Apetit

YEAR 2017

Well-being FROM VEGETABLES

APETIT Number one IN VEGETABLES

NET SALES	OPERATIONAL EBIT	EARNINGS PER SHARE	INVESTMENT	PERSONNEL
314.0	1.3	0.46	5.2	557
EUR MILLION	EUR MILLION	EUR	EUR MILLION	AVERAGE

Apetit uses vegetables to make easy and delicious fresh and frozen products and convenience foods that promote well-being. We refine high-quality vegetable oils and produce rapeseed expellers for feeding stuff. In the grain trade, we bring together grain buyers, sellers, growers and industries, in Finland and internationally, by providing reliable long-term partnerships and expertise.

The vegetable trend continues to grow. Apetit leads the way in vegetable-based diets by reinventing itself and actively strengthening its resources in product development and in research and development. Recently, we have introduced a record number of new products, product categories, concepts and digital services, among the first companies in our field. More is to come: as a food company specialising in vegetables, we identified the global vegetable trend when it was emerging.

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

Apetit seeks to understand the impact of its operations on people, society and the environment as comprehensively as possible. In the food chain, our key sustainability themes include product safety and the traceability of food, sustainability management within the supply chain, environmental aspects, well-being at work, great nutrition and financial responsibility.

AIMING TO lead the way in VEGETABLE-BASED FOOD SOLUTIONS

PEOPLE ARE INCREASINGLY OPTING FOR VEGETABLES AND FOODS WITH A HIGH VEGETABLE CONTENT. AS WELL AS BEING HEALTHY AND TASTY, VEGETABLES ARE A SUSTAINABLE CHOICE. APETIT HAS MORE THAN 60 YEARS OF EXPERIENCE IN THE CONTRACT GROWING AND PROCESSING OF VEGETABLES. TODAY, WE ARE FOCUSING ON RENEWAL, INTERNATIONALISATION AND EFFICIENCY IMPROVEMENT IN ALL OF OUR BUSINESS OPERATIONS.

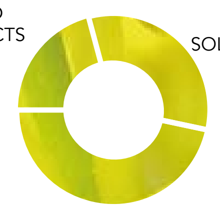
FOOD SOLUTIONS

Food Solutions comprises frozen vegetable and food products, frozen ready meals, ready-to-use fresh vegetables and service sales. Our aim is to become the leading brand in vegetable-based food solutions. Most of the vegetables we freeze are grown on the farms of our contract growers in the Satakunta region of Finland using our unique, responsible farming methods.

OILSEED PRODUCTS

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

Segments' shares of net sales



Seafood business is reported as a discontinued operations due to the sale completed on 31 October 2017.

GRAIN TRADE

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

CONTENT

Apetit's year	4
CEO's review	6
Strategy	8
Operational environment	9
Apetit's value creation model	10
Business operations	11
Corporate responsibility	12
Product	14
Planet	22
People	26
Profit	29
GRI	31
Financial Statements 2017	36
Corporate Governance	89

Dear reader,

Apetit's Report 2017 is an interactive pdf. The contents list and header's navigation contains links to the page, where information is located. The different features are explained below

← → **Previous/Next page**

↑ **Return to the Contents**

APETIT'S year

MORE VEGAN PRODUCTS

Apetit expanded into a new product category by introducing Kasvisjauhis products, which are fully vegan vegetable mince products. The product family consists of vegetable patties and balls made from pea protein. The products are fully plant-based, easy-to-use protein-rich foods that turn vegetables into a delicious main course.

BOXES OF VEGETABLES BY HOME DELIVERY

Apetit launched the Kasvimaani.fi online store, which delivers boxes of seasonal vegetables directly to customers' front doors. On the website, customers can also follow the cultivation of their vegetables during domestic growing season and get to know the growers.

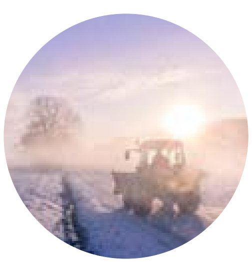
Vegetable trend GOES TO ICE CREAM FREEZERS

BY INTRODUCING VEGEPOPS, APETIT BROUGHT THE VEGETABLE TREND TO THE ICE CREAM SECTION. VEGEPOPS IS NOT ICE CREAM OR AN ICE POP – IT'S A DELICACY THAT COMBINES TASTY AND COLOURFUL, RESPONSIBLY GROWN ROOT VEGETABLES FROM APETIT'S CONTRACT GROWERS WITH FRUIT AND BERRIES. THE FLAVOURS INCLUDE CARROT AND MANGO, BEETROOT AND STRAWBERRY, AND YELLOW CARROT AND PINEAPPLE.

100% FINNISH

Apetit launched rapeseed oil milled from 100% Finnish rapeseeds. The Apetit rapeseed oil naturally contains large quantities of essential fatty acids and the antioxidant vitamin E. The product's fresh and neutral flavour makes it ideal for food preparation and baking. New flavours were added to the Neito product family of vegetable oils with the introduction of oils seasoned with strawberry, chili and roasted onion.

A GROWER'S YEAR



JANUARY–MARCH For Apetit, the beginning of the year is about planning the next harvest season. Crops and prices are discussed with growers, and agreements are signed for the forthcoming harvest season.

For growers, winter means planning, placing orders for fertilisers and growth regulators, repairing and maintaining machines and bookkeeping.

APRIL–MAY Preparations for sowing began. Apetit delivers seeds to its contract growers and schedules the sowing. Timing is important, particularly for peas, to ensure timely harvesting. Sowing begins during May.

FOCUS TO THE CORE OF THE BUSINESS

The divestment of Apetit's fish processing business operations to Insula AS in Finland, Sweden and Norway was completed on 31 October 2017. The divestment supports Apetit's strategy to specialise and lead the way in vegetable-based food solutions.

AVENAKAUPPA RENEWED

The Oilseed Products and Grain Trade businesses launched Avenakauppa, a new and modern online marketplace for Finnish growers. The service enables growers to monitor prices and sell grains and oilseeds. They can also submit a quote to Avena on grain and oilseed batches.

AVENAKAUPPA.FI

EXPORTING FROZEN VEGETABLE FOODS

Apetit's exports grew significantly from the previous year, particularly those of frozen foods. In December, Apetit announced that it would start exporting to Russia and deliver various frozen products to the frozen food sections in the St Petersburg region.

INVESTMENTS IN *organic food*

APETIT BELIEVES THAT THE POPULARITY OF ORGANIC FOOD WILL CONTINUE TO GROW, SO THE COMPANY HAS ESTABLISHED A STRATEGIC DEVELOPMENT PROGRAMME. THROUGH ITS PROGRAMME, APETIT IS SEEKING TO FURTHER DEVELOP ORGANIC CULTIVATION METHODS AND TAKE ORGANIC FARMING TO A NEW LEVEL BY MAKING THE TRANSITION EASIER. TO FURTHER DEVELOP ORGANIC FARMING, APETIT'S EXPERIMENTAL FARM IN KÖYLIÖ WILL STUDY AND DEVELOP ORGANIC CULTIVATION AS PART OF THE COMPANY'S RESPONSIBLE FARMING PRACTICES. AFTER THE LATEST HARVEST SEASON, ORGANIC PRODUCTS SOLD IN STORES INCLUDED FROZEN SPINACH AND PEAS, FOR EXAMPLE.

The basis price FOR GROWERS

AVENA NORDIC GRAIN, WHICH IS RESPONSIBLE FOR THE OILSEED PRODUCTS AND GRAIN TRADE BUSINESSES, BECAME THE FIRST COMPANY IN FINLAND TO INTRODUCE A CONTRACT OPTION FOR GROWERS THAT ENABLES THEM TO TIE THE BASIS PRICE OF THEIR GRAIN OR OILSEED BATCH AND PRICE THE CONTRACT IN ACCORDANCE WITH WHEAT OR OILSEED FUTURES.

JUNE–SEPTEMBER Summer is the harvest season. Spinach is harvested first, around midsummer. The busiest time begins after mid-July, if not sooner, when the harvest season for peas begins. Root vegetables are harvested after mid-August. Spinach is harvested again in September.

OCTOBER–DECEMBER The harvest season usually ends late in the year, when potatoes are harvested. Just in time for Christmas, as they say in Säkylä. Negotiations with growers start again at the beginning of the new year.

ON THE VERGE OF a new era

EATING TRENDS AND THE WORLD OF FOOD HAVE CHANGED GREATLY OVER THE PAST FEW YEARS. MANY PREVIOUSLY MARGINAL PHENOMENA AND WAYS OF THINKING HAVE BECOME MAINSTREAM. THE INCREASING POPULARITY OF VEGETABLE-BASED DIETS IS EVIDENT IN FINLAND AND GLOBALLY. VEGETARIAN FOOD, FLEXITARIANISM, VEGAN FOODS, HARVEST SEASON FOOD, ORGANIC PRODUCTION AND MANY OTHER RARELY DISCUSSED THEMES HAVE BECOME TOPICS OF DAILY CONVERSATION. IT IS NOT AN EXAGGERATION TO SAY THAT NEARLY ALL EATING TRENDS ARE CURRENTLY SUPPORTING APETIT AND ITS CHOSEN STRATEGY.

In 2017, Apetit established its position as number one in vegetables. We continued our work in all areas to lead the way and strengthen our position as a pioneer of vegetable-based food solutions, particularly in the Finnish market. This has required a great deal of work, as well as bold, carefully planned strategic choices, in addition to letting go of old patterns. The measures we implemented in the strategy period started in 2016 are beginning to produce visible results.

RENEWAL IS CRUCIAL

The Finnish food industry is on the verge of a new era. Even though Finns continue to greatly appreciate Finnish food and brands, the entire sector must ensure renewal. Apetit seeks to renew more rapidly than the market and lead the way in vegetable-based diets. We have strengthened our product development, research and development resources and are creating a new agile corporate culture of rapid renewal across the organisation. We have been among the first companies to introduce new products, product groups and concepts, and have already been proven to be number one in vegetables. This change is taking place not only in Finland, but also internationally. Our goal is to significantly increase the international sales of our food solutions.

FROM A SIDE DISH TO THE MAIN COURSE

Apetit has assumed an active role in renewing its industry. We are turning vegetables from a side dish into the main course. In 2017, we introduced more new product groups and products than ever before. Our fully vegan vegetable mince patties and balls, popsicle-like Vegepops fruit and vegetable products, Apetit rapeseed oil and Kasvimaani online service have either renewed their product groups or created an entirely new category. At the beginning of 2017, we started a two-year research and development project to create a new type of rapeseed protein ingredient for vegetable foods. The project is supported by Business Finland, formerly known as the Finnish Funding Agency for Technology and Innovation (Tekes). If the project is successful, it will enable the more versatile use of rapeseed.

GROWTH FROM NEW PRODUCTS IN FOOD SOLUTIONS

In 2017, the Finnish economy improved on the previous year. Sales in the retail sector developed favourably, and the decrease in the professional food service sector stopped for the first time in a long while. I am pleased that our Food Solutions business succeeded in growing more rapidly than the market, driven by new products. The sales of the frozen foods group increased for the second consecutive year, after having decreased slightly for several years. The sales volumes of fresh products resumed growth as well, but their profitability did not meet expectations. We will continue our systematic work to further improve profitability in 2018.

In Oilseed Products, we made good progress towards our goal of higher added value in 2017. The sales of vegetable oil products with higher added value increased in both the domestic and export markets. In Finland, we introduced Apetit vegetable oil in 2017, and its sales developed favourably, as it was immediately included in a large number of retail stores' selections.

In Grain Trade, our delivery volumes were smaller than in the previous year, and profitability was burdened by the second consecutive weak crop season in our areas of supply. However, global grain stocks are at a historically high level, meaning ample supply in the grain markets. Over the long term, our success is supported by the fact that our hard work has made us a trusted partner to the sellers and buyers of grains, as well as a grain markets expert. This is particularly significant in our home markets in Finland.

The successful work to improve the efficiency of working capital management continued in 2017. The Group's working capital tied up in operations decreased by EUR 22.5 million during the financial year. As a result of the more efficient management of working capital and the divestment of the seafood business, the Group was debt-free at the end of the year.

In 2017, Apetit estalished its position as number one in vegetables

CONTINUED INTEREST IN SUSTAINABILITY

Despite new and constantly changing eating trends, sustainability continues to interest consumers from generation to generation. Traceability, ethicality and Finnish origin are decisive criteria for many consumers when making purchasing decisions. For this reason, we work hard to ensure that all of our products and services deliver on our promise of sustainability. Our contract growers enable us to ensure that we use fully traceable Finnish vegetable raw materials of a uniquely high quality in our frozen products. We also apply high quality and sustainability standards to the raw materials we purchase from outside Finland.

