES

EUR million	1-12/2022	1-12/2021
Purchases during the period	**130.4**	111.4
Change in stocks	**3.5**	-9.6
External services	**3.4**	2.9
Total	**137.3**	104.7

NOTE 8. DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR million	1-12/2022	1-12/2021
Depreciation		
Intangible assets	**0.4**	0.5
Buildings	**1.7**	1.6
Machinery and equipment	**2.7**	2.5
Right-of-use assets	**0.8**	0.7
Other tangible assets	**0.0**	0.0
Total	**5.7**	5.3
Impairment		
Tangible assets	**0.0**	0.0
Total	**0.0**	0.0

NOTE 9. FINANCING INCOME AND EXPENSES

EUR million	1-12/2022	1-12/2021
Finance income		
Interest income	**0.5**	0.8
Foreign exchange gain	**0.0**	0.0
Other financial income	**0.1**	0.0
Total	**0.6**	0.8
Finance expense		
Interest on borrowings from others	**0.4**	0.4
Foreign exchange loss	**0.0**	-
Other financial expenses	**0.3**	0.2
Total	**0.8**	0.7

NOTE 10. INCOME TAXES

EUR million	1-12/2022	1-12/2021
Tax on income from operations		
Tax on income from operations	-	-0.0
Tax for previous accounting periods	0.0	0.0
Change in deferred tax asset	-0.4	-1.3
Change in deferred tax liability	-0.2	0.1
Total	-0.7	-1.1
Tax calculation		
Accounting profit before taxes	3.8	6.4
Tax at the domestic rate	-0.8	-1.3
Tax for previous accounting periods	0.0	0.0
Effect of associated company results	0.1	0.1
Other items	0.0	0.1
Taxes in income statement	-0.7	-1.1
Income tax expense is attributable to		
Continuing operations	-0.7	-1.1
Discontinued operations	-0.4	0.6
Total	-1.1	-0.5

NOTE 11. DEFERRED TAX ASSETS AND LIABILITIES

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET

EUR million	1.1.2022	Recognised in income statement	Recognised in other compre-hensive income	Recognised directly in equity	31.12.2022
Deferred tax assets					
Carry forward of unused tax losses	4.4	-1.0		-	3.3
Deferred depreciation	0.5	0.0		-	0.5
Intangible and tangible assets	0.0	-0.0		-	0.0
Derivative instruments	0.2		-0.0	-	0.2
Other items	0.2	-0.0		-	0.2
Total deferred tax assets	5.2	-1.0	-0.0	-	4.2
Offset against deferred tax liabilities	-1.0				-1.0
Net deferred tax assets	4.2				3.2
Deferred tax liabilities					
Accumulated depreciation difference	0.2	-0.1		-	0.1
Inventories	-0.8	0.1		-	-0.7
Intangible and tangible assets	-0.4			-	-0.4
Derivative instruments	-0.0		0.0	-	-
Other items	-0.1	0.0		-	-0.1
Total deferred tax liabilities	-1.2	0.1	0.0	-	-1.1
Offset against deferred tax assets	1.0				1.0
Net deferred tax liabilities	-0.1				-0.1

Apetit has not unrecognised deferred tax assets related to taxable losses. The taxable losses will expire in 2025 - 2031. 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. The group has 0.2 million other deferred tax assets not recognised in the balance sheet.

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET

EUR million	1.1.2021	Recognised in income statement	Recognised in other comprehensive income	Recognised directly in equity	31.12.2021
Deferred tax assets					
Carry forward of unused tax losses	4.9	-0.5	-	-	4.4
Deferred depreciation	0.5	0.0	-	-	0.5
Intangible and tangible assets	0.0	0.0	-	-	0.0
Derivative instruments	0.0	-	0.2	-	0.2
Other items	0.2	0.0	-	-	0.2
Total deferred tax assets	5.5	-0.5	0.2	-	5.2
Offset against deferred tax liabilities					-1.0
Net deferred tax assets					4.2
Deferred tax liabilities					
Accumulated depreciation difference	0.1	0.2	-	-	0.2
Inventories	-0.8	-0.1	-	-	-0.8
Intangible and tangible assets	-0.4	-	-	-	-0.4
Derivative instruments	-0.1	-	0.1	-	-0.0
Other items	-0.1	0.0	-	-0.0	-0.1
Total deferred tax liabilities	-1.4	0.1	0.1	-0.0	-1.2
Offset against deferred tax assets					1.0
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. Earnings per share are diluted by the matching share plan issued for the key personnel.

EUR million	1-12/2022	1-12/2021
Result attributable to the shareholders of the parent company, continuing operations	**3.2**	5.3
Result attributable to the shareholders of the parent company, discontinued operations	**2.0**	-2.9
Result attributable to the shareholders of the parent company, Group	**5.2**	2.4
Weighted average number of outstanding shares, basic (pcs)	**6,239,744**	6,234,286
Weighted average number of outstanding shares, diluted (pcs)	**6,244,744**	6,239,419
Basic earnings per share, continuing operations (EUR/share)	**0.51**	0.85
Basic earnings per share, discontinued operations (EUR/share)	**0.33**	-0.47
Basic earnings per share, Group (EUR/share)	**0.83**	0.38
Diluted earnings per share, continuing operations (EUR/share)	**0.51**	0.85
Diluted earnings per share, discontinued operations (EUR/share)	**0.33**	-0.47
Diluted earnings per share, Group (EUR/share)	**0.83**	0.38

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	1-12/2022	1-12/2021
Frozen products	**0.4**	0.4
Total	**0.4**	0.4

In 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 7.5%. 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 net sales, gross margin, EBIT, change in working capital and discount rate. The pre-tax discount rate used is 7.4%. 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

EUR million	Development costs	Other intangible assets	Advance payments for intangible assets	Goodwill	Total
Acquisition cost 1.1.2022	1.2	12.0	0.3	0.4	13.8
Additions	0.2	0.1	-0.0	-	0.3
Disposals	-	-0.8	-	-	-0.8
Reclassifications	-	-0.1	-0.3	-	-0.3
Acquisition cost 31.12.2022	1.4	11.2	-	0.4	12.9
Cumulative amortisation and impairment 1.1.2022	-0.3	-11.3		-	-11.6
Cumulative amortisation on disposals and reclassifications	-	0.7		-	0.7
Amortisation	-0.1	-0.3		-	-0.5
Cumulative amortisation and impairment 31.12.2022	-0.5	-10.9	-	-	-11.3
Carrying amount 1.1.2022	0.8	0.7	0.3	0.4	2.2
Carrying amount 31.12.2022	0.9	0.3	-	0.4	1.6

Intangible assets

EUR million	Development costs	Other intangible assets	Advance payments for intangible assets	Goodwill	Total
Acquisition cost 1.1.2021	1.0	12.6	0.6	0.4	14.7
Translation differences	-	0.0	-	-	0.0
Additions	0.1	0.0	-0.0	-	0.2
Disposals	-	-1.0	0.0	-0.0	-1.0
Reclassifications	-0.0	0.3	-0.3	-	-
Acquisition cost 31.12.2021	1.2	12.0	0.3	0.4	13.8
Cumulative amortisation and impairment 1.1.2021	-0.2	-11.8		-	-12.0
Translation differences	-	-0.0		-	-0.0
Cumulative amortisation on disposals and reclassifications	0.0	1.0		-	1.0
Amortisation	-0.2	-0.4		-	-0.6
Cumulative amortisation and impairment 31.12.2021	-0.3	-11.3	-	-	-11.6
Carrying amount 1.1.2021	0.9	0.8	0.6	0.4	2.7
Carrying amount 31.12.2021	0.8	0.7	0.3	0.4	2.2