The excellence of Finnish vegetables requires continuous development work away from the field. We study the changing cultivation methods of field vegetables on our experimental farm and transfer our expertise to our growers. Our customers' expectations are also developing and changing, and we seek to meet them proactively. In summer 2017, we started an organic food programme to significantly increase the proportion of organic products of our offering over the coming years. We have already introduced our first Finnish organic products for the retail sector and the professional food service sector this harvest season. Alongside continues development in cultivation, we will increase research and development work related to organic products on our experimental farm, and will make our knowledge of new cultivation methods available to our contract growers. In doing so, we ensure the availability of high-quality vegetables, including also organic raw materials, for our products and support the competitiveness of Finnish primary production.

NEW OWNER FOR OUR SEAFOOD BUSINESS

At the end of June, we announced that we would sell our seafood business in Finland, Norway and Sweden to Insula AS in Norway. The transaction was completed at the end of October. We will focus our resources more strongly on our core operations. The competitiveness of our seafood business improved considerably as a result of the development measures we implemented in 2016 and 2017. The Apetit Group's Seafood business was transferred to a new owner who specialises in fish and shellfish and is strongly committed to business development.

THANK YOU!

In 2017, we continued to implement our strategy by investing in renewal, stronger sales and efficiency in all of our operations. Our investment in product development has significantly strengthened our brand as the leader in vegetable-based food solutions among all of our stakeholders and particularly among consumers. I expect the favourable development to continue in 2018, with the Group's profitability improving. I would like to take this opportunity to thank everyone at Apetit, as well as our customers, shareholders, contract growers and other partners, for their trust and cooperation in 2017.

Juha Vanhainen
CEO

MISSION
WE CREATE WELL-BEING WITH VEGETABLES

VISION
WE LEAD THE WAY IN VEGETABLE-BASED FOOD SOLUTIONS

STRATEGY 2016–2018

FOOD SOLUTIONS

FOCUS AREAS:

- Resuming growth in net sales from frozen foods through the renewal of products and the brand image
- Strong growth in the sales of fresh products through Tuorekset and other new products
- Developing digital service concepts to strengthen the customer experience and create new growth

MEASURES:

Apetit has introduced new products and concepts for the frozen foods category and has expanded into new product groups while also further improving its brand image.

The sales of Tuorekset, previously launched ready-to-use fresh vegetables, have improved strongly. The Tuorekset product family has also been expanded into new vegetable and fruit mixes. In addition, the sales of other fresh products have increased strongly in the retail trade and the professional food service sector.

In summer 2017, Apetit introduced its first digital service, Kasvimaani.fi, which enables consumers to order vegetables directly to their door.

OILSEED PRODUCTS

FOCUS AREAS:

- Higher added value oilseed products to supplement the current production process
- Research-based innovations related to the properties of rapeseed raw material and vegetable oils through in-depth research and development work

MEASURES:

Apetit launched new vegetable oils under the Apetit brand to supplement the previously introduced Neito rapeseed oils. The proportion of packaged and special products has continued to increase and reached 33 per cent of net sales in 2017.

The research and development project related to the processing potential of rapeseed continued during the review period. The project aims to develop a new vegetable protein ingredient from rapeseed. If the project is successful, it will enable the more versatile use of rapeseed. Business Finland (previously Tekes) has agreed to support the project during the 2017–2018 period.

GRAIN TRADE

FOCUS AREAS:

- A significant increase in procurement and the development of logistics in the Baltic countries to increase trading volumes
- A stronger customer focus through partnerships and the expansion of current cooperation

MEASURES:

The trading volumes in the Baltic countries have increased according to plan. With the construction of a port warehouse laboratory in Muuga in Estonia, along with other investment projects, the company has a stronger foothold in the Baltic market.

The revamped Avenakauppa.fi, a modern digital service for Finnish growers, was opened in late 2017. In addition to monitoring prices, the service enables its users to sell grain and oilseed and submit quotes for batches. In conjunction with this, the basis pricing method was introduced to Finnish growers. It enables growers to tie the basis price of a grain batch and price a contract in accordance with grain futures quotes.

VALUES

RESPONSIBLE OPERATIONS

- Customers, consumers and growers can trust our word.
- Quality and safety guide all of our decisions: we produce pure, tasty, sustainable food.
- We take responsibility for people, equality, the environment and our work.

BOLD RENEWAL

- We want to stay one step ahead.
- We boldly renew our operations and thinking.
- We invest in the continuous development of our professional skills.

SUCCESS THROUGH COOPERATION

- We are proud of our expertise, results and profitability as a team.
- Together, we will become number one in vegetables.
- We are goal-oriented, encourage one another and create a culture of success together.

APETIT ANTICIPATES trends in the world OF FOOD

Consumers want to increase their use of vegetables. The demand for vegetable proteins and organic products is growing strongly. Healthiness, sustainability and well-being are also continuing to grow as trends. In addition, consumers appreciate ease of use in their hectic lives.

Apetit's products, services and operations combine well-being, good taste, ease of use, transparency and high ethical and ecological principles with a high degree of Finnish origin – which is why they are in line with many trends affecting the food industry. Apetit works to produce delicious food solutions that make daily life easier and increase the use of vegetables. Recently, Apetit has introduced new products at a record pace to complement more traditional products, and the company has also expanded into new product categories.

All vegetables produced by Apetit are grown in accordance with the company's responsible farming practices. Pesticides are only used according to need, and the vegetables can be traced all the way back to the field where they were grown and the grower can be identified.

Apetit is further developing its responsible farming practices on its experimental farm.

The company is carrying out a research and development project related to the processing potential of rapeseed. The goal is to develop a new vegetable protein ingredient to enable the more versatile use of rapeseed.

Apetit is investing in improving the availability of organic products in cooperation with growers. In autumn 2017, Apetit started an extensive development programme to strongly increase the supply of organic food products with a high vegetable content, as consumers' interest in organic products is increasing rapidly. Through its programme, Apetit is seeking to further develop organic cultivation methods and take organic farming to a new level by making the transition easier.

Apetit is actively developing new digital food and service solutions. The company is participating in Digital Food Services, an innovation project coordinated by Business Finland, to create new types of services related to food and eating for consumers of the future who appreciate well-being, ease and sustainability in their daily lives.

56%
WOULD LIKE TO INCREASE THEIR USE OF VEGETABLES

84%
FEEL THAT FINNISH ORIGIN OF VEGETABLES IS VERY IMPORTANT OR QUITE IMPORTANT

MANY INTEND TO INCREASE THEIR USE OF VEGETABLES – FINNISH ORIGIN IS APPRECIATED

In 2017, Apetit studied Finns' consumption of vegetables in cooperation with IROResearch. The use of vegetables is increasing markedly: 31 per cent of respondents had increased their consumption of vegetables, and 56 per cent would like to further increase their use of vegetables.

Vegetables are also eaten instead of meat: 47 per cent of respondents had used vegetables to replace meat to some degree or to a high degree. Young people aged 15–24 stand out in this respect: 24 per cent of them have used vegetables to replace their consumption of meat to a high degree.

The Finnish origin of vegetables is important for Finns: 84 per cent of respondents felt that Finnish origin was a very important or quite an important criterion when making purchase decisions, and 87 per cent prefer Finnish vegetables when their price and availability are the same as those of foreign vegetables.

HOW WE CREATE VALUE

RESOURCES AND INVESTMENTS

Raw materials and materials
Vegetables, oilseed plants, grain, packing materials

Production
4 production facilities

Natural resources
Energy, water

Personnel
557 skilled workers

Investments
EUR 5.2 million

Financing
Total equity and net debts combined EUR 154.7 million

PRODUCED VALUE

Customers
Sales proceeds and the share of profit of the associated companies EUR 367.2 million

Personnel
Wages and remunerations EUR 23.4 million

Growers and partners
Raw materials, items and services combined EUR 316.1 million

Owners and investors
Dividends EUR 4.9 million and financing costs EUR 0.2 million

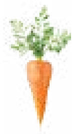
Society
EUR 5.6 million

PRIMARY PRODUCTION Each year, around 100 Finnish contract growers provide Apetit with more than 33 million kilos of pure, responsibly grown vegetables: potatoes, carrots, peas, swedes, spinach, celery, parsnip, leeks and beetroot. We use around 90 per cent of the annual production of rapeseed in Finland for our oilseed products.

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

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

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

	 FOOD SOLUTIONS	 OILSEED PRODUCTS	 GRAIN TRADE
BUSINESS DESCRIPTION	• Food Solutions business comprises frozen vegetable products, frozen ready meals, ready-to-use fresh vegetables and service sales • Customers: consumers, the professional food service sector and the food industry • Main market area: Finland	• Oilseed Products business is Finland's most significant producer of vegetable oils and oilseed-based raw materials for feeds • Customers: consumers, the professional food service sector, the food industry and the feed industry • Main market area: Finland	• The Grain Trade business is active in the trading of grains, oilseeds, pulses and raw materials for feeds • Main areas of supply: Finland and the Baltic countries. Global grain trade
FOCUS AREAS 2016–2018	• Resuming growth in net sales of frozen foods through the renewal of products and the brand image • Strong growth in the sales of fresh products through Tuorekset and other new products • Developing digital service concepts to strengthen the customer experience and create new growth	• Higher added value oilseed products to supplement the current production process • Research-based innovations related to the properties of rapeseed raw material and vegetable oils through in-depth research and development work	• A significant increase in procurement and the development of logistics in the Baltic countries to increase trading volumes • Stronger customer focus through partnerships and the expansion of current cooperation
STRENGTHS	• Strong cooperation with primary production through contract growers • The leading brand in vegetable-based food solutions • The increasing popularity of foods with a high vegetable content offers growth opportunities • Product launches, expansion into new product groups	• Finland's leading trader in grains, oilseeds and raw material for feeds, and a manufacturer and supplier of vegetable oils and expeller meal • Only a fraction of the benefits of rapeseed have been tapped into: our research and development operations focus on creating new products that are rich in antioxidants and protein	• The Grain Trade business has multifaceted expertise • Operations in multiple markets: EU, Finland, other countries • A reliable, long-term partner for growers: helps growers, as well as sellers and buyers of grains, to find the best options
KEY EVENTS IN 2017	• Product launches: vegan vegetable mince patties and balls • Vegepops, a popsicle-like fruit and vegetable product • Kasvimaani.fi online service • Start of an organic food programme • Important developments in exports: start of exports of frozen foods to the St Petersburg area, Arctic peas to Italy	• Launch of Apetit rapeseed oil and flavoured Neito oils • A research and development project related to the processing potential of rapeseed, aiming to develop a new vegetable-protein ingredient	• Revamped Avenakauppa online service for Finnish growers: in addition to monitoring prices, the service enables its users to sell grain and oilseed batches and submit quotes
SUSTAINABILITY	• Responsible farming practices: quality, product safety and environmental management • Organic food programme: increased investment in research and development, strengthening the competitiveness of Finnish primary production • Nutrition commitments: vegetable-based food solutions that support nutrition recommendations	• Our production of vegetable oils is based on a minimal processing method that uses 99.9 per cent of the rapeseed • This pure and natural method is chemical-free • Long-term cooperation with growers to increase the production of rapeseed in Finland	• Working to be the best and most reliable partner for growers: Avena is committed to further developing cultivation and the value chain in Finland • In international trade, we operate in accordance with established trading practices

In cooperation WITH OUR STAKEHOLDERS

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

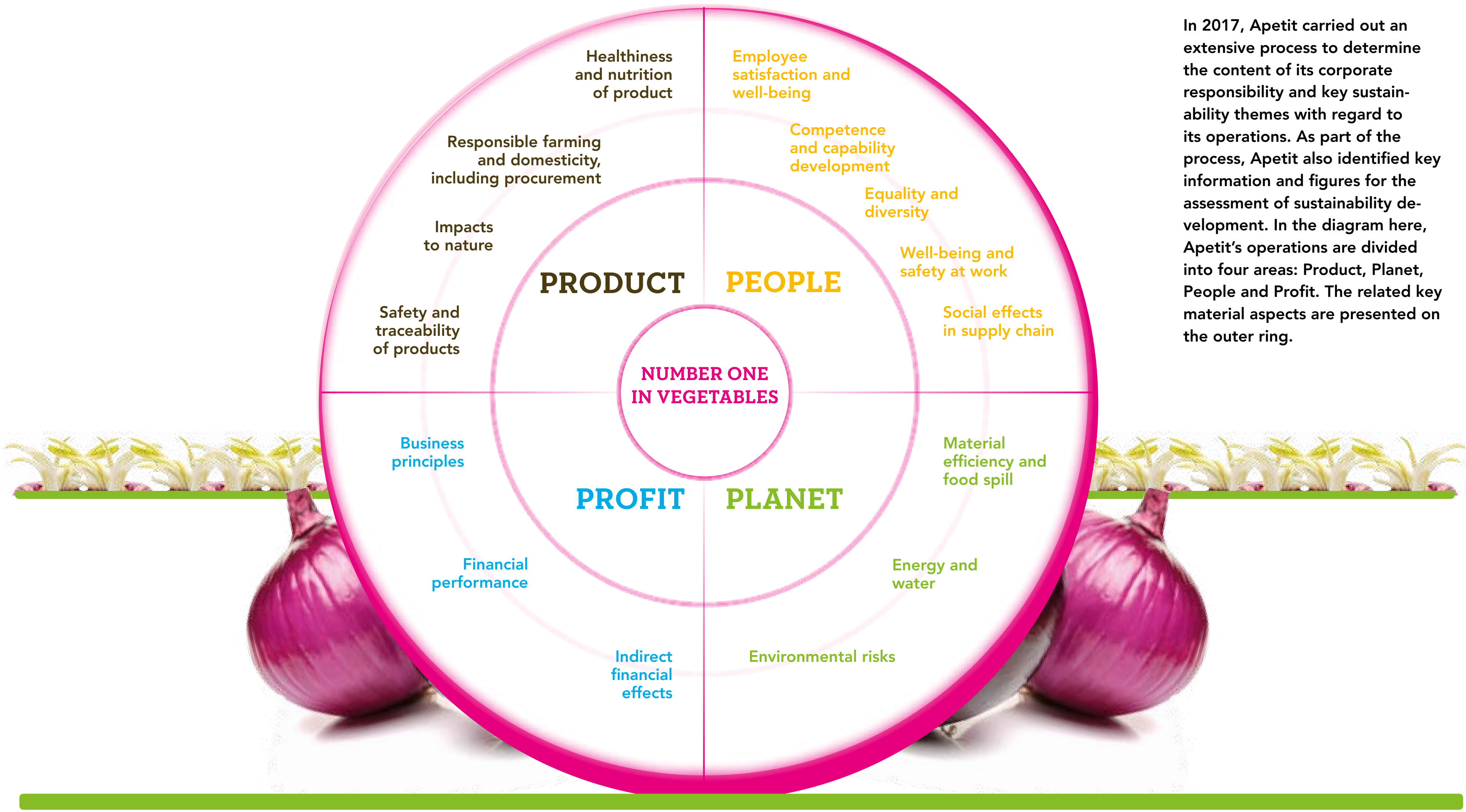
Apetit seeks to treat all of its stakeholders equally. Continuous interaction with stakeholders, as well as an attentiveness to their needs and wishes, is one of the cornerstones of the company's sustainable operations.

Apetit seeks to understand the impact of its operations on people, society and the environment as comprehensively as possible. In 2017, Apetit carried out an extensive process to determine the content of its corporate responsibility. In cooperation with its key stakeholders, Apetit determined the material aspects of its corporate responsibility for the systematic collection of key figures and information to continuously develop sustainable operations.

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

CUSTOMERS	PERSONNEL	FARMERS	OWNERS	PARTNERS	MEDIA	SOCIETY
Retail, hotel, restaurant and catering sector, food industry Consumers	557 employees in four production facilities, in eight offices in Finland and in subsidiaries in Russia, Lithuania, Estonia, Kazakhstan and in Ukraine	Contract growers for vegetables Oilseed plant growers Growers and producers of grain and feedstuff	Over 11,000 owners, of which approximately 50 per cent domestic households	Suppliers and service providers Investors	Domestic and foreign medias Social media	Public authorities, educational institutes, research facilities, organizations, local communities

MATERIAL THEMES OF CORPORATE RESPONSIBILITY



In 2017, Apetit carried out an extensive process to determine the content of its corporate responsibility and key sustainability themes with regard to its operations. As part of the process, Apetit also identified key information and figures for the assessment of sustainability development. In the diagram here, Apetit's operations are divided into four areas: Product, Planet, People and Profit. The related key material aspects are presented on the outer ring.

NUTRITIOUS, *healthy &* SAFE

VEGETABLES AND VEGETABLE OILS ARE AN IMPORTANT PART OF A HEALTHY DIET. GOOD FOOD IS MADE FROM CAREFULLY SELECTED, SUSTAINABLY PRODUCED RAW MATERIALS AND THEIR HYGIENIC PREPARATION AND PROCESSING THAT IS LIMITED ONLY TO THE NECESSARY PHASES. THIS ENSURES THAT THE NATURAL NUTRIENT DENSITY OF THESE RAW MATERIALS – FROZEN PRODUCTS, FRESH PRODUCTS OR VEGETABLE OILS – REMAINS HIGH ALL THE WAY TO THE PLATE.

Apetit develops its products in line with general nutritional recommendations, and the company monitors and makes use of reliable studies and nutritional information published by research institutes in its field. Apetit has made a nutrition commitment in seven content areas determined by the Finnish Food Safety Authority. The purpose of the commitment is to improve the nutritional quality of Finnish diets and support sustainable food choices.

In addition to increasing the consumption of vegetables, the commitment seeks to make Finnish diets healthier by reducing the consumption of salt and sugar and increasing the supply of healthy snacks.

The commitment also seeks to improve the quality of the fats consumed by Finns. Vegetable-based oils are an integral part of a healthy diet, as they contain soft and unsaturated fats. Rapeseed oil contains omega-6 and omega-3 fatty acids.

NUTRITION COMMITMENT

Commitments for developing product range by 2020. Comparison to level of product range in end of 2017.

A CAREFULLY MAINTAINED PRODUCTION AND DISTRIBUTION CHAIN

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

The production chain for Finnish frozen products, fresh products and vegetable oils is monitored closely from beginning to end, all the way from the field to the table. This ensures that the qualities of the raw materials and products, such as the temperature, meet the process requirements and that the end products

WITHDRAWALS, pcs	2017	2016
Fresh products	**2****	0
Frozen food products	**1****	1**
Service sales	**0**	0
Oilseed products	**0**	1***
Seafood	**2***	1*
Apetit combined	**5**	3

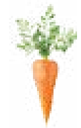
Includes both public and instore withdrawals

Reasons for withdrawals:
2017 *Incorrect expiration date, incorrect label
**Allergen risk in product
2016 *Incorrect expiration date
**Incorrect product contents
*** Allergen risk in product due to incorrect label

meet strict quality requirements. The quality of the production process is monitored actively in every stage to prevent defective products from being supplied to customers.

Accurate labelling on packaging is also an essential part of product safety. Information about raw materials and their countries of origin is provided clearly on the labelling in accordance with the EU Food Information Regulation. Apetit's food production plants in Säkylä, Kivikko and Pudasjärvi have food safety systems certified in accordance with the FSSC 22 000 standard, and the system in Kantvik is certified in accordance with ISO 22 000.

FOOD SOLUTIONS:



The Food Solutions business produces frozen vegetables, frozen ready meals and ready-to-use vegetable and fruit products, in addition to engaging in service sales. Frozen foods are marketed under the Apetit brand, mainly to the retail trade and food industry companies, as well as the hotel, restaurant and catering sector. Frozen vegetables and frozen ready meals are produced in Säkylä and frozen pizzas in Pudasjärvi. Fresh products are sold primarily to the professional food service sector and industry and also to the retail trade. Fresh products are manufactured in Kivikko in Helsinki. In addition to its own brands, Apetit manufactures products for private labels. As well as supplying frozen foods and fresh products, Apetit runs services sales operations for a number of S Group stores.

MORE *vegetables* ON THE PLATE

The popularity of vegetables is growing strongly in Finland. Apetit seeks to further promote the consumption of vegetables by developing tasty, healthy and easy-to-use products made from sustainably grown raw materials. The company adjusts its range of products according to customers' needs, and it also invests in the development of entirely new food solutions and services to improve the availability of healthy foods and make their preparation easier.

In 2017, Apetit introduced a number of new products, such as frozen and fresh Apetit Kasvisjauhis vegetable patties, balls and nuggets. The Tuorekset product family expanded into fruit snacks, and the range of snack products was also supplemented by Apetit Vegepops, a popsicle-like fruit and vegetable product. The first organic frozen products – spinach, peas, a potato and chopped vegetable mix for soups, and a potato and onion mix – were introduced under the Apetit Kotimainen brand in autumn 2017. In addition, Apetit introduced the Kasvimaani.fi online store, which enables customers to have fresh vegetables delivered directly to their door. The company's new products, particularly the Kasvisjauhis vegetable patties and balls, were well received in the market.

The demand for organic food is increasing rapidly in Finland, and organic food products

COVERAGE OF STANDARDS IN APETIT GROUP
Green color=Standard is covered. Orange color=Standard not included

	ISO 9001 (2015)	ISO 14001 (2015)	FSSC 22000 (versio 3)	ISO 17025 (2005)
Säkylä (frozen vegetables and food)				
Pudasjärvi (frozen pizzas)				
Kivikko (fresh products)				
Kalasatama (sales, marketing, R&D)				
Kantvik (oilseed products)	(2008)		not FSSC	

ORGANIC FROZEN FOODS, SHARE OF TOTAL SALES, per cent

	2017	2016
Frozen foods	**0.2**	0.0

FROZEN ORGANIC VEGETABLES (KG)

	2017	2016
Frozen foods	**159,580**	0

Domesticity of raw materials, per cent	2017	2016
Fresh products	**39**	43
Frozen foods	**79**	82
Oilseed products	**56**	57
Fish	**5**	10

MAKING USE OF FISH-STOCK MANAGEMENT

Apetit promotes sustainable food choices by increasing its number of products based on fish-stock management. Its range of products already includes Järvikalapihvit, fish cakes made from common roach and small perch. The fish is caught from Lake Pyhäjärvi as part of fish-stock management, and the fish cakes are made in Apetit's frozen ready meals factory in Säkylä, located by Lake Pyhäjärvi.

The large number of common roach and small perch has accelerated the eutrophication of Lake Pyhäjärvi for a long time. Both species feed on plankton, which control the nutrient load in the lake. Reduced plankton increases the number of algae in particular.

As part of fish-stock management, local fishers have caught inferior fish from Lake Pyhäjärvi to control eutrophication and maintain a healthy fish-stock structure. Previously, this inferior fish was fed to animals on fur farms or was taken to landfill sites, as there was no value chain for making use of the fish as a food product.

This changed when a project of the Pyhäjärvi Institute brought two companies together: product development at Apetit Ruoka and the Säkylä-based Kolvaan Kala. The common roach and small perch caught as part of fish-stock management are processed into a fish mass for fish cakes.

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

FINNISH VEGETABLES FROM CONTRACT GROWERS

Apetit is Finland's largest procurer of contract-grown field vegetables. Most of its vegetables come from its around 100 contract growers. Through its long-term cooperation with its contract growers, Apetit ensures the availability of high-quality Finnish field vegetables to be used as raw materials, and it knows and manages the entire production chain. The contract growers apply jointly agreed principles and methods to ensure the high quality of end products, responsible farming practices and full traceability. Their farms are located near the Säkylä production plant, which keeps the time from field to production short, in addition to keeping transportation emissions low and costs reasonable.

The contract growers are provided with variety-specific training with regard to general farming principles, cultivation instructions and the management of quality, product safety and environmental aspects. These include the choice of varieties, soil surveys and the monitoring of growth, to name just a few examples. Apetit's experts monitor the cultivation conditions and methods, as well as plant protection and harvesting measures. Plant protection measures are only implemented according to need, and all measures are documented.

Apetit cooperates closely with growers over the long term. Many contract growers have cooperated with Apetit for decades and over generations. Contract growers are highly committed and motivated to continuously develop their operations in line with common goals.

ACTIVE DEVELOPMENT

Apetit and the growers develop cultivation methods and share expertise in close cooperation. In 2015, the Pyhäjärvi Institute started a project focusing on changing cultivation methods. The project seeks to find alternatives to chemicals in plant protection, in addition to further developing organic farming and making use of the newest technologies in cultivation. Chemicals are usually more cost-effective than other plant protection methods; however, many growers are willing to invest in more sustainable methods, such as mechanical prevention.

During 2017, contract growers supplied around 21,9 million kilos of potatoes, carrots, yellow carrots, peas, swedes, spinach, celery, parsnip, leeks and beetroot to Apetit. The weather was challenging in many ways during the harvest season in 2017. It remained cool throughout the growing season. The end of the growing season was marked by exceptionally heavy rain, which delayed and hindered the harvesting of grains, oilseeds and root vegetables. The carrot crop, for example, was significantly smaller than in the previous year.