Tangible assets

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 work in progress	Total
Acquisition cost 1.1.2022	3.0	0.3	41.2	7.9	52.3	0.7	0.5	0.8	106.7
Additions	-	-	1.9	0.8	2.6	0.2	-	0.4	5.8
Disposals	-	-0.3	-1.8	-2.9	-0.8	-0.2	-0.1	-	-6.1
Reclassifications	-	-	0.0	-	0.8	-	-	-0.7	0.1
Acquisition cost 31.12.2022	3.0	-	41.4	5.8	54.9	0.6	0.4	0.4	106.5
Cumulative amortisation and impairment 1.1.2022	-0.2	-0.2	-25.3	-5.1	-33.8	-0.5	-0.2		-65.4
Cumulative amortisation on disposals and reclassifications	-	0.2	0.6	2.3	0.9	0.1	0.1		4.2
Amortisation		-0.0	-1.7	-1.0	-2.7	-0.1	-0.0		-5.6
Impairment	-	-	-	-	-0.0	-	-		-0.0
Cumulative amortisation and impairment 31.12.2022	-0.2	0.0	-26.4	-3.9	-35.7	-0.4	-0.2		-66.8
Carrying amount 1.1.2022	2.8	0.1	15.9	2.7	18.4	0.2	0.3	0.8	41.3
Carrying amount 31.12.2022	2.8	0.0	15.0	1.9	19.2	0.2	0.2	0.4	39.7

Tangible assets

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 work in progress	Total
Acquisition cost 1.1.2021	3.0	1.5	42.0	7.0	45.0	0.6	0.5	4.6	104.2
Translation differences	-	-	-	-	0.0	-	-	-	0.0
Additions	-	0.0	1.1	0.9	4.3	0.2	-	1.0	7.5
Disposals	-	-1.2	-3.3	-	-0.4	-0.1	-	-	-5.0
Revaluation	-	-	-	-	-	-	-	0.0	0.0
Reclassifications	-	-	1.4	-	3.4	-	-	-4.8	-
Reclassification to non-current HFS assets	-	-	-	-	-0.1	-	-	-	-0.1
Acquisition cost 31.12.2021	3.0	0.3	41.2	7.9	52.3	0.7	0.5	0.8	106.7
Cumulative amortisation and impairment 1.1.2021	-0.2	-0.2	-26.9	-3.9	-31.6	-0.5	-0.2		-63.5
Translation differences	-	-	-	-	-0.0	-	-		-0.0
Cumulative amortisation on disposals and reclassifications	-	-	3.3	-	0.3	0.1	-		3.7
Amortisation		-0.0	-1.7	-1.3	-2.6	-0.1	-0.0		-5.7
Cumulative amortisation and impairment 31.12.2021	-0.2	-0.2	-25.3	-5.1	-33.8	-0.5	-0.2		-65.4
Carrying amount 1.1.2021	2.8	1.3	15.1	3.1	13.4	0.2	0.3	4.6	40.7
Carrying amount 31.12.2021	2.8	0.1	15.9	2.7	18.4	0.2	0.3	0.8	41.3

Leases

Amounts recognised in balance sheet

EUR million	31.12.2022	31.12.2021
Right-of-use assets		
Land and water areas	-	0.1
Buildings and structures	**1.9**	2.7
Machinery and equipment	**0.2**	0.2
Total	**2.1**	3.0
Lease liabilities		
Non-current lease liability, interest-bearing	**1.2**	1.8
Current lease liability, interest bearing	**0.9**	1.4
Total	**2.1**	3.2

Expected maturity analysis of lease liabilities is presented in note 25.

An energy plant is under construction in connection with the Säkylä factory, which upon completion will be capitalized in the balance sheet in accordance with the IFRS16 standard. The energy plant is estimated to be completed in June 2023 and its balance sheet value according to IFRS 16 is estimated to be EUR 7.0 million.

Amounts recognised in income statement

EUR million	1-12/2022	1-12/2021
Depreciation of right-of-use assets		
Land and water areas	**0.0**	0.0
Buildings and structures	**1.0**	1.3
Machinery and equipment	**0.1**	0.1
Total	**1.1**	1.4
Interest expenses	**0.0**	0.1
Expenses relating to short-term leases	**0.1**	0.3
Expenses relating to leases of low-value	**0.0**	0.0
Expenses relating to variable lease payments	**1.1**	1.2
Cash outflow for leases	**2.8**	3.0

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 15 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

All 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	1-12/2022	1-12/2021
Book value, 1 January	**19.9**	19.7
Share of results for the period	**0.5**	0.4
Dividends received	**-0.3**	-0.2
Book value, 31 December	**20.1**	19.9

Group's holding in Sucros Group totals to 20 %. The book value of the shares in Sucros totalled to EUR 19.8 million.

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 31.12.2022

Sucros Group's published FAS-financial statement

EUR million	03/2021 - 02/2022	03/2020 - 02/2021
Non-current assets	**22.2**	20.5
Current assets	**81.1**	82.9
Cash and cash equivalents	**0.6**	2.8
Asset	**104.0**	106.2
Equity	**93.4**	92.8
Deferred tax liability	**1.1**	0.9
Current liabilities	**9.5**	12.6
Equity and liabilities	**104.0**	106.2
Net sales	**105.0**	112.4
Operating income and expenses	**-103.0**	-111.0
Operating result	**2.0**	1.4
Financial income and expenses	**-0.1**	-0.0
Taxes	**-0.3**	0.2
Profit / loss for the period	**1.6**	1.6

Breakdown of Sucros holdings in the consolidated financial statements

EUR million	1-12/2022	1-12/2021
Book value, 1 January	**19.6**	19.4
Profit / loss for the period	**0.5**	0.4
Dividends received	**-0.3**	-
Book value, 31 December	**19.8**	19.6

NOTE 15. OTHER NON - CURRENT FINANCIAL ASSETS

EUR million	31.12.2022	31.12.2021
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	31.12.2022	31.12.2021
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	31.12.2022	31.12.2021
Trade receivables	**6.6**	5.3
Receivables based on derivative instruments	**-**	0.2
Accrued income and deferred expenses	**0.6**	4.9
Other receivables	**0.2**	0.4
Trade receivables from associates	**0.2**	0.0
Total	**7.5**	10.8

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	31.12.2022	31.12.2021
Raw materials and consumables	**8.2**	15.2
Work in progress	**7.4**	6.8
Finished goods	**14.5**	48.8
Total	**30.1**	70.8

A write-down of EUR 0.1 (0.0) million in inventory value was booked to correspond the net realisation value.

NOTE 19. CASH AND CASH EQUIVALENTS

EUR million	31.12.2022	31.12.2021
Cash and cash equivalents	**14.8**	7.5
Total	**14.8**	7.5

NOTE 20. SHAREHOLDERS' EQUITY

EUR million	31.12.2022	31.12.2021
Number of shares	**6,317,576**	6,317,576
Otstanding shares	**6,239,908**	6,238,923
Number of own shares	**77,668**	78,653
Own shares' share of the company's share capital and voting rights	**1.2**	1.2
Acquisition cost of own shares	**-1.1**	-1.2
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.

Invested non-restricted equity capital

The invested non-restricted equity capital includes the share subscription price to the extent that it is not recognised in the share capital. The amount consists of the directed share issue related to the matching share plan carried out in 2021, in which a total of 8,000 shares were subscribed at the price of 13.91 euro per share.

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. At the end of the year the Group had 77,668 of it's own shares in possession. The acquisition cost of the own shares that are in the Group's possession totals EUR 1.1 million. The own shares represent 1.2% 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	2022	2021
Pension obligations 1 Jan.	**0.2**	0.2
Increases / decreases	**-0.0**	0.1
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 48 pensioners. Plans are administered in pension companies. Parent company's defined benefit obligation totals to EUR 1.2 (1.5) million and plan assets totals to EUR 1.0 (1.3) million. Net liability totals to EUR 0.2 (0.2) million.

EUR million	2022	2021
The amounts recognised in the balance sheet are determined as follows:		
Present value of funded obligations	**1.2**	1.6
Fair value of plan assets	**1.0**	1.3
Net liability (+) / asset (-)	**0.2**	0.2
Change in the defined benefit obligation		
Defined benefit obligation in the beginning of the year	**1.6**	1.7
Interest expenses	**0.0**	0.0
Actuarial gains (-) and losses (+)	**-0.2**	0.1
Benefits paid	**-0.2**	-0.2
Defined benefit obligation at the end of the year	**1.2**	1.6
Change in plan assets		
Plan assets in the beginning of the year	**1.3**	1.5
Interest income	**-0.2**	0.0
Contributions paid into the plans	**0.0**	0.0
Benefits paid	**-0.2**	-0.2
Plan assets at the end of the year	**1.0**	1.3
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

EUR million	2022	2021
The amounts recognised in equity		
Gains and losses from change of financial assumptions	**-0.2**	0.0
Experience gains and losses	**0.0**	0.0
Return on plan assets excluding interest	**0.2**	-0.0
Remeasurements of post employment benefit obligations	**0.0**	0.1
Significant actuarial assumptions		
Discount rate (%)	**3.8**	0.7
Pension growth rate (%)	**2.9**	2.4
Inflation (%)	**2.6**	2.1

	Pension liability	
Changes in the assumptions, sensitivity 2022	Increase %	Decline %
Discount rate, change 0,5%	**-2.9**	**3.1**
Pension payments growth rate, change 0.25 %	**1.4**	**-1.4**
Life expectancy, change 5%	**-2.7**	**2.9**

	Pension liability	
Changes in the assumptions, sensitivity 2021	Increase %	Decline %
Discount rate, change 0,5%	-3.4	3.7
Pension payments growth rate, change 0.25%	1.9	-1.8
Life expectancy, change 5%	3.0	-3.2

Sensitivity analysis relate to Apetit plc's benefit plan.

NOTE 22. SHARE-BASED PAYMENTS

Share - based incentive plans

The Board of Directors of Apetit Plc ("Apetit") has during year 2021 decided to establish a matching share plan 2021-2023 and a performance share plan 2021-2023, in which any bonus will be paid as a combination of Apetit Plc's shares and cash. At the start of the programs, the members of the Group Management Team are entitled to participate in the incentive schemes. The purpose of the cash element is to cover taxes and tax-like payments to the key personnel arising from the portion settled in shares.

Matching share plan

The matching share plan consists of the key personnel's own investment in the company's shares and the right to receive one additional share free of charge against each share acquired and held until the end of the vesting period ending March 15, 2023 as well as cash compoonent corresponding to the number of shares. In addition to the self-investment, the vesting is dependent on continuing employment. A maximum of 8,000 new or treasury shares and a cash payment equivalent to the value of shares can be given in the matching share plan.

Performance share plan

In the performance share plan, the potential vesting and amount of payment is depending Apetit Group's operating profit for the period from April 1, 2021 to March 31, 2023 and the person's continuing employment. If the set performance targets are achieved in full, the maximum amount of shares to be transferred under the plan is 10,478 new or treasury shares and a cash payment equivalent to the value of shares can be given in the matching share plan.

Annual remuneration of Apetit Plc 's Board members

The annual remuneration for Apetit Plc's Board members is a fixed amount in euros. From April 1, 2022, the remuneration will be paid entirely in cash. Until March 31, 2022, 40% of the remuneration was paid in Apetit Plc shares and 60% in cash. The number of shares to be paid was calculated based on the stock exchange price of the Apetit Plc share at the time of payment. The portion paid in shares was recognized as expense against equity and the cash portion against liability / cash account.

	Matching share plan 2021-2023	Performance share plan 2021-2023
Basic information of the plans		
Maximum number of shares granted, pcs	8,000	10,478
Grant date	12.5.2021	23.4.2021
Vesting period ends	15.3.2023	15.6.2023
Life time of the plan, years	1,8	2,1
Remaining life time at the balance sheet date, years	0,2	0,5
Employment condition	Yes	Yes
Requirement of own-purchase and holding of shares	Yes	No
Other non-market based performance conditions	No	Yes
Settlement method	50%/50% in shares/cash	50%/50% in shares/cash

	Matching share plan 2021-2023	Performance share plan 2021-2023
Valuation principles		
Share price at grant date, eur	13.91	14.15
Expected dividends per share during the vesting period, eur per share	1.00	1.50
Fair value in accordance with IFRS 2 at grant date, eur per share	12.91	12.65
Maximum value of the scheme at grant date, 1000 eur	207	265
Changes during the period, shares		
Amount outstanding at the beginning of the period	-	-
Granted during the period	8,000	10,478
Forfeited during the period	-3,600	-4,716
Outstanding at the end of the period	4,400	5,762
EUR 1,000		
Recognized as an expense against equity during the period	29	-
Recognized as an expense during the period, against liability	17	-
Total expense during the financial year	47	-
Debt balance at the end of reporting period	52	-

NOTE 23. INTEREST-BEARING LIABILITIES

EUR million	2022	2021
Non-current liabilities, interest-bearing		
Non-current lease liability, interest-bearing	**1.2**	1.8
Total	**1.2**	1.8

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

Current interest-bearing liabilities		
Commercial papers	**-**	28.0
Current loans from financial institutions, interest-bearing	**-**	1.1
Current lease liability, interest bearing	**0.9**	1.4
Total	**0.9**	30.5

Reconciliation Interest-bearing liabilities

EUR million	Commercial papers	Non-current loans from credit institutions	Current loans from credit institutions	Non-current lease liabilities	Current lease liabilities	Total
Interest-bearing liabilities 1.1.2022	**28.0**	**-**	**1.1**	**1.8**	**1.4**	**32.3**
Lease liabilities additions				**1.0**		**1.0**
Lease liabilities disposals				**-0.8**		**-0.8**
Cash flows	**-28.0**	**-**	**-1.1**	**-0.7**	**-0.5**	**-30.3**
Interest-bearing liabilities 31.12.2022	**-**	**-**	**-**	**1.2**	**0.9**	**2.1**

EUR million						
Interest-bearing liabilities 1.1.2021	15.0	0.5	1.5	3.4	1.3	21.7
Lease liabilities additions				1.1		1.1
Lease liabilities disposals				-1.2		-1.2
Cash flows	13.0	-0.5	-0.4	-1.5	0.1	10.7
Interest-bearing liabilities 31.12.2021	28.0	-	1.1	1.8	1.4	32.3

NOTE 24. TRADE PAYABLES AND OTHER LIABILITIES

EUR million	1-12/2022	1-12/2021
Non-current		
Non-current derivatives, interest-free	-	0.1
Total	-	0.1
Current		
Trade payables	**8.6**	21.9
Payables to associated companies	**1.0**	0.7
Payables based on derivative instruments, hedge accounting	**1.0**	1.1
Accrued expenses and deferred income	**6.5**	6.3
Other liabilities	**1.8**	1.0
Total	**18.9**	31.1

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 0.2 (0.2) million.

NOTE 25. 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 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 0.0 (28.0) million in commercial papers, EUR 0.0 (1.1) million in current loans from financial institutions and EUR 14.8 (7.5) 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 10.0 (10.5) 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 (-0.1) million and the equity by EUR 0.1 (-0.1) 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. Hedge accounting is mostly applied when hedging the raw material risk.

The most significant commodity risk of Oilseed products relate to rapeseed. The commodity risks of Grain Trade related to wheat, barley, oats and soy, and they have been exited along with the sale of the business. The business units have defined risk limits to stay inside. Quoted commodity futures and forward agreements 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 the gross nominal amount of commodity derivatives totalled to EUR 36.2 (75.7) 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.