RESPONSIBLE PROCUREMENT

Apetit is committed to promoting Finnish primary production because of its safety, purity and high quality. For this reason, the company mainly purchases vegetables from its contract growers and other Finnish producers. In addition, delivery times and delivery reliability often call for local or regional purchases. The degree of Finnish origin in 2017 was 78 per cent for frozen vegetable products and 39 per cent for fresh products. The degree is depending on the season and the availability of Finnish vegetables.

Because of the growing conditions, it is not possible to produce all raw materials in Finland. Such raw materials include maize and sweet peppers, for example, in addition to many spices. They are purchased from long-term contract suppliers mainly located in the European Union. The quality requirements for such raw materials are as strict as those for vegetables grown in Finland. Apetit seeks to centralise these purchases within the European Union, where consistent regulation and monitoring ensure high quality, among other factors. Procurement always takes place in accordance with responsible processes and guidelines. Raw materials grown in Finland can be traced all the way back to the field section.

HIGH-QUALITY FINNISH FOOD

RECEIVING THE HARVEST
- Inspection of documented cultivation procedures
- Harvest quality and volumes are recorded
- Each batch is issued with its own specific code
- Growers are paid in accordance with their contract terms

DEVELOPMENT WORK ON THE EXPERIMENTAL FARM
- Methods that support sustainable cultivation ecosystems
- Varieties suitable for outdoor growing in Finland
- Cooperation with growers, educational institutions and research institutes

APETIT RESPONSIBLE FARMING

CUSTOMER

PACKAGING

PRODUCTION

DELIVERING TO APETIT

HARVESTING

NEGOTIATIONS AND TRAINING

Apetit´s agricultural research at Räpi experimental farm

Apetit´s cultivation experts continuously provide training and advisory services

AGREEMENT

RESPONSIBLE FARMING
Varieties are grown and measures are implemented specific to each field section

PLANT-SPECIFIC CULTIVATION INSTRUCTIONS

PRINCIPLES
Quality, environment, cleanliness, safety

Demand for raw material in harvest season ⟷ Cultivated plants and quantities

Inquiry of willingness to grow

Apetit

100 CONTRACT GROWERS, most of are located within a radius of 100km from Säkylä.

GROWER-SPECIFIC BATCH CODES ensure the full traceability of vegetables all the way back to the farm

GROWERS ENTER THE FOLLOWING SECTION-SPECIFIC
- **Fertility analysis**
- **Cultivation history** (preceding crops and crop rotation)
- **Cultivation measures:** liming, fertilisation, sowing (date), variety, plant protection measures, etc.

HISTORICAL INFORMATION FROM THE CONTRACT GROWER DATA SYSTEM IS USED TO FURTHER DEVELOP CULTIVATION

Soil information
- Previously cultivated varieties
- Previous cultivation measures
- Previous years' results

VIRE: CONTRACT GROWER DATA SYSTEM

Healthy VEGETABLE OILS FROM FINLAND

OILSEED PRODUCTS

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

Avena refines high-quality vegetable oils and raw materials for feeds and seeks to increase the proportion of packaged products and special products in its total production. Its best-known consumer products are the Apetit and Neito rapeseed oils. In terms of volume, however, the company sells most of its vegetable oil products to the professional food service sector and the food industry.

A production process of vegetable oils is based on a minimal processing method that uses 99.9 per cent of the rapeseed to produce oil and rapeseed expellers. This pure and natural method is chemical-free. Through gentle heating, all of the valuable components – such as antioxidants, sterols and vitamins – are extracted more effectively than in cold pressing. The protein ingredient created in the refining process is one of the most significant domestic sources of vegetable-based protein for farm animal feed.

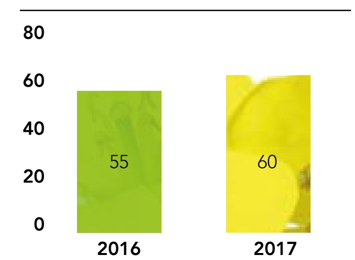
Avena uses around 90 per cent of the rapeseed grown in Finland in its oil milling plant in Kirkkonummi. The plant's annual need for rapeseed is nearly 1.5 times higher than the harvest in Finland. For this reason, Avena is systematically seeking to increase rapeseed production in Finland in cooperation with growers and other operators over the long term. In 2017, Avena carried out a survey of growers about their successes, challenges and cultivation practices. Growers were actively informed about the cultivation of oilseeds and related topics during the growing season.

AIMING FOR HIGHER ADDED VALUE

Avena has Finland's best expertise in oilseeds. In the future, the company aims to strengthen research and product development in vegetable oils and create more added value for oilseed products. Research and development operations focus on creating new products that are rich in protein.

In 2017, the company started an extensive project to develop a more advanced vegetable-based protein from rapeseed. The project is supported by the Finnish Funding Agency for Technology and Innovation, now known as Business Finland. If the project is successful, it will enable the more versatile use of rapeseed.

Planting area of oilseed (turnip mustard and rapeseed)
thousand hectare



Customer-focused GRAIN TRADE

GRAIN TRADE

Avena Nordic Grain is responsible for Apetit's Grain Trade business. The company operates actively in the market for grains, oilseeds and raw materials for feeds. Avena is an internationally significant marketer of Finnish grains. Its principal location is in the Kalasatama region of Helsinki, but it also operates in Vaasa, Pori, Salo, Kouvola, Hämeenlinna, Loimaa, Kirkkonummi and Porvoo. In addition, it has locations in Estonia, Latvia, Lithuania, Russia, Kazakhstan and Ukraine.

Avena works to be the best and most reliable partner for growers and the food and feed industries. The company has a significant market share in Finland, but it also operates actively in the Baltic countries, exporting grains to third countries. As a strong international, highly networked operator, Avena has the ability to find the best options for buyers and sellers alike.

For its grower customers, Avena offers a wide selection of digital tools, in addition to real-time market information and personal expert services. The Avenakauppa.fi online service for growers was revamped during 2017 and now features new tools. Through the website, growers can check purchase prices, sell grains and oilseeds or submit quotes on grain batches.

Avena offers growers several contract options for selling grains and oilseeds. A new option, the basis contract, was introduced in Finland in November 2017. It involves a more market-based pricing method, with growers being able to monitor the development of the international market prices of grains and oilseeds and price them far into the future.

FROM FINLAND AND ABROAD

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

Avena aims to increase its market share in the grain and oilseed trade, particularly in Finland and the Baltic countries. Operations in the market for grain and oilseed raw materials require a high level of professional skills and market insight, in addition to the ability to respond rapidly to changing market

REVAMPING THE AVENA-KAUPPA.FI ONLINE SERVICE AND LAUNCHING BASIS PRICING TO GROWERS IN FINLAND

Avena opened its revamped Avenakauppa.fi website for Finnish growers in late 2017. Its registered users are able to view basis prices for wheat and oilseeds, for example, for various delivery periods and locations, along with other purchase prices by delivery location and period. They can also sell grains and oilseeds to Avena through the site and submit a quote on a grain or oilseed batch.

NEW WAYS TO TRADE IN GRAINS AND OILSEEDS

The basis contract brings new, more multifaceted ways to trade in grains and oilseeds, in addition to a more market-based approach to the pricing of wheat and oilseed contracts. Using this method, the grower can tie the basis price of their wheat or oilseed batch and price the contract in accordance with wheat and rapeseed futures quotes provided by Euronext Paris (Matif). With farm sizes growing in Finland, there will probably be an increasing need for new pricing methods, even in terms of risk management.

BASIS CONTRACTS:

- **"Basis" refers to the difference between the purchase price and futures price quote at a specific time for a specific delivery location.**
- **The grower chooses a delivery location and period for a batch of wheat or oilseeds and ties the basis price. The contract will be priced at a time chosen by the grower, in accordance with the wheat or rapeseed futures price quote at that time.**
- **Through a basis contract, the grower ties their selling price to a specific future contract. However, they will not trade in futures on the stock exchange, as Avena will trade on their behalf.**

A FOUNDATION FOR *continuous environmental* IMPROVEMENT

FOOD PRODUCTION HAS ENVIRONMENTAL EFFECTS IN ALL STAGES OF THE VALUE CHAIN, FROM THE PRODUCTION AND PROCESSING OF RAW MATERIALS TO DISTRIBUTION, STORAGE AND CONSUMPTION.

The key environmental aspects of Apetit's operations include material efficiency and the consumption of energy and water. The most significant indirect effects arise from the cultivation of vegetables, grains and oilseeds and from food waste and transportation. Apetit is committed to the principles of sustainable development and has determined an operating policy and a Code of Conduct for the Group. Environmental management is based on environmental legislation, current environmental permits and, for frozen and fresh products, on an environmental system certified in accordance with the ISO 14 001 standard, excluding the production of frozen pizzas in Pudasjärvi.

Some of Apetit's production operations require an environmental permit. The production plants in Säkylä, Kivikko and Kantvik have environmental management systems, with targets and indicators for environmental effects. Apetit seeks to cooperate closely and openly with the authorities and other stakeholders. No environmental accidents took place in Apetit's production operations in 2017.

In 2017, Apetit invested strongly in determining material corporate responsibility themes, setting goals and creating metrics. An extensive stakeholder survey, operational assessments and a materiality analysis lay the foundation for continuous improvement with regard to environmental aspects. Environmental considerations are an important part of Apetit's corporate responsibility, and the goal is to introduce a more active and proactive approach to environmental responsibility in the near future.

EXPERIMENTAL FARM

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

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

One of the field sections on the experimental farm is dedicated to organic cultivation. During a two-year transition period, several varieties will be grown in the section to maintain good soil quality. In the future, the experimental farm will develop organic cultivation methods to enable industrial-scale organic cultivation.

ENERGY CONSUMPTION, MWH PER PRODUCED TON	2017	2016
Fresh products	**1.0**	1.0
Frozen vegetables and foods	**1.0**	0.9
Frozen pizzas	**1.5**	1.4
Oilseed products	**0.3**	0.3
Fish	**1.7**	1.4
Apetit total, average	**0.5**	0.4

EFFICIENT USE OF ENERGY

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

Apetit is committed to complying with the national energy efficiency action plan and improving its energy efficiency by 7.5 per cent from 2017 to 2025. The related measures are reported annually, and energy efficiency is monitored by production plant. In 2017, Apetit's total energy consumption was 74,863 MWh, or 0.5 per tonne produced.

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

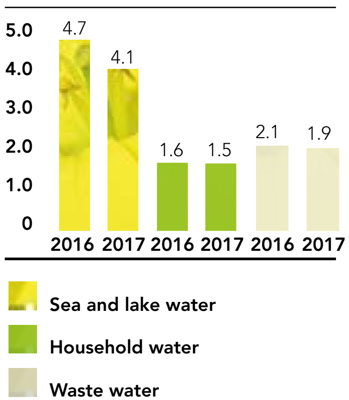
APETIT RUNS A WASTEWATER TREATMENT PLANT IN SÄKYLÄ

Water plays an important role in Apetit's production process. Water is used to purify raw materials, in production processes and for cleaning production facilities and equipment. Of Apetit's production plants, Säkylä and Kivikko consume the largest amount of water, as they use water to wash vegetables. In 2017, 1.5m^3 of water was consumed per tonne of finished product. Water consumption has increased slightly, mainly because of some changes in products, as water consumption grows with the degree of processing. The company seeks to reduce its need for water through measures and investments that enable the quality or hygiene level of products to remain unchanged.

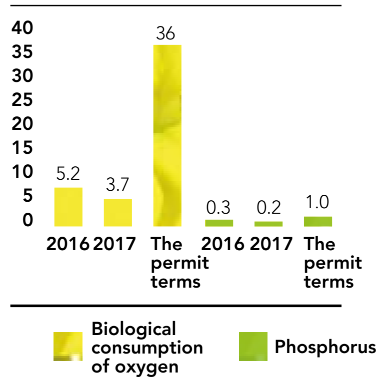
Of the water used by the Säkylä production plant, around 70 per cent is household water from municipal waterworks, and the rest is taken from Lake Pyhäjärvi. Lake water is used to wash vegetables and cool compressors. The use of lake water requires a permit and is monitored closely.

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

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



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



EMISSIONS TO WATER. SÄKYLÄ mg/l	2017	2016	The permit terms
Cleaned waste water m³	**676,998**	759,453	
Biological consumption of oxygen	**5.6**	10.6	30.0
Phosphorus	**0.2**	0.4	0.8
Nitrogen	**11.3**	13.4	15.0
Ammonium-nitrogen	**6.1**	1.6	5.0
Solids	**14.9**	24.9	35.0

In 2017, the wastewater treatment plant processed 676,998 cubic metres of water (2016: 759,453 m³). The amount and quality of wastewater are monitored continuously and reported to the authorities on a monthly basis.