From the beginning of the year 2022, the Group's finnish companies have entered a several years long fixed-price electricity purchase agreement. Electricity risk management is guided by a separate electricity procurement risk policy.

Sensitivity to commodity risk arising from financial instruments

EUR million	1-12/2022	1-12/2021
Derivative based commodity prices increase by 10%		
Affect on equity	**2.6**	0.5
Derivative based commodity prices decrease by 10%		
Affect on equity	**-2.6**	-0.5

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). The Group occasionally had significant dollar-denominated purchases from abroad in Grain trade (Discontinued operation).

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.

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

EUR million	Level 1	Level 2	Level 3	Total
Assets 2022				
Interest rate swaps, no hedge accounting	**-**	**0.0**	**-**	**0.0**
Assets 2021				
Currency derivatives, no hedge accounting	-	0.0	-	0.0
Commodity derivatives, hedge accounting	0.2	-	-	0.2
Liabilities 2022				
Commodity derivatives, hedge accounting	**-2.0**	**-**	**-**	**-2.0**
Liabilities 2021				
Currency derivatives, no hedge accounting	-	0.0		0.0
Commodity derivatives, hedge accounting	0.9	-	-	0.9
Interest rate swaps, no hedge accounting	-	-0.1	-	-0.1

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

Level 1 fair values are based on prices obtained from active markets.
Level 2 fair values are based on other input data and commonly accepted fair value models. The input data is based on observable market prices.
Level 3 fair values are mostly based on other input data that are not for the most part based on observable market prices, instead management estimates and commonly accepted fair value models.

Nominal values of derivative instruments

EUR million	1-12/2022	1-12/2021
Currency derivatives, no cash flow hedge accounting	**-**	1.5
Commodity derivatives, cash flow hedge accounting	**36.2**	75.7
Interest rate swaps, no cash flow hedge accounting	**10.0**	10.5

OTHER INFORMATION RELATED TO CASH FLOW HEDGE

The Group applies cash flow hedge accounting to commodity derivatives. Derivatives expire within one year. Profit and loss statement effects of cash flow hedges are materially netted against the opposing fair value change of the hedged item.

EUR million	1-12/2022	1-12/2021
Cash flow hedges recognised in equity	**-0.1**	-1.3
Taxes related to cash flow hedges booked in equity	**0.0**	0.3
Derivatives related to net sales	**-2.6**	-8.5
Derivatives related to purchases and other operating income and expense	**-4.2**	-0.4
Derivatives related to financial income and expenses	**-**	-0.1
Taxes related to cash flow hedges booked in profit and loss	**1.4**	1.8

2. Credit risk

Derivative financial instruments are only entered into with domestic and foreign counterparties 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	1-12/2022	1-12/2021
Not due	**7.3**	10.7
0 - 3 months past due	**0.2**	0.1
4 - 6 months past due	**-**	0.0
Over 6 months past due	**0.0**	0.0
Total	**7.5**	10.8

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. The long-term share of the limit is EUR 25.0 (25.0) million. The total amount of commercial papers issued were EUR 0.0 (28.0) 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 months	4–12 months	1–5 years	> 5 years
31.12.2022				
Lease liabilities	**-0.2**	**-0.7**	**-1.3**	-
Trade payables	**-9.6**	**-0.0**	-	-
Derivative liabilities	**-1.8**	**0.1**	-	-
Total	**-11.6**	**-0.6**	**-1.3**	-

EUR million	0–3 months	4–12 months	1–5 years	> 5 years
31.12.2021				
Loans from financial institutions and other loans	-28.6	-0.5	-	-
Lease liabilities	-0.4	-1.0	-1.7	-0.2
Trade payables	-22.5	-0.2	-	-
Derivative liabilities	-2.2	-0.1	-0.0	-
Total	-53.6	-1.8	-1.7	-0.2

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	1-12/2022	1-12/2021
Interest Bearing liabilities	**2.1**	32.3
Cash and cash equivalents	**14.8**	7.5
Interest bearing net liabilities	**-12.7**	24.8
Equity	**96.0**	93.3
Interest-bearing net debt and equity total	**83.3**	118.1
Net gearing	**-13.2%**	26.6%
Equity Ratio	**81.8%**	59.4%

NOTE 26. COLLATERAL, CONTINGENT LIABILITIES, CONTINGENT ASSETS AND OTHER COMMITMENTS

EUR million	1-12/2022	1-12/2021
Pledges given for debts		
Guarantees	**2.2**	2.2
Binding agreements not recognised in the balance sheet		
Within one year	**0.6**	1.5
After one year but not more than five years	**0.6**	2.9
Total	**1.3**	4.4

EUR million	1-12/2022	1-12/2021
Investment commitments		
Food Solutions	**2.1**	2.5
Oilseed products	**0.0**	0.5

OTHER CONTINGENT LIABILITIES

Liability to adjust value added tax on property investments

The Group is liable to adjust value added tax deductions on the 2013-2022 property investments, if the taxable use of the properties decreases. The maximum value of the liability is EUR 2.2 (2.0) million and the liability is valid until 2032.

NOTE 27. 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
Apetit Kasviöljy Oy	Finland	100.0	100.0
Apetit 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 company:			
Lännen Sokeri Oy	Finland	100.0	100.0

* 10% onwership of Apetit Kasviöljy Oy through Foison Oy.

** Company dissolved

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.

EUR 1,000	1-12/2022	1-12/2021
Supervisory Board		
Harri Eela, chairman of the Supervisory Board	**18**	19
Maisa Mikola, deputy chairman of the Supervisory Board	**14**	15
Other members of the Supervisory Board	**14**	14

The salaries, fees and fringe benefits of the members of the Board of Directors, the President and CEO and the other members of the Management Team were as follows on an accrual basis:

EUR 1,000	1-12/2022	1-12/2021
Board		
Simo Palokangas, chairman of the Board until 17 August 2021	**-**	32
Lasse Aho, member of the Board, chairman of the Board from 17 August 2021	**39**	35
Annikka Hurme, member of the Board	**21**	24
Kati Rajala, member of the Board from 12 August 2020 to 31 May 2021	**-**	16
Antti Korpiniemi, member of the Board	**20**	23
Niko Simula, member of the Board, deputy chairman of the Board from 17 August 2021	**25**	26
Kati Sulin, member of the Board from 17 August 2021	**21**	8
Management		
Esa Mäki, CEO	**337**	396
Corporate management, five members	**777**	939

The remuneration and incentive plans for management are made up of monetary remuneration, fringe and pension benefits, and performance-related compensation settled in cash and shares, 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 2022, 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 33 per cent of annual salary for other management.

The agreed retirement age for the CEO is 63 years.

Post–employment benefits

EUR 1,000	1-12/2022	1-12/2021
Amount recognized as an expense due to retirement benefit		
Esa Mäki, CEO	**34**	33

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	1-12/2022	1-12/2021
Sales to associated companies	**0.7**	0.5
Purchases from associated companies	**3.1**	3.2
Trade receivables and other receivables from associated companies	**0.2**	0.0
Trade payables and other liabilities to associated companies	**1.0**	0.8
Sales to other related parties	**0.0**	0.0
Purchases from other related parties	**0.3**	0.6
Liabilities to other related parties	**0.1**	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 28. CHANGES IN ACCOUNTING POLICIES

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

NOTE 29. 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	1-12/2022	1-12/2021
Other operating income	(1)	**409**	561
Personnel expenses	(2)	**-1,619**	-1,630
Depreciation, amortisation and impairment	(3)	**-291**	-275
Other operating expenses	(4)	**-721**	-784
Operating profit / loss		**-2,222**	-2,127
Financial income and expenses	(5)	**1,427**	1,526
Profit / loss before appropriations and taxes		**-795**	-601
Group contributions		**1,600**	0
Change in depreciation difference		**-0**	-24
Change in deferred tax assets	(6)	**-133**	190
Net profit / loss		**672**	-435

Parent company balance sheet, FAS

EUR 1,000	Note	31.12.2022	31.12.2021
ASSETS			
Long-term assets			
Intangible assets	(7)	**76**	102
Tangible assets	(8)	**3,159**	3,350
Investments in Group companies	(9,10)	**32,178**	32,178
Investments in associated companies	(9,10)	**12,158**	12,158
Other investments and receivables	(9,10)	**18**	16
Total long-term assets		**47,590**	47,804

EUR 1,000	Note	31.12.2022	31.12.2021
Short-term assets			
Long-term receivables	(11)	**11,286**	13,205
Deferred tax assets	(13)	**1,414**	1,547
Current receivables	(12)	**18,940**	54,575
Cash and cash equivalents		**10,777**	6,938
Total short-term assets		**42,417**	76,264
Total assets		**90,007**	124,068
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(14)		
Share capital		**12,635**	12,635
Share premium account		**23,391**	23,391
Invested non-restricted equity capital		**111**	111
Contingency reserve		**7,232**	7,232
Retained earnings		**41,916**	44,847
Profit / loss for the period		**672**	-435
Total equity		**85,957**	87,781
Appropriations		**35**	35
Liabilities	(15)		
Long-term non-interest-bearing liabilities		**647**	722
Current interest-bearing liabilities		**2,615**	34,679
Current non-interest-bearing liabilities		**753**	851
Total liabilities		**4,015**	36,252
Total equity and liabilities		**90,007**	124,068

Parent company statement of cash flows, FAS

EUR 1,000	1-12/2022	1-12/2021
Cash flow from operating activities		
Profit before extraordinary items	**-795**	-601
Adjustments *)	**-1,136**	-1,368
Change in working capital	**-**	-
Change in non-interest-bearing current receivables	**225**	-230
Change in non-interest-bearing current liabilities	**-98**	-123
Cash flow from operating activities before financial items and taxes	**-1,804**	-2,322
Interests paid	**-121**	-248
Interests received	**1,122**	1,462
Cash flow from operating activities (A)	**-803**	-1,108
Cash flow from investing activities		
Investments in tangible and intangible assets	**-77**	-899
Proceeds from sales of tangible and intangible assets	**-**	129
Investments in shares of subsidiaries	**-**	-8,000
Dividends received	**321**	201
Cash flow from investing activities (B)	**244**	-8,569

EUR 1,000	1-12/2022	1-12/2021
Cash flow before financing	**-559**	-9,677
Cash flow from financing activities		
Sale of own shares	**-**	111
Change in long-term loans	**-**	-964
Change in short-term loans	**-28,482**	13,000
Change in subsidiary financing	**42,396**	5,521
Change in group bank account	**-7,019**	-4,296
Dividends paid	**-2,496**	-3,118
Group contributions	**-**	5,550
Cash flow from financing activities (C)	**4,399**	15,804
Net increase/decrease in cash and cash equivalents (A+B+C)	**3,839**	6,128
Cash and cash equivalents at beginning of financial year	**6,938**	810
Cash and cash equivalents at end of financial year	**10,777**	6,938
*) Adjustments		
Depreciation, amortisation and impairment	**291**	275
Financial income and expenses	**-1,427**	-1,526
Gains and losses on sales of tangible and intangible assets	**-**	-117
Total	**-1,136**	-1,368

The group bank account is presented in the financing cash flow. The comparison period has been adjusted to match the presentation method.

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.

Other temporary differences arising from deferred tax liabilities and assets are presented on a net basis in the notes.

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 CEO has a voluntary defined contribution supplementary pension plan.

Notes to the Parent Company Financial Statements

1. OTHER OPERATING INCOME

EUR 1,000	1-12/2022	1-12/2021
Gains from sales of non-current assets	-	117
Rental income	**167**	143
Service fees	**142**	143
Other	**100**	158
Total	**409**	561

2. PERSONNEL EXPENSES AND AVERAGE NUMBER OF PERSONNEL

EUR 1,000	1-12/2022	1-12/2021
Personnel expenses		
Wages and salaries	**1,292**	1,336
Pension expenses	**229**	221
Other social security expenses	**97**	73
Total	**1,619**	1,630

Salaries, wages and benefits of the administrative bodies are presented in Note 27 of the Notes to the consolidated financial statements.

Personnel, FTE	**11**	12

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 years
Other buildings and constructions	5 or 10 years
Machinery and equipment	5 or 10 years

The basis for depreciation and amortisation have not changed.

EUR 1,000	1-12/2022	1-12/2021
Depreciation and amortisation according to plan		
Intangible rights	**4**	5
Other capitalised long-term expenses	**31**	31
Buildings and structure	**256**	215
Machinery and equipment	**0**	25
Total	**291**	275

4. OTHER OPERATING EXPENSES

EUR 1,000	1-12/2022	1-12/2021
Other operating expenses		
Rental expenses	**141**	24
Administrative expenses	**401**	514
Other operating expenses	**180**	245
Total	**721**	784
Audit fees		
Annual audit	**19**	70
Other services	**17**	11
Total	**36**	81

5. FINANCIAL INCOME AND EXPENSES

EUR 1,000	1-12/2022	1-12/2021
Dividend income		
From associated companies		
From associated company	**320**	200
From others	**1**	1
Total	**321**	201
Interest income from long-term investments		
From Group companies	**578**	557
Other interest and financial income		
From Group companies	**610**	899
Interest incomes from others	**19**	0
Other financial incomes from others	**20**	0
Total	**649**	899
Financial income, total	**1,548**	1,657
Interest expenses and other financial expenses		
To Group companies	**0**	-
Interest expenses to others	**53**	82
Other financial expenses to others	**68**	48
Total	**121**	131
Financial expenses total	**121**	131
Financial income and expenses, total	**1,427**	1,526

6. INCOME TAXES

EUR 1,000	1-12/2022	1-12/2021
Change in deferred tax assets	**-133**	190
Total	**-133**	190

7. LONG-TERM INTANGIBLE ASSETS

Intangible assets 2022

EUR 1,000	Intangible rights	Other capitilsed long-term expenses	Total
Acquisition cost 1 Jan.	**63**	**212**	**275**
Additions	**-**	**9**	**9**
Acquisition cost 31 Dec.	**63**	**221**	**284**
Accumulated amortisation 1 Jan.	**-48**	**-125**	**-173**
Amortisation for the period	**-4**	**-31**	**-35**
Accumulated amortisation 31 Dec.	**-52**	**-156**	**-208**
Book value 31 Dec. 2022	**11**	**66**	**76**

Intangible assets 2021

EUR 1,000	Intangible rights	Other capitilsed long-term expenses	Total
Acquisition cost 1 Jan.	139	284	423
Additions	-	6	6
Disposals	-76	-78	-154
Acquisition cost 31 Dec.	63	212	275
Accumulated amortisation 1 Jan.	-119	-172	-291
Disposals, accumulated amortisation	76	78	154
Amortisation for the period	-5	-31	-36
Accumulated amortisation 31 Dec.	-48	-125	-173
Book value 31 Dec. 2021	15	88	102

8. LONG-TERM TANGIBLE ASSETS

Tangible assets 2022

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	5,283	255	57	-	7,753
Additions	-	65	-	-	-	65
Disposals	-	-	-4	-	-	-4
Acquisition cost 31 Dec.	2,157	5,348	251	57	-	7,814
Accumulated depreciation 1 Jan.	-	-4,148	-255	-	-	-4,403
Disposals, accumulated depreciation	-	-	4	-	-	4
Depreciation for the period	-	-256	-0	-	-	-256
Accumulated depreciation 31 Dec.	-	-4,404	-251	-	-	-4,655
Book value 31 Dec. 2022	2,157	945	-	57	-	3,159