AIMING FOR HIGH MATERIAL EFFICIENCY

Each year, Apetit processes around 30 million kilos of vegetables in Säkylä. The company mainly purchases this raw material from its contract growers in the Satakunta region. Through its choice of varieties, timing of harvesting and selection of harvesting methods, Apetit seeks to ensure the high quality of vegetables purchased for production and thereby reduce production side streams – that is, waste. In addition to the vegetables acquired from contract growers, Apetit purchases raw materials from other growers in Finland and abroad. The high quality of raw materials is the most important aspect of ensuring material efficiency.

Vegetables and fruit are washed, peeled, chopped and processed in many ways in Apetit's production operations. Peel, as well as vegetables or parts of vegetables removed through quality assurance, are composted or used to produce animal feed. The production process is continuously improved by means of new methods and equipment, for example, to increase operational efficiency, ensure high quality and reduce waste. Apetit is also participating in a project to investigate the use of biowaste in ways other than composting at the Säkylä production plant.

Food waste – that is, food or raw materials ending up as waste – is an ecological and economic problem. The food industry, retail trade, food service sector and households in Finland are estimated to generate 335–460 million kilos of waste annually, or 62–86 kilos of waste per capita. Food causes around one-third of the environmental impact generated by households.

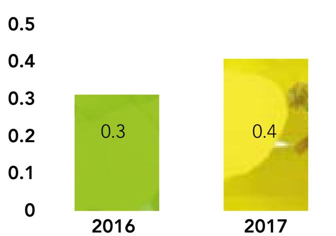
Reducing food waste is one way to decrease the environmental impact of the food product chain. The environmental impact of food waste is markedly more significant than that of packaging production and waste management, for example. Freezing large amounts at a time and carefully maintaining the cold chain also make the food product chain more efficient and reduce waste. Apetit seeks to make effective use of raw materials and minimise food waste in its own production and other parts of the chain.

PACKAGING PLAYS AN IMPORTANT ROLE

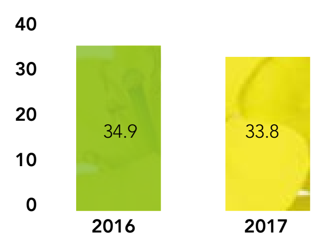
Apetit seeks to reduce the environmental footprint of households by providing healthy products that make daily life easier, such as ready-to-use fresh vegetables and fruit mixes packaged for a diverse range of uses. Apetit has also developed a packaging solution that keeps vegetables fresh by means of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

Packaging plays an important role in reducing waste, and packaging materials are studied carefully during the packaging design process with regard to size, logistics and consumers' needs. Apetit uses various packaging materials, such as paperboard and plastic. The company seeks to choose recyclable Finnish materials with the smallest environmental impact. With regard to transport and product display, reusable boxes and containers are preferred for products for the professional food service sector, for example. Apetit reports the amounts of packaging material it puts out into the market in accordance with the EU Packaging Directive and pays recovery fees for the organisation of material recycling.

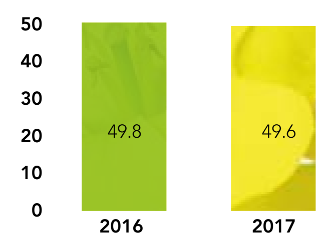
Refuse dump waste, kilos per produced ton



Organic waste, kilos per produced ton

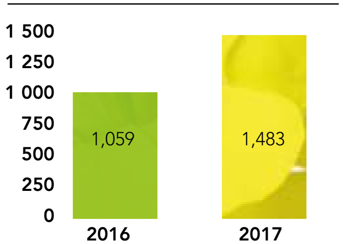


Utilisation waste, kilos per produced ton

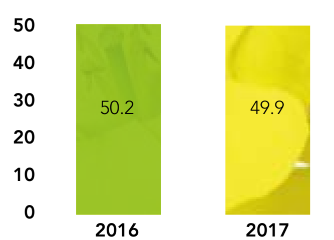


Including organic waste, incinerated waste and recyclable waste

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



Waste combined, kilos per produced ton



PACKAGING MATERIALS, KILOS PER PRODUCED TON	2017	2016
Paper fibers	**11.7**	8.6
Plastics	**12.8**	15.1
Metals	**5.7**	0.0
Glass	**0.4**	0.4
Wood	**19.0**	16.8
Packaging materials combined	**49.6**	40.8

RESPONSIBILITY, RENEWAL & AND shared success

CORPORATE SOCIAL RESPONSIBILITY AT APETIT IS BASED ON A COMMON OPERATING POLICY AND ON SHARED VALUES: RESPONSIBLE OPERATIONS, BOLD RENEWAL AND SUCCESS THROUGH COOPERATION. APETIT ENSURES THE FAIR AND EQUAL TREATMENT OF EMPLOYEES BY OPERATING IN LINE WITH THE PRINCIPLES OF ITS EQUALITY PLAN.

At Apetit, the personnel strategy is part of the business strategy, and development measures related to employees are always closely connected to business development and the strategic focuses. Apetit's personnel strategy focuses on further improving its employer image, creating a safe and encouraging work atmosphere and enabling a corporate culture that also allows for bold experiments, in addition to inspiring and goal-oriented leadership and competence development.

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

Apetit's new values – responsible operations, bold renewal and success through cooperation – were determined during a joint process that started in summer 2017. The themes that arose from the value discussion reflect aspects included in the day-to-day work at Apetit: responsibility towards customers, other people and the environment; a desire for renewal and for investing in professional skills; and succeeding together in a culture that offers equal opportunities for all.

Apetit had 642 employees at the end of 2017. Its average number of personnel was 557.

DEVELOPING EXPERTISE

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

The Suunta training programme continued in 2017. Its goal is to strengthen supervisors' managerial and interaction skills, harmonise management styles and practices and support supervisors in change management. All Group supervisors take part in the training. Apprenticeship training towards the Basic Qualification and Vocational Qualification in Process Industry began in Säkylä, and supervisors were provided with training related to their new role in Kivikko. Service sales operations were reorganised, including new job descriptions with new competence requirements. Induction and other training are ongoing for the new roles. Officials are covered by development discussions. In 2017 100 per cent of development discussions were held.

ENSURING WELL-BEING AT WORK

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

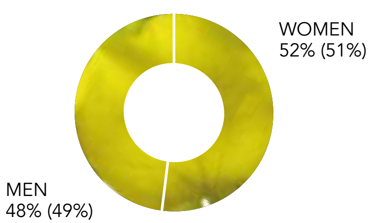
The most recent survey was carried out in early 2017. Its results were discussed in all Group functions in spring 2017, and the development needs of each function and the Group as a whole were determined in the process. In the survey, the highest scores were given for physical well-being, the work atmosphere, social support and supervisory work. At the Group level, the key development needs were communication, change management and physical well-being, including exercise opportunities and other activities that promote working capacity.

In health management, the company introduced personal health surveys for all employees and increased cooperation between supervisors, the occupational health service and the insurance company with regard to problems related to working capacity, as well as providing additional training for supervisors on discussions and further measures related to active support. All Apetit's employees are covered by collective agreements.

A SAFE WORKING ENVIRONMENT

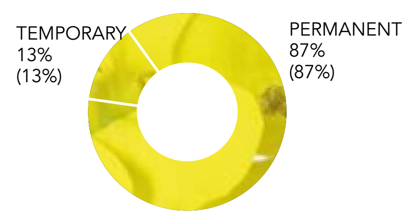
Safety at work plays a significant role at Apetit and is one of the key themes of its personnel strategy. The goal is to reduce occupational accidents and sickness absences. Key measures include increasing communication about occupational safety, in addition to more systematic

Percentage of women and men in personnel, 2017



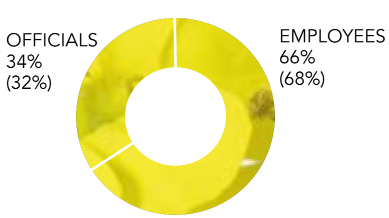
PERCENTAGE OF WOMEN, 31ST DECEMBER 2017	2017	2016
Corporate management	**43**	43
Board of directors	**17**	0
Supervisory board	**22**	22

Percentage of permanent and temporary personnel, 2017

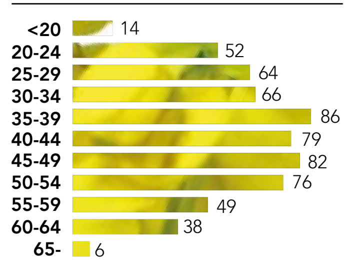


NEW PERSONNEL AND TURNOVER RATE	2017	2016
New personnel, permanent	**109**	105
New personnel, temporary	**124**	100
Personnel turnover rate, %	**20**	14

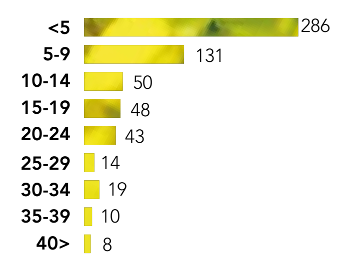
Percentage of employees and officials



Age structure of personnel, 2017



Service years of personnel, 2017



safety observation practices and the further development and harmonisation of location-specific occupational health and safety committees.

Key indicators of occupational safety – the accident frequency rate and the number of safety observations, occupational accidents and sickness absences – are monitored on a monthly basis. Apetit has a low level of accidents compared with the average for the food industry. Development measures to improve safety at work have produced visible results: the number of accidents has decreased.

Production work involves repetitive movements that may cause musculoskeletal disorders. In addition, cold-storage facilities and humid production facilities, as well as the use of machines and knives, increase the risk of illnesses and accidents. Apetit seeks to reduce this risk primarily through job-specific instructions and appropriate personal protective equipment and by improving machine safety and ensuring appropriate work clothing for the circumstances. In addition, a physiotherapist has assessed the various jobs and provided recommendations concerning ergonomics, as well as providing employees with practical guidance.

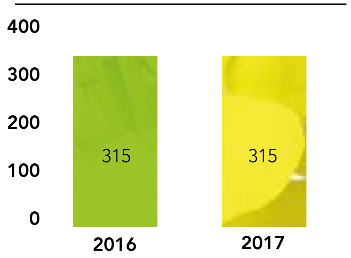
FURTHER IMPROVING THE EMPLOYER IMAGE

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

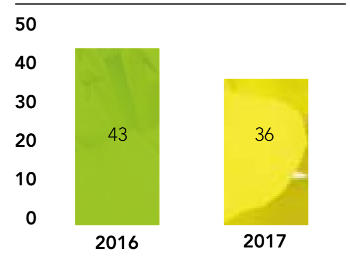
Apetit's image as an employer is supported by continuously growing trends, such as interest in health and well-being, as well as in food and its sustainable production and environmental effects.

Apetit cooperates with universities and other educational institutions providing education in its field. Students and recent graduates – that is, potential employees – are an important target group. Apetit offers practical training and summer job opportunities for this group, as well as opportunities to write theses and complete final projects for the company. This enables them to learn more about Apetit and its industry. Apetit participates in student fairs relevant to its field and supports cooperation between students and the company through company visits, for example.

Work safety observations, quantity

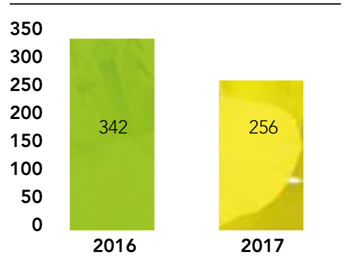


Occupational accidents, quantity

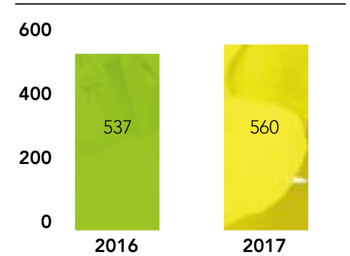


Occupational accidents and accidents on way to work that cause sickness absence of at least one day

Sickness absences



Training days, quantity



TOWARDS A COMMON LANGUAGE

The Kivikko fresh product plant is Apetit's most multicultural location. Its employees represent more than ten nationalities. The working language is Finnish, although more than half of the around 100 employees have immigrant backgrounds. Language training provided by Apetit, partly on the request of the employees, promotes coping at work and the integration of employees with immigrant backgrounds into Finnish society.

Language training was provided once a week after work. It was met with positive feedback: the training helps employees and supervisors alike, as a common language makes communication easier. Having a common language also plays an important role in preventing accidents.