Tangible assets 2021

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	4 598	275	57	19	7 107
Additions	-	893	-	-	-	893
Disposals	-	-227	-20	-	-	-246
Transfers between items	-	19	-	-	-19	-
Acquisition cost 31 Dec.	2 157	5 283	255	57	-	7 753
Accumulated depreciation 1 Jan.	-	-4 148	-250	-	-	-4 398
Disposals, accumulated depreciation	-	214	20	-	-	234
Depreciation for the period	-	-215	-25	-	-	-239
Accumulated depreciation 31 Dec.	-	-4 148	-255	-	-	-4 403
Book value 31 Dec. 2021	2 157	1 135	0	57	-	3 350

Revaluation 2022

	Total
Revaluations are included in the carrying amount of land.	
Land and water areas 31 Dec. 2022	1,722

9. INVESTMENTS

Investments, other investments and receivables 2022

	Holdings in Group companies	Holdings in associated companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	**32,178,252,50**	**12,158,279,85**	**11,970,30**	**3,833,30**	**44,352,335,95**
Additions	**-**	**-**	**-**	**2,600,00**	**2,600,00**
Book value 31 Dec. 2022	**32,178,252,50**	**12,158,279,85**	**11,970,30**	**6,433,30**	**44,354,935,95**

Investments, other investments and receivables 2021

	Holdings in 'Group companies	Holdings in associated companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	24,178,252.50	12,158,279.85	11,970.30	3,833.30	36,352,335.95
Additions	8,000,000.00	-	-	-	8,000,000.00
Book value 31 Dec. 2021	32,178,252.50	12,158,279.85	11,970.30	3,833.30	44,352,335.95

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

	Domicile	Holding
Group companies		
Apetit Ruoka Oy	Säkylä	100
Apetit Kasviöljy Oy	Helsinki	100
Foison Oy	Helsinki	100
Lännen Sokeri Oy, non operative company	Säkylä	100
Associated companies		
Sucros Oy	Helsinki	20
Foodwest Oy	Seinäjoki	18

Other shares, holdings and long-term receivables

	Book value
Unquoted shares and holdings	11,970.30
Connection fees, long-term receivables	6,433.30
Total	18,403.60

11. LONG-TERM RECEIVABLES

EUR 1,000	31.12.2022	31.12.2021
Loans receivables from Group companies	**10,639**	12,592
Other receivables	**647**	613
Total	**11,286**	13,205

12. SHORT-TERM RECEIVABLES

	31.12.2022	31.12.2021
Accounts receivable	**11**	7
Amounts owed by the Group companies		
Accounts receivable	**631**	892
Loans receivable	**12,953**	53,396
Group bank account receivables	**3,437**	-
Group contribution receivables	**1,600**	-
Other receivables	**269**	239
Total	**18,890**	54,527
Amounts owed by the associated companies Accounts receivable		
Accounts receivable	**19**	16
Total	**19**	16
Other receivables from others		
Personnel expenses	**0**	0
Other	**20**	25
Total	**20**	25
Short-term receivables total	**18,940**	54,575

13. DEFERRED TAX ASSETS

EUR 1,000	31.12.2022	31.12.2021
Deferred tax assets, carry forward of unused tax losses	**1,414**	1,547

Deferred tax assets of TEUR -132 (190) have been recognised for the loss to be confirmed in 2022.

The net amount of the off-balance sheet deferred tax liability is TEUR 24.

14. CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	31.12.2022	31.12.2021
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
Invested non-restricted equity capital 1.1	**111**	
Invested non-restricted equity capital additions	**-**	111
Invested non-restricted equity capital 31.12	**111**	111
Retained earnings 1 Jan.	**44,847**	45,113
Transfer from previous year's profit	**-435**	2,852
Dividends paid	**-2,496**	-3,118
Retained earnings 31 Dec.	**41,916**	44,847
Profit / loss for the financial year	**672**	-435
Shareholders' equity 31 Dec.	**85,957**	87,781
Distributable funds		
Contingency reserve	**7,232**	7,232
Invested non-restricted equity capital	**111**	111
Retained earnings	**41,916**	44,847
Profit for the financial year	**672**	-435
Distributable funds 31 Dec.	**49,931**	51,756

15. LIABILITIES

EUR 1,000	31.12.2022	31.12.2021
Long-term liabilities		
Payables based on derivative instruments	-	109
Provisions for pensions	647	613
Total	647	722
Short-term liabilities		
Loans from financial institutions	-	482
Commercial papers	-	28,000
Trade payables	186	248
Total	186	28,730
Amounts owed to Group companies		
Other liabilities	61	61
Group account liabilities	2,615	6,197
Total	2,677	6,259
Amounts owed to associated companies		
Trade payables	24	26
Other liabilities		
Tax account payable	253	235
Accrued expenses and deferred income		
Personnel expenses	205	230
Accruals of expenses	22	51
Total	228	281
Long-term non-interest-bearing liabilities	647	722
Short-term liabilities, interest-bearing, total	2,615	34,679
Short-term liabilities, non-interest-bearing, total	753	851
Total	4,015	36,252

16. CONTINGENT LIABILITIES

EUR 1,000	31.12.2022	31.12.2021
Lease liabilities		
Falling due during the following year	167	197
Falling due at later date	330	-
Other lease liabilities		
Falling due during the following year	16	10
Falling due at later date	30	-
Other liabilities		
Guarantees	51	72
Contingent liabilities on behalf of the Group companies		
Guarantees	2,155	2,155
Liabilities total	2,749	2,434
Outstanding derivative instruments		
Nominal value of underlying instruments	10,000	10,482
Market value	44	-109

Other liabilities

The company is required to revise the value-added tax deductions carried out on the real estate investments finished in 2014 if the use of the property is decreased during the revision period. The maximum amount of the commitment is TEUR 231 and the final revision year is 2032.

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFITS

The parent company's distributable funds totalled EUR 49,931,349.93 on 31 December 2022, of which EUR 671,713.81 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 at Financial statement date	3,158,788.00
for the number of shares owned by outside the company	3,119,954.00

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. No dividend will be paid on the company's own shares.

SIGNATURES TO THE BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Säkylä 15 February 2023

Lasse Aho
Chairman

Annikka Hurme

Kati Sulin

Niko Simula

Antti Korpiniemi

Esa Mäki
CEO

An auditor's report has been issued today.

Säkylä 15 February 2023

Ernst & Young Oy
Authorised Public Accountants

Osmo Valovirta, KHT

Erika Grönlund, KHT

AUDITOR'S REPORT

(Translation of the Finnish original)

TO THE ANNUAL GENERAL MEETING OF APETIT OYJ

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Apetit Oyj (business identity code 0197395-5) for the year ended 31 December, 2022. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its 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 financial statements in Finland and comply with statutory requirements.

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

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 Financial Statements section of our report.

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.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 4. to the consolidated financial statements.