Apetit began to provide language training for employees with immigrant backgrounds at the Kivikko plant after the company participated in the Well-being from Work project of the Finnish Institute of Occupational Health. The project studied how skills match job requirements in increasingly multicultural workplaces. Supervisors and production employees from the Kivikko plant participated in interviews related to the project that studied the significance of a common language in a workplace, among other aspects. Equality and safety at work in particular were perceived to have improved as a result of the language training.

Value FOR ALL STAKEHOLDERS

APETIT IS KNOWN FOR ITS EXPERTISE IN VEGETABLES AND TASTY PRODUCTS. IT INVESTS IN DEVELOPMENT OF NEW FOOD SOLUTIONS, MORE THAN EVER, IN ORDER TO INCREASE THE USAGE OF VEGETABLES.

Apetit's ability to create value for its stakeholders is based on renewal, product development, the continuous development of strong and attractive brands and the management of its sustainable value chain from the field to the table, as well as the continuous development of its profitability and efficiency. Apetit's strengths include its expertise and employees, unique integration into primary production, strong brands for consumers and professionals, and strong financial position.

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

SPECIFIC BUSINESS PRINCIPLES

Apetit develops its business operations and acts responsibly towards all of its stakeholders. All of its operations comply with the applicable laws and regulations and with good governance practices. The Group's Code of Conduct guides the operations of Apetit and all of its employees. The company's employees and third parties can report any violations of its Code of Conduct via a designated whistleblowing channel. In 2017, zero notification was reported through the channel.

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

PROCUREMENT BASED ON QUALITY

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

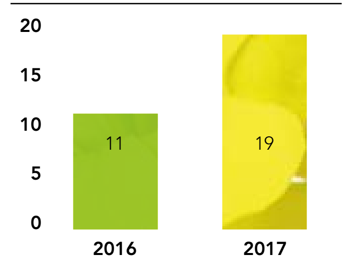
Apetit has a very extensive international network of suppliers. Successful procurement and the high quality of the raw materials, products and services purchased are a prerequisite for Apetit's success. Its procurement organisation, operating methods, guidelines and requirements for suppliers are updated regularly and developed continuously. Purchases are made in cooperation with the procurement department to a significant degree, but some purchases are made directly by the businesses in line with predetermined rules. As far as possible, purchases are centralised in the Group for economies of scale. Direct purchases have already been centralised to a high degree, and procurement is being further developed with regard to indirect purchases. Suppliers are always selected carefully, and they are selected particularly carefully if the products or services are related to Apetit's product safety.

The Apetit Group requires its suppliers to comply with the sustainable operating principles concerning ethical, social and environmental aspects that are described in its requirements for suppliers. The requirements are based on the Apetit Group's Code of Conduct and the guidelines of the UN Global Compact initiative. Suppliers are responsible for ensuring that they meet the requirements. Compliance with the requirements is monitored by means of self-assessments and audits carried out by Apetit. Apetit also carries out inspections in its suppliers' facilities to ensure compliance. Such inspections may be carried out by independent third parties, unannounced. If a supplier does not comply with the requirements and fails to make the necessary corrections within the time limit determined by Apetit, the company is entitled to terminate its business relationship with the supplier.

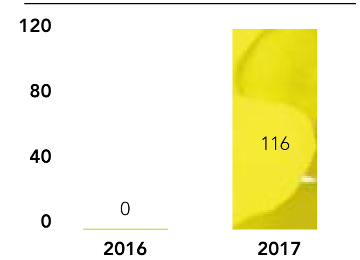
ACQUISITIONS FROM GROWERS, EUR MILLION	2017	2016
Harvest season vegetables*	**4.4**	4.4
Oilseeds	**10.3**	10.3
Apetit in total	**14.7**	14.7

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

Supplier audits



Suppliers who have accepted and signed ethical supplier demands



NET SALES

€365.9 M

DIVIDENDS FROM ASSOCIATED COMPANY

€1.3 M

RAW MATERIALS, ITEMS AND SERVICES	PERSONNEL	SOCIETY	INVESTMENT	DIVIDENDS	FINANCIAL MARKETS
€316.1 M	**€23.4 M**	**€5.6 M**	**€5.9 M**	**€4.9 M**	**€0.2 M**

REPORTING PRINCIPLES

Apetit reports on its sustainable operations in accordance with the Global Reporting Initiative (GRI) guidelines. The 2017 report is Apetit's first integrated annual report. Up until now, Apetit has published separate personnel and environmental reports. Apetit reports on sustainability in conjunction with annual financial reporting.

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

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

	GRI disclosure	Included	More information	Location
Organizational profile	GRI 102-1 Name of the organization	X		2
	GRI 102-2 Activities, brands, products, and services	X		11
	GRI 102-3 Location of headquarters	X		102
	GRI 102-4 Location of operations	X		102
	GRI 102-5 Ownership and legal form	X		apetitgroup.fi > Ownership structure
	GRI 102-6 Markets served	X		11
	GRI 102-7 Scale of the organization	X		27
	GRI 102-8 Information on employees and other workers	X		27
	GRI 102-9 Supply chain	X	Exact number of suppliers not available	29–30
	GRI 102-10 Significant changes to the organization and its supply chain	X		36–41
	GRI 102-11 Precautionary Principle or approach	X		39–40
	GRI 102-12 External initiatives	X		15
	GRI 102-13 Membership of associations	X		12
Strategy	GRI 102-14 Statement from senior decision-maker	X		6-7
	GRI 102-15 Key impacts, risks, and opportunities	X		40
Ethics and integrity	GRI 102-16 Values, principles, standards, and norms of behavior	X		apetitgroup.fi > Code of Conduct
	GRI 102-17 Mechanisms for advice and concerns about ethics	X		apetitgroup.fi > An ethical channel to report irregularities
Governance	GRI 102-18 Governance structure	X		apetitgroup.fi > Corporate governance
	GRI 102-19 Delegating authority	X		apetitgroup.fi > Corporate governance
	GRI 102-20 Executive-level responsibility for economic, environmental, and social topics	X		apetitgroup.fi > Corporate governance

	GRI 102-21 Consulting stakeholders on economic, environmental, and social topics	X		12–13
	GRI 102-22 Composition of the highest governance body and its committees	X		96–97
	GRI 102-23 Chair of the highest governance body	X		96
	GRI 102-24 Nominating and selecting the highest governance body	X		89–90
	GRI 102-25 Conflicts of interest	X		apetitgroup.fi > Code of Conduct
	GRI 102-26 Role of highest governance body in setting purpose, values, and strategy	X		89–93
	GRI 102-27 Collective knowledge of highest governance body	X		96–97
	GRI 102-28 Evaluating the highest governance body's performance	X		89–93
	GRI 102-29 Identifying and managing economic, environmental, and social impacts	X		apetitgroup.fi > Responsibility
	GRI 102-30 Effectiveness of risk management processes	X		40
	GRI 102-31 Review of economic, environmental, and social topics	X		40
	GRI 102-32 Highest governance body's role in sustainability reporting	X		31, 89–94
	GRI 102-33 Communicating critical concerns	X		89–94
	GRI 102-34 Nature and total number of critical concerns	X		40
	GRI 102-35 Remuneration policies	X		94
	GRI 102-36 Process for determining remuneration	X		94
	GRI 102-37 Stakeholders' involvement in remuneration	X		94
	GRI 102-38 Annual total compensation ratio	X		94
	GRI 102-39 Percentage increase in annual total compensation ratio	X		apetitgroup.fi > Remuneration
Stakeholder engagement	GRI 102-40 List of stakeholder groups	X		12
	GRI 102-41 Collective bargaining agreements	X		27
	GRI 102-42 Identifying and selecting stakeholders	X		12
	GRI 102-43 Approach to stakeholder engagement	X		12
	GRI 102-44 Key topics and concerns raised	X		13
Reporting practice	GRI 102-45 Entities included in the consolidated financial statements	X		46
	GRI 102-46 Defining report content and topic Boundaries	X		31, 46–51
	GRI 102-47 List of material topics	X		13
	GRI 102-48 Restatements of information	X	The changes reported in the context of thematic information.	
	GRI 102-49 Changes in reporting	X	Previously seperate reports for environment and personnel practices	31
	GRI 102-50 Reporting period	X		31

	GRI 102-51 Date of most recent report	X	No previous sustainability report	31
	GRI 102-52 Reporting cycle	X		31
	GRI 102-53 Contact point for questions regarding the report	X		102
	GRI 102-54 Claims of reporting in accordance with the GRI Standards	X		31
	GRI 102-55 GRI content index	X		31-34
	GRI 102-56 External assurance	-	No external assurance	
PRODUCT	**GRI disclosure**	**Included**	**More information**	**Location**
	GRI 103-1 Explanation of the material topic and its Boundary	X		13
	GRI 308–1 New suppliers that were screened using environmental criteria	X		30
	GRI 416-1 Assessment of the health and safety impacts of product and service categories	X	Only textual review	15
	GRI 417-1 Requirements for product and service information and labeling	X		16
PLANET	**GRI disclosure**	**Included**	**More information**	**Location**
	GRI 301–1 Materials used by weight or volume	X		25
	GRI 302-1 Energy consumption within the organization	X		23
	GRI 302-3 Energy intensity	X		23
	GRI 302-4 Reduction of energy consumption	X		23
	GRI 303-1 Water withdrawal by source	X		24
	GRI 304-1 Operational sites owned, leased, managed in, or adjacentto, protected areas and areas of high biodiversity value outside protected areas	X		18–19
	GRI 306-1 Water discharge by quality and destination	X		24
	GRI 307-1 Non-compliance with environmental laws and regulations	X		23

PEOPLE	GRI disclosure	Included	More information	Location
	GRI 401–1 New employee hires and employee turnover	X		27
	GRI 403-2 Types of injury and rates of injury, occupational diseases,lost days, and absenteeism, and number of work-related fatalities	X		28
	GRI 404–1 Average hours of training per year per employee	X		28
	GRI 404–3 Percentage of employees receiving regular performanceand career development reviews	X		27
	GRI 405–1 Diversity of governance bodies and employees	X		27
	GRI 414–1 New suppliers that were screened using social criteria	X		30
PROFIT	**GRI disclosure**	**Included**	**More information**	**Location**
	GRI 201-1 Direct economic value generated and distributed	X		30
	GRI 203–2 Significant indirect economic impacts	X		10
	GRI 204-1 Proportion of spending on local suppliers	X		16, 30
	GRI 205–2 Communication and training about anti-corruption policies and procedures	X		apetitgroup.fi > Code of Conduct

FINANCIAL STATEMENTS 2017

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Board of Directors' report 2017 36
Consolidated income statement 42
Statement of comprehensive income 42
Consolidated statement of financial position 43
Consolidated statement of cash flows 44
Statement of changes in shareholders' equity 45
Notes to the consolidated financial statements 46
Parent company income statement, FAS 72
Parent company balance sheet, FAS 72
Parent company statement of cash flows, FAS 73
Accounting principles, FAS 74
Notes to the parent company financial statements, FAS 75
Proposal of the Board of Directors for the distribution of profits 82
Auditor's Report 83
Statement by the Supervisory Board 88

CORPORATE GOVERNANCE

Corporate Governance Statement 2017 89
Remuneration, insider issues 94
Supervisory Board and Auditors 95
Board of Directors 96
CEO and Corporate Management 98
Information for shareholders 101
Contact information 102

BOARD OF DIRECTORS' REPORT 2017

Apetit is a Finnish food industry company firmly rooted in Finnish primary production. Its product groups include frozen vegetables and frozen ready meals, pre-prepared fresh fruit and vegetable products and vegetable oils. In addition, the company is active in the Finnish and international grain, oilseeds and feed raw-materials markets. The company's businesses and reporting segments are Food Solutions, Oilseed Products and Grain Trade. The sale of Apetit's seafood business to Insula AS, a Norwegian company specialising in the seafood business completed on 31 October 2017. As a result of the agreement, Apetit started to report the sold business as discontinued operation. Apetit's shares have been quoted on Nasdaq Helsinki since 1989, and the company is domiciled in Säkylä.

Food Solutions consists of Apetit Ruoka Oy, Apetit Suomi Oy and Apetit Ruokaratkaisut Oy. Avena Nordic Grain Oy and its subsidiaries are responsible for Grain Trade and Oilseed Products. Apetit Plc's, which is the parent company, administration costs have been allocated equally between the continuing operations. The associated company Sucros (20% holding) has been reported after operating profit in the income statement.