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

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.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Recognition *We refer to the Group's accounting policies and the note 2* The group's net sales consist mainly of the sales of frozen food as well as oil seed products and grain. The Group satisfies its agreed performance obligations and recognizes revenue when control over product is transferred to a customer. Timing of revenue recognition is considered as a key audit matter especially in grain trade business, where individual transactions are of significant size. This matter was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement in respect of revenue recognition included among others: • We assessed the appropriateness of the group's accounting policies over revenue recognition compared to IFRS standards. • We familiarized ourselves with the group's processes and controls over timing of revenue recognition. • We tested the correct timing of revenue recognition by using analytical procedures and transaction level testing. Our procedures included data analytics, obtaining external confirmations and transaction level testing before and after the balance sheet date as well as inspection of credit notes issued after the balance sheet date. • We considered the appropriateness of the group's disclosures in respect of revenues

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of shares in associated companies *We refer to Group's accounting policies and notes 13 and 14* As of balance sheet date December 31, 2022 shares in associated companies amounted to 20,1 M€ in the Group's balance sheet consisting mainly of ownership in Sucros group. The profitability of Sucros group has been weak during the past years, which may be an indication of impairment of the assets. The management has prepared an impairment test calculation based on the value in use of the Group's net investment in Sucros. The valuation of shares in associated companies was a key audit matter because the impairment testing imposes significant estimates and judgement.	We performed, among others, the following audit procedures: • We assessed the basis and appropriateness of the forecasts used, like projected profitability and discount rate. • We tested the mathematical accuracy of the calculation. • We involved our valuation specialists to assist us in evaluating the appropriateness and suitability of the methodologies used and in evaluating the assumptions used in relation to market and industry information.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of deferred tax assets *We refer to Group's accounting policies and note 11* At December 31, 2022 deferred tax assets amounted to 3,2 M€ in the Group's balance sheet. Deferred tax assets relate mainly to tax losses carries forward. Valuation of deferred tax asset was a key audit matter because when assessing the recoverability of deferred tax assets management prepares forecasts that involve significant assumptions and judgement.	We performed, among others, the following audit procedures: • We assessed the compliance of the group's accounting policies over the recording deferred tax assets with applicable IFRS standards. • We evaluated the management's forecasts regarding the recoverability of deferred tax assets, for example the projected profitability of the business. • We considered the appropriateness of the group's disclosures about the deferred tax assets.

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 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 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 on 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 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

INFORMATION ON OUR AUDIT ENGAGEMENT

We were first appointed as auditors by the Annual General Meeting on May 28, 2021 and our appointment represents a total period of uninterrupted engagement of two 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 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 and 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.

Säkylä 15.2.2023

Ernst & Young Oy
Authorized Public Accountant Firm

Osmo Valovirta	Erika Grönlund
Authorized Public Accountant	Authorized Public Accountant

STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board has today reviewed Apetit Plc's financial statements 2022 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 to be adopted and concurs with the proposal of the Board of Directors concerning the distribution of the profit funds.

The term of the following Supervisory Board members will end on the date of the Annual General Meeting: Jaakko Halkilahti, Maisa Mikola, Petri Rakkolainen, Olli Saaristo ja Mauno Ylinen.

28 February 2023

For the Supervisory Board

Harri Eela	Susanna Tevä
Chairman	Secretary of the meeting

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT OF APETIT PLC 2022

This Corporate Governance Statement of Apetit Plc has been drawn up in accordance with the Finnish Corporate Governance Code 2020 of the Securities Market Association. The Corporate Governance Statement has been considered by Apetit Plc's Board of Directors and is issued separately from the Board of Directors' report. The company's auditors have confirmed that the Corporate Governance Statement has been issued and that the description it contains of the main features of the internal control and risk management systems pertaining to the financial reporting process is consistent with the financial statements.

Apetit Plc complies with the Finnish Corporate Governance Code 2020 published by the Securities Market Association, which came into effect on 1 January 2020.

The company does not follow recommendation 5 concerning the election of the members of the Board 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

Lasse Aho, Annikka Hurme, Antti Korpiniemi, Kati Sulin and Niko Simula formed Apetit Plc's Board of Directors from 1 January 2022 to 31 December 2022.

At the meeting held on 5 May 2022, Apetit Plc's Supervisory Board decided to elect five members to Apetit Plc's Board of Directors. Lasse Aho, Annikka Hurme, Antti Korpiniemi, Niko Simula and Kati Sulin were elected as members of the Board of Directors. Apetit Plc's Supervisory Board elected Lasse Aho as the Chair of the Board of Directors.

Information of members of the Board of Directors

Lasse Aho, b. 1958, M.Sc. (Soc.), Finnish honorary title Vuorineuvos
Principal occupation: CEO, Olvi plc (-2022)
Member since 2015
Chairman since 17 August 2021
Share ownership 31 December 2022: 10,304 shares

Annikka Hurme, b. 1964, M.Sc.
Principal occupation: Valio Ltd, CEO
Member of the Board since 2017
Share ownership 31 December 2022: 3,736 shares

Antti Korpiniemi, b. 1961, M.Sc. (Agric.), eMBA
Principal occupation: Berner Ltd and Bröderna Berner AB Sweden, CEO
Member of the Board since 2020
Share ownership 31 December 2022: 1,093 shares

Niko Simula, b. 1966, L.L.M. with court training
Principal occupation: farmer
Member since 2015
Deputy Chairman of the Board since 17 August 2021
Share ownership 31 December 2022: 5,362 shares

Kati Sulin, b. 1974 MA
Principal occupation: Terveystalo Plc, SVP, Digital Business,
Member of the Board since 2021
Share ownership 31 December 2022: 369 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

The Board's rules of procedure

The rules of procedure of the Board of Directors are followed as stipulated in the Corporate Governance. More information on the Corporate Governance of Apetit Plc is available at Apetit Plc's web page apetit.fi/en/corporate-governance.

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
- monitors and evaluates the company's related-party transactions and decides on such related-party transactions that are not considered to be the company's regular business or are not carried out by conventional commercial terms
- 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 Code of Conduct and Operating policy, and supervises their implementation
- confirms the company's basic strategy and continuously monitors its validity
- defines the company's dividend policy and makes a proposal to the Annual general meeting on the amount of the dividend to be paid
- 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 and other business arrangements
- 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
- decides the remuneration systems for management and personnel
- 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 2022

The Apetit Plc Board of Directors convened 9 times in 2022. The meeting attendance rate of members was as follows:

Lasse Aho	100%
Annikka Hurme	100%
Antti Korpiniemi	100%
Niko Simula	100%
Kati Sulin	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 Niko Simula and the member of the Committee was Annikka Hurme. The Committee convened four times in 2022. 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 paid 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

The company has a Supervisory Board. In accordance with the Articles of Association, the Supervisory Board comprises a minimum of 14 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. In order to ensure that a third or a number closest to a third of the members' terms ends annually, new members' terms can exceptionally be limited to one or two years.

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 Meeting 2022, the number of members in the Supervisory Board has been 14.

Information of members of the Supervisory Board on 31 December 2022:

Harri Eela, b. 1960, wood-products industries technician
Cursor Oy, Senior advisor
Chairman of the Supervisory Board since 2014, member since 2012

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

Kirsi Ahlgren, b. 1975, agricultural entrepreneur, Bachelor of Natural Resources (Agric.)
Member since 2021

Nicolas Berner, b.1972, LL.B.
Member since 2021

Jaakko Halkilahti, b. 1967, farmer
Member since 2011

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

Tommi Mäkelä, b. 1971, investment manager
Member since 2022

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

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

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

Petri Rakkolainen, b. 1966, engineer, Managing Director, farmer
Member since 2014

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

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

Members appointed by the personnel:

Timo Hurme, b. 1959
Member since 2021

Antti Kaisla, b. 1985
Member since 2021
Deputy member Pirkka Mikkola

Miika Karilainen, b. 1982
Member since 2018
Deputy member Emma Äimänen

Susanna Uotila, b.1986
Member since 2021
Deputy member Marika Palmén

4. MEETINGS OF THE SUPERVISORY BOARD IN 2022

The Supervisory Board convened four times in 2022. The average attendance rate of members was 91%.

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 2022 the Nomination Committee convened two 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 2022

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

Maisa Mikola, b. 1971
M.Sc. (Agric.), farmer
Deputy Chairman of the Apetit Plc Supervisory Board

Lasse Aho, s. 1958, vuorineuvos, YTM
Apetit Oyj:n hallituksen puheenjohtaja 17.8.2021 alkaen.