VALUE CREATION AT APETIT

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

KEY FIGURES

EUR million	2017	2016	Change, %
Continuing operations			
Net sales	**314.0**	312.0	1
Operating profit	**1.1**	0.8	
% of net sales	**0.3**	0.3	
Operating profit	**1.3**	0.8	
% of net sales	**0.4**	0.3	
Profit before taxes	**1.6**	1.0	
Profit for the period	**2.9**	2.0	
Profit per share	**0.46**	0.33	
Group			
Profit per share	**-0.10**	0.19	
Shareholders' equity per share, EUR	**18.10**	19.00	
Equity ratio, %	**72.6**	64.1	
Return on equity, % (ROE)	**2.5**	1.7	
Return on capital employed, % (ROCE)	**1.9**	1.3	

Other key figures are presented in Note 28 to the Financial Statements. The formulas for calculating the key figures are presented in Note 29 to the Financial Statements.

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

STRATEGY

During the past strategy period Apetit proceeded in its focus areas as planned.

FOOD SOLUTIONS

Apetit has introduced new products and concepts for the frozen foods category and has expanded into new product groups while also further improving its brand image.

The sales of Tuorekset, previously launched ready-to-use fresh vegetables, have improved strongly. The Tuorekset product family has also been expanded into new vegetable and fruit mixes. In addition, the sales of other fresh products have increased strongly in the retail trade and the professional food service sector.

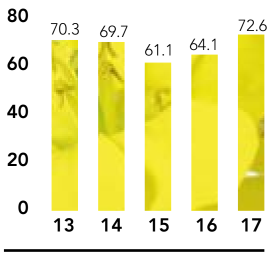
In summer 2017, Apetit introduced its first digital service, Kasvimaani.fi, which enables consumers to order vegetables directly to their door. The service was piloted in cooperation with selected contract growers in autumn 2017.

OILSEED PRODUCTS

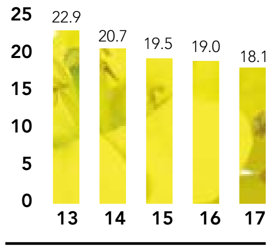
Apetit launched new vegetable oils under the Apetit brand to supplement the previously introduced Neito rapeseed oils. The proportion of packaged and special products has continued to increase and reached 33 per cent of net sales in 2017.

The research and development project related to the processing potential of rapeseed continued during the review period. The project aims to develop a new vegetable protein ingredient from rapeseed. If the project is successful, it will enable the more versatile use of rapeseed. Business Finland (previously Tekes) has agreed to support the project during the 2017–2018 period.

Equity ratio, %



Equity per share, EUR



GRAIN TRADE

The trading volumes in the Baltic countries have increased according to plan. With the construction of a port warehouse laboratory in Muuga in Estonia, along with other investment projects, the company has a stronger foothold in the Baltic market.

The revamped Avenakauppa online store, a modern digital service for Finnish growers, was opened in late 2017. In addition to monitoring prices, the service enables its users to sell grain and oilseed and submit quotes for batches. In conjunction with this, the basis pricing method was introduced to Finnish growers. It enables growers to tie the basis price of a grain batch and price a contract in accordance with grain futures quotes.

NET SALES AND PROFIT OF CONTINUING OPERATIONS

Net sales in January–December were EUR 314.0 (312.0) million. Operational EBIT was EUR 1.3 (0.8) million, and the reported operating profit was EUR 1.1 (0.8) million.

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

Financial income and expenses were EUR -0.5 (-0.6) million. Financial expenses included EUR -0.4 (-0.5) million as the share of the Avena Nordic Grain Group's profit attributable to the employee owners of Avena Nordic Grain Oy.

The profit before taxes was EUR 1.6 (1.0) million, and taxes on the profit for the period came to EUR 1.2 (1.1) million. As a result of the corporate transaction involving the seafood business, the Group's outlook on the usability of previously unrecognised taxable losses improved, and EUR 1.3 million was recognised in deferred tax assets in the third quarter. In the third quarter of the comparison period, Apetit recognised a total of EUR 1.1 million in deferred tax assets on taxable losses.

Profit for the period was EUR 2.9 (2.0) million, and earnings per share amounted to EUR 0.46 (0.33).

CASH FLOWS, FINANCING AND BALANCE SHEET

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

The full-year cash flow from operating activities after interest and taxes was EUR 20.0 (21.9) million. The impact of the change in working capital was EUR 22.5 (17.5) million. The effect of seasonality on the change in working capital is presented below under 'Seasonality of operations'.

The net cash flow from investing activities was EUR 8.9 (-9.0) million. The cash flow from financing activities came to EUR -17.8 (-21.6) million, including EUR -4.3 (-4.3) million in dividend payments and EUR -13.6 (-22.3) million in loan repayments. In the comparison period, the cash flow from financing activities included a loan withdrawal of EUR 5 million.

At the end of the period, the continuing operations had EUR 4.9 (19.1) million in interest-bearing liabilities and EUR 15.7 (4.6) million in liquid assets. Net interest-bearing liabilities totalled EUR -10.8 (14.5) million.

The consolidated balance sheet total stood at EUR 154.7 (183.7) million. At the end of the review period, equity totalled EUR 112.3 (117.7) million. The equity ratio was 72.6 (64.1) per cent, and gearing was -9.6 (12.4) per cent. The Group's liquidity is secured with committed credit facilities, with EUR 40 (40) million being available in credit at the end of the period. The total of commercial papers issued stood at EUR 0.0 (11.0) million.

INVESTMENT

The Group's gross investment in non-current assets came to EUR 5.9 (9.7) million and was divided as follows: investment in Food Solutions totalled EUR 3.7 (5.7) million, in Oilseed Products EUR 1.1 (1.9) million, in Grain Trade EUR 0.4 (0.1) million and in discontinued operations EUR 0.7 (2.0) million.

PERSONNEL

Apetit's personnel strategy focuses on inspiring, goal-oriented leadership, an encouraging atmosphere in a safe work environment, the best and relevant competencies and capabilities, a culture of bold innovation and experimentation, and a well-known, attractive employer brand. The key themes for 2017 included strengthening supervisory work and skills and further developing health management and a culture of occupational safety within the company.

The company continued to implement measures to improve safety at work in 2017. Key measures included increasing communication about occupational safety, in addition to more systematic safety observation practices and the further development and harmonisation of location-specific occupational health and safety committees. In 2017, there were 36 (43) occupational accidents that led to at least a one-day absence. In reducing occupational accidents, Apetit's intermediate goal was fewer than 20 accidents in 2017, with the ultimate goal being zero accidents. The occupational accident statistics include both blue-collar and white-collar employees. Commuting accidents are also included in occupational accidents.

In health management, the company introduced personal health surveys for all employees and increased cooperation between supervisors, the occupational health service and the insurance company with regard to problems related to working capacity, as well as providing additional training for supervisors on discussions and further measures related to active support. Apetit's goal is to reduce its sickness absence rate to less than 5 per cent. In 2017, the company's sickness absence rate was 5.8 per cent. The sickness absence rate is the sickness absence time in relation to the theoretical regular working time.

The Apetit Suunta training programme for supervisors continued during 2017. The programme aims to strengthen supervisors' managerial and interaction skills, harmonise management styles and practices and support supervisors in change management. All Group supervisors take part in the training. Apprenticeship training towards the Basic Qualification and Vocational Qualification in Process Industry began in Säkylä,

NUMBER OF EMPLOYEES ON AVERAGE

	2017	2016	2015
Food solutions	**451**	452	434
Oilseed products	**45**	42	40
Grain trade	**61**	55	53
Seafood	**140**	180	198
Total	**697**	729	725

and supervisors were provided with training related to their new role in Kivikko.

Service sales operations were reorganised, including new job descriptions with new competence requirements. Induction and other training is being provided for the new roles.

An employee well-being survey was carried out and its results were discussed in all Group functions during spring 2017. The development needs of each function and the Group were determined in the process. In the survey, the highest scores were given to physical well-being, atmosphere at work, social support and supervisory work. At the Group level, the key development needs were communication, change management and physical well-being.

Apetit's new values – responsible operations, bold renewal and success through cooperation – were determined during a joint process that started in summer 2017. The themes that arose from the value discussion reflect aspects included in the day-to-day work at Apetit: responsibility towards customers, other people and the environment; a desire for renewal and for investing in professional skills; and succeeding together in a culture that offers equal opportunities for all.

The organisational structure of the Apetit Group was streamlined and its management structure was clarified during the year. Major changes were discussed with employee representatives. Changes took place in the Apetit Group's management in 2017. Antti Snellman became Director of Oilseed Products and Grain Trade as of 1 September 2017, following Kaija Viljanen's decision to retire on 31 December 2017. With Sami Saarnio leaving the company on 27 November 11, Tero Heikkinen became the Apetit Group's acting CFO and a member of the Group's Corporate Management with responsibility for its financial administration and finance operations.

In January–December, the Apetit Group's continuing operations had an average of 557 (549) employees, and its discontinued operations had an average of 140 (180) employees. The Group's average total number of personnel was 697 (729) in January–December.

The salaries and other remuneration paid to the Group's employees in 2017 amounted to EUR 23.4 (23.3) million.

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

HUMAN RIGHTS AND PREVENTING 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. 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. No human rights violations or corruption or bribery cases were reported in 2017.

Apetit's employees are required to familiarise themselves and comply with the Code of Conduct and report any deviations from the Code of Conduct via a designated whistleblowing channel. No reports were submitted via the whistleblowing channel in 2017.

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

OVERVIEW OF OPERATING SEGMENTS

FOOD SOLUTIONS

Net sales in the Food Solutions business increased to EUR 102.4 (97.8) million in January–December. Sales increased in frozen foods and fresh products.

Food Solutions' operational EBITDA was EUR 3.2 (1.1) million in January–December. Operational EBIT was EUR -1.3 (-2.8) million, and the reported operating profit was EUR -1.5 (-2.8) million. Harvest-time production began later than in the previous year, and its volume was smaller. As a result of this, the capitalisation of fixed costs in inventories had an effect of EUR -0.6 million on the result in comparison with the previous year.

Food Solutions' investment totalled EUR 3.7 (5.7) million and was mainly related to production development at the Säkylä frozen vegetables and frozen ready meals plant.

OILSEED PRODUCTS

Net sales in the Oilseed Products business were EUR 65.3 (68.2) million in January–December. Operational EBITDA was EUR 2.6 (3.3) million, and operational EBIT was EUR 1.8 (2.5) million. Net sales and profitability were burdened by a slight decrease in volumes and lower world market prices for oil products in comparison with the corresponding period in the previous year.

Investment in the period totalled EUR 1.1 (1.9) million and was mainly related to maintenance at the Kirkkonummi oil milling plant.

GRAIN TRADE

The Grain Trade segment's net sales increased to EUR 162.9 (159.7) million in January–December. Operational EBIT and the reported operating profit were EUR 0.8 (1.1) million in January–December. Profitability was weakened by the second consecutive weak crop season in our areas of supply.

The Grain Trade segment's investment totalled EUR 0.4 (0.1) million and was related to the renewal of the Avenakauppa online store and the construction of a port warehouse laboratory in Muuga in Estonia.

RESEARCH AND DEVELOPMENT

The Group's research and development costs were EUR 1.9 (0.8) million, or 0.6% (0.4%) of net sales. In addition, EUR 0.1 (0.4) million in product development costs was capitalised on the balance sheet.

In the Food Solutions business, research and development operations were mainly related to developing new products and services and creating cooperation networks that support operations. The strengthening of competence and the acceleration of the product development process have rapidly resulted in the introduction of new products, among other outcomes. At the beginning of 2017, the first series of frozen Kasvisjauhis vegan products were introduced for the professional and retail trade. More vegetable protein products were launched for the fresh produce section in the retail trade in the spring. The Vegepops vegetable-based ice pop was introduced in the summer as a response to the vegetable trend. Vegepops is an innovative way to consume vegetables in an entirely new, delicious form that resembles ice cream. Fresh salsa and coleslaw products, as well as fruit, were added to the Tuorekset product family.

Apetit is improving its products and services and is creating brand new products to provide easy, delicious food solutions with a high vegetable content for different meal situations to people who value food that tastes good, is healthy and is produced responsibly. New products are developed to match Finnish preferences and nutritional recommendations, and for convenient everyday meals. Emphasising the high vegetable content, as well as the source and Finnish origin of food, has become a particularly important factor. Vegetables, vegetable oils and whole grains are an important part of a healthy diet. In foods with a high vegetable content, special attention is paid to attractive appearance and good taste, in addition to nutritional values, as only food that is actually eaten is nourishing.