Pekka Perälä, 1961, M.Sc.
CEO, Valio Pension Fund, Valion keskinäinen vakuutusyhtiö

Henrika Vikman, b. 1976, LL.M.
CEO, Nordea Investment Management

CEO

CEO since September 2019
Esa Mäki, b. 1966, M.Sc. (Agriculture and Forestry)
Share ownership 31 December 2022: 3,056 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:

Timo Huttunen, b. 1969, M. Sc. (Food Technology)
Director, Oilseed Products
Share ownership 31 December 2022: 1,000 shares

Ari Kulmala, b. 1967, MBA, Production Engineer
Production director
Share ownership 31 December 2022: 1,200 shares

Timo Partola, b. 1972, M.Sc (Econ.)
Commercial director
Share ownership 31 December 2022: 1,200 shares

Susanna Tevä, b. 1967, M. Sc. (Economics and Business Administration)
CFO
Share ownership 31 December 2022: 1,016 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. RELATED PARTY TRANSACTIONS

Apetit regularly identifies its related parties and monitors their business transactions through its ERP system and on the basis of related party communications. Apetit has not carried out any related party transactions that are material to the company and that differ from the ordinary course of business or ordinary market terms and conditions.

6. KEY PROCEDURES IN INSIDER ISSUES

The Company's insiders include i) managers subject to the disclosure obligation, ii) core persons and iii) project-specific insiders.

The Company maintains non-public registers of its managers subject to the disclosure obligation and their related parties as well as of the persons included in the insider register. The Company also maintains a non-public register of its project-specific insiders. The people entered into a project-specific insider register are notified of their inclusion and the related obligations in writing or by other verifiable means, such as email. Insiders must confirm receipt of the notification.

A person must submit a basic declaration to the keeper of the Company's insider register immediately after becoming a manager subject to the disclosure obligation. The basic declaration is provided using a form submitted by the Company. A manager who is subject to the disclosure obligation must submit a new declaration whenever changes occur in the circumstances declared on the form. The declaration of changes in circumstances must be provided without delay. Persons who are included in the Company's core persons on the basis of the information they receive from the Company are subject to an equivalent disclosure obligation.

7. INTERNAL AUDIT

The internal audit unit functions objectively and independently in support of the Board of Directors, the CEO and Group Administration, for the purpose of assessing and developing the level of internal control in the Group's different units by providing an independent and objective assessment and advisory service for risk management and monitoring processes within the organisation.

The internal audit is overseen by the Group's CFO based on the annual audit plan approved by the Group's Board of Directors. The internal audit is performed by an external service provider. In 2022, there were no actual internal audit engagements.

APETIT PLC'S REMUNERATION REPORT 2022

1. Introduction

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 2022. The Remuneration Report will be available on Apetit's website for a minimum of ten years.

Remuneration in the company is based on the Remuneration Policy that was handled by the Annual General Meeting of 2020. The Remuneration Policy is re-handled by the Annual General Meeting at least at the statutory intervals or more frequently, if necessary. 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.

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. Long-term share-based incentive schemes are included in the reporting in the year when the remuneration is irrevocably earned. Other than that, the figures are presented on an accrual basis.

Remuneration development, EUR 1,000	2022	2021	2020	2019	2018
Supervisory Board's annual, meeting and Committee remuneration	46	48	51	48	47
Board of Directors' annual, meeting and Committee remuneration	156	165	170	150	163
CEO's annual remuneration	371	350	395	1,039	757
Average annual salary per person	51	47	49	45	42
Group's operating profit (EUR million)	6.2	2.8	4.1	-3.4	-6.9

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. The members of the Supervisory Board were paid remuneration for their services as follows:

EUR 1,000	1-12/2022	1-12/2021
Harri Eela, Chair of the Supervisory Board	17	19
Maisa Mikola, Deputy Chair of the Supervisory Board	13	15
Other members of the Supervisory Board, total	16	14
Supervisory board, total	46	48

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 22,800 and the Chair and Deputy Chair will receive an annual remuneration of EUR 45,000 and EUR 27,600, respectively. Remuneration will be paid in cash in a monthly basis. In addition, the Chair of the Board is paid EUR 600 and Deputy Chairman of the Board and members of the Board of Directors are paid a meeting allowance of and EUR 400, respectively. Changes in the number of Board members and the number of meetings influence the development of the total remuneration amount of the Board of Directors. The Board of Directors were paid remuneration for their services as follows:

EUR 1,000	1-12/2022	1-12/2021
Simo Palokangas, Chair of the Board of Directors until 17 August 2021	0	32
Lasse Aho, The Deputy Chair of the Board of Directors, Chair of the Board since 17 August 2021	49	35
Niko Simula, member of the Board of Directors, The Deputy of the Board of Directors since 17 August 2021	31	26
Annikka Hurme, member of the Board of Directors	26	24
Antti Korpiniemi, member of the Board of Directors	25	23
Kati Rajala, member of the Board of Directors until 31 May 2021	0	16
Kati Sulin, member of the Board of Directors since 17 August 2021	25	8
The Board, total	156	165

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 short-time and long-time variable remuneration components (performance-related compensation). The performance indicator for the short-time annual performance-related compensation has been the Group's profitability. The maximum amount of the short-time performance-related compensation was 50 per cent of the annual salary and it will be paid in cash. Long-term incentive schemes are share-based schemes, in which remuneration, if any, is paid as a combination of shares and cash. The purpose of the cash contribution is to cover taxes and tax-like charges incurred to the remuneration recipient under the scheme. The amount of remuneration paid from share-based schemes depends on the achievement of the earning criteria. Currently, there are two different schemes in force: the bonus share scheme and the performance-based share remuneration scheme. In both schemes, one of the earning criteria is the continuous service contract at the time of payment of the remuneration. In the bonus share scheme, one of the criteria is the CEO's own investment in Apetit Plc's shares and, in the performance-based share remuneration scheme, the criteria include the development of Apetit Group's profitability. The earning periods of the schemes started in 2021 and will end in 2023. The Board of Directors has the right to unilaterally change the terms and conditions of variable incentive schemes for a weighty reason. The Board of Directors recommends that the shares purchased and received as remuneration must be held in possession for at least until the value of the shares held equals a minimum 50 per cent of the fixed gross annual salary. 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.

In the financial year 2022, the CEO was paid remuneration for his services as follows. Long-term share-based incentive schemes are included in the reporting as a separate item in the year when the remuneration is irrevocably earned. Other than that, the figures are presented on an accrual basis. When the performance criteria are fully met, the CEO may earn, from the share-based schemes granted in 2021, up to 5,000 shares as well as cash remuneration corresponding to the same number of shares.

Remuneration paid to the CEO, EUR 1,000	Fixed salary	Pension benefit amount recognised as expense	Short-term	Share-based payments	Total	Share of variable remuneration
Esa Mäki, CEO	337	34	0	0	371	0%

Information for shareholders

Annual General Meeting

Apetit Plc's Annual General Meeting will be held on Thursday 13 April 2023, beginning at 1:00 p.m. EEST.

Registration to the Annual General Meeting began at 1 March 2023 at 10:00 a.m. A shareholder registered in the shareholders' register of the company, who wishes to participate in the Annual General Meeting, must register for the Annual General Meeting no later than by 5 April 2023 at 4:00 p.m. EEST, by which time the registration must have been received by the company.

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 2022.

Financial reporting in 2023

Apetit Plc released its financial statements bulletin for 2022 on Thursday 16 February 2023 at 8.30 a.m. The annual report was published on the company's website in the week beginning 6 March 2023.

INTERIM REPORTS FOR 2023 WILL BE PUBLISHED AS FOLLOWS:

- Business Review for January–March:
  Tuesday 25 April 2023 at 8.30 a.m.
- Half year financial report for January–June:
  Thursday 17 August 2023 at 8.30 a.m.
- Business Review for January–September:
  Thursday 26 October 2023 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.

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