In the Oilseed Products business, the company focused on increasing in-depth research and development. The company made significant progress in the further processing of oilseeds during 2017. A project was started to enhance the added value of rapeseed as a raw material. The project was partly funded by the Finnish Funding Agency for Technology and Innovation (Tekes), which merged with Finpro to create Business Finland at the beginning of 2018. The project aims to produce a food-quality rapeseed ingredient in the near future. The strategic goals of the Oilseed Products business also include increasing the cultivation of oilseeds in Finland. The achievement of this goal was promoted in many ways.

Apetit is also participating in the Pyhäjärvi Institute's Muuvi project. The main goal of the project is to secure the outdoor cultivation of vegetables in the Satakunta region by taking proactive measures to adjust farming methods in response to a changing environment and by providing farmers with the latest information and expertise. The project is looking for alternatives to chemical pesticides and proposing ways to improve growing conditions in Finland. Methods to be tested include optimised crop rotation, the use of mulch films and insect nets, drip irrigation and drip fertilisation and mechanical weed separation. Apetit is also continuously carrying out similar development work outside the project.

In autumn 2017, Apetit introduced an extensive development programme for organic farmers. The project aims to greatly increase the supply of organic food products with a high vegetable content, as consumers' interest in organic products is increasing rapidly. Through its programme, Apetit is seeking to further develop organic cultivation methods and take organic farming to a new level by making the transition easier. To further develop organic farming, Apetit's experimental farm in Köyliö will study and develop organic cultivation as part of the company's responsible farming practices. Some of the fields on the experimental farm will be converted to support organic cultivation.

In line with its strategy, Apetit continued to develop new digital food and service solutions. As part of Digital Food Services, an innovation project coordinated by Business Finland, the goal is to create new types of services related to food and eating for consumers of the future who appreciate well-being, ease and sustainability in their daily lives.

To serve this purpose, Apetit introduced an online store at Kasvimaani.fi, which enables customers to order fresh vegetables and have them delivered directly to their door. The colourful contents of the vegetable boxes help consumers discover new vegetables and increase their use based on the tips, recipes and stories included in the boxes. On the website, customers can also follow the cultivation of their vegetables and get to know the growers. In addition, the revamped Avenakauppa online store, a modern service for Finnish growers, was opened in 2017.

ENVIRONMENT

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

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

Apetit has joined the energy efficiency agreement scheme for Finnish industry and is committed to implementing its action programme for the food industry. The target for improving energy use in the food industry is 7.5 per cent for the 2017–2025 agreement period. In 2017, Apetit's energy consumption was 0.5 (0.4) MWh per tonne produced.

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

The company is not aware of any significant individual environmental risks on the balance sheet date. The Group's environmental costs in 2017 were EUR 1.1 (1.0) million, or 0.3 (0.3) per cent of net sales.

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

SEASONALITY OF OPERATIONS

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

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

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

MANAGING CORPORATE RESPONSIBILITY

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

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

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

Apetit seeks to understand the impact of its operations on people, society and the environment as comprehensively as possible. In 2017, Apetit carried out an extensive process to determine the content of its corporate responsibility. In cooperation with its key stakeholders, Apetit determined the material aspects of its corporate responsibility for the systematic collection of key figures and information to continuously develop sustainable operations.

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

RISKS, UNCERTAINTIES AND RISK MANAGEMENT

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

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

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

The Group operates in the international markets and is therefore exposed to exchange rate risks arising from fluctuations in exchange rates. Currency risks exposure decreased considerably as a result of the sale of the seafood business. Financial risk management is discussed in more detail in Note 23 to the Financial Statements.

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

SHORT-TERM RISKS

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

RISKS AND RISK MANAGEMENT RELATED TO THE REPORTING OF NON-FINANCIAL INFORMATION

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

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

ENVIRONMENTAL RISKS

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

SOCIAL AND EMPLOYEE-RELATED RISKS

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

RISKS RELATED TO HUMAN RIGHTS

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

ANTI-CORRUPTION AND RISKS RELATED TO BRIBERY

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

CORPORATE GOVERNANCE STATEMENT

The 2017 Corporate Governance Statement for Apetit Plc has been considered by the Apetit Plc Board of Directors and is published separately from the Board of Directors' report.

CORPORATE GOVERNANCE AND AUDITORS

At its organisational meeting on 12 April 2017, Apetit Plc's Supervisory Board appointed Harri Eela as Chair and Marja-Liisa Mikola-Luoto as Deputy Chair of the Supervisory Board.

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

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

Pasi Karppinen, APA, and PricewaterhouseCoopers Oy, Authorised Public Accountants, with Jari Viljanen, APA, as the auditor with principal responsibility, were appointed as the company's auditors for the period ending at the close of the 2018 Annual General Meeting.

AUDIT COMITTEE

Seppo Laine was elected as Chair of the Board of Directors' Audit Committee, and Lasse Aho and Esa Härmälä were elected as its members.

AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

On 25 March 2015, the Annual General Meeting authorised the Board of Directors to decide on share issues. The authorisation includes the right to issue new shares or transfer Apetit Plc shares held by the company. The authorisation covers a total of no more than 761,757 shares, consisting of no more than 635,470 new shares and 126,287 Apetit Plc shares held by the company.

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

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

The authorisation is valid until the 2018 Annual General Meeting.

USE OF THE AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

In accordance with a decision made by the Supervisory Board regarding the remuneration of Board members, a total of 1,244 Apetit Plc shares held by the company were transferred to the Board members on 2 March 2017, and a total of 4,135 shares were transferred on 4 December 2017. The transfers were announced by means of stock exchange releases issued on each date of transfer.

SHARES, SHARE CAPITAL AND TRADING

The shares of Apetit Plc are all in one series. All shares carry the same voting and dividend rights. The Articles of Association specify that the number of votes a shareholder is entitled to exercise cannot be more than 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 had in its possession a total of 111,426 of its own shares acquired during previous years. These treasury shares represent 1.8 per cent of the company's total number of shares and votes. The company's treasury shares carry no voting or dividend rights.

SHARE TURNOVER

The number of Apetit Plc shares traded on the stock exchange during the review period was 835,165 (560,709), representing 13.0 (8.9) per cent of the total number of shares. The highest share price quoted was EUR 14.58 (14.50), and the lowest was EUR 12.91 (11.64). The average price of shares traded was EUR 13.67 (12.97). The share turnover for the year was EUR 11.4 (7.3) million. At the end of the review period, the market capitalisation was EUR 89.2 (81.9) million.

DISTRIBUTION OF SHAREHOLDINGS

Note 30 to the Financial Statements presents the distribution of shareholdings by sector, as well as the major shareholders and the management's ownership.

PROFIT GUIDANCE FOR 2018

The Group's full-year operational EBIT from continuing operations is expected to improve year-on-year (EUR 1.3 million in 2017). Due to the seasonal nature of the Group's operations, most of the annual profit is accrued in the second half of the year. Sales volumes and the profit outlook for early 2018 are burdened by the weak harvest of 2017.

In comparison with the previous year, favourable profitability development is supported by an increase in the volume of fresh products in Food Solutions, as well as new products and growth in exports. Full-year favourable performance development is supported by an increase in volumes in Grain Trade and Oilseed Products, provided that the forthcoming crop is average.

Due to the substantial effect of international grain market price fluctuations on the Group's net sales, Apetit will not issue any estimates of its expected full-year net sales.

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.

On 31 December 2017, the parent company's distributable funds totalled EUR 62,596,445.91, of which EUR 838,688.75 is profit for the financial year.

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.70 per share be paid. The Board of Directors will propose that a total of EUR 4,344,305.00 be distributed in dividends and that EUR 58,252,140.91 be left in equity. No significant changes have taken place in the financial standing of the company since the end of the financial year. The company's liquidity is good, and the Board deems that the company's solvency will not be jeopardised by the proposed distribution of dividends.

CONSOLIDATED INCOME STATEMENT

EUR million	Note	2017	2016
Net sales	(2,3)	**314.0**	312.0
Other operating income	(4)	**0.7**	1.5
Materials and services	(7)	**-247.5**	-247.5
Employee benefit expenses	(5,26)	**-28.8**	-28.9
Depreciation	(2,8)	**-5.6**	-4.9
Impairments	(2,8)	**0.0**	0.0
Other operating expenses	(4,6)	**-31.8**	-31.2
Operating profit	(2,3)	**1.1**	0.8
Share of profits of associated companies	(13)	**1.0**	0.7
Financial income	(9)	**0.2**	0.2
Financial expenses	(9)	**-0.7**	-0.7
Profit before taxes		**1.6**	1.0
Income taxes	(10)	**1.2**	1.1
Profit for the period, continuing operations		**2.9**	2.0
Profit for the period, discontinued operations		**-3.5**	-0.9
Profit for the period, Equity holders of the parent		**-0.6**	1.2
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR	(11)		
Continuing operations		**0.46**	**0.33**
Discontinued operations		**-0.56**	**-0.14**
Equity holders of the parent		**-0.10**	**0.19**

STATEMENT OF COMPREHENSIVE INCOME

EUR million	2017	2016
Profit for the period	**-0.6**	1.2
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges	**-1.1**	-0.2
Taxes related to cash flow hedges	**0.2**	0.0
Translation differences	**0.1**	0.1
Total comprehensive income	**-1.4**	1.1
Attributable to		
Continuing opeations, equity holders of the parent	**2.0**	1.9
Discontinued operations, equity holders of the parent	**-3.4**	-0.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets	(12)	**6.8**	7.7
Goodwill	(12)	**0.4**	0.4
Tangible assets	(12)	**37.5**	47.7
Investment in associated companies	(13)	**23.4**	23.1
Available-for-sale investments	(14)	**0.1**	0.1
Receivables	(15)	**1.3**	0.3
Deferred tax assets	(10)	**5.3**	4.3
Total non-current assets		**74.7**	83.6
Current assets			
Inventories	(17)	**45.8**	65.3
Income tax receivable		**0.2**	0.1
Receivables	(16)	**18.3**	30.1
Cash and cash equivalents	(18)	**15.7**	4.6
Total current assets		**80.0**	100.1
Total assets	(2)	**154.7**	183.7

EUR million	Note	31 Dec 2017	31 Dec 2016
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent			
Share capital		**12.6**	12.6
Share premium account		**23.4**	23.4
Own shares		**-1.5**	–1.6
Translation differences and other reserves		**6.5**	7.3
Retained earnings		**71.9**	74.8
Net profit for the period		**-0.6**	1.2
Total equity attributable to the equity holders of the parent	(19)	**112.3**	117.7
Non-current liabilities			
Deferred tax liabilities	(10)	**3.1**	3.7
Long-term financial liabilities	(21)	**3.4**	4.9
Non-current provisions	(20)	**0.2**	0.3
Other non-current liabilities	(22)	**0.2**	0.2
Total non-current liabilities		**6.9**	9.0
Current liabilities			
Short-term financial liabilities	(21)	**1.5**	14.2
Income tax payable		**0.0**	0.0
Current provisions	(20)	**-**	0.2
Trade payables and other liabilities	(22)	**34.1**	42.5
Total current liabilities		**35.5**	57.0
Total liabilities	(2)	**42.5**	66.0
Total equity and liabilities		**154.7**	183.7

CONSOLIDATED STATEMENT OF CASH FLOWS

Net profit for the period		**-0.6**	1.2
Adjustments, total *)		**-0.7**	5.7
Change in net working capital		**22.5**	17.5
Interests paid		**-1.0**	– 1.7
Interests received		**0.0**	0.1
Taxes paid		**- 0.2**	– 0.9
Net cash flow from operating activities		**20.0**	21.9
Investments in tangible and intangible assets	(12)	**-5.9**	–9.7
Proceeds from sales of tangible and intangible assets		**0.1**	0.0
Proceeds from sales of business operations		**13.6**	–
Investments in associated companies		**-0.4**	–
Proceeds from sales of associated companies		**0.2**	–
Proceeds from sales of other assets		**-**	0.3
Dividends received from investing activities		**1.3**	0.3
Net cash flow from investing activities		**8.9**	–9.0
Proceeds from/repayments of short-term loans		**-12.8**	–21.0
Proceeds from long-term loans		**0.1**	5.0
Repayments from long-term loans		**-0.8**	–1.3
Dividends paid		**-4.3**	–4.3
Cash flows from financing activities		**-17.8**	–21.6
Net change in cash and cash equivalents		**11.1**	–8.8
Cash and cash equivalents at the beginning of the period		**4.6**	13.4
Cash and cash equivalents at the end of the period		**15.7**	4.6

***) Adjustments to cash flow from operating activities:**			
Depreciation and impairments	(12)	**6.5**	6.6
Gains and losses on sales of fixed assets and shares		**-4.3**	–0.3
Share of profits of associated companies		**-1.0**	–0.7
Financial income and expenses	(9)	**0.8**	0.9
Income taxes	(10)	**-1.7**	–0.8
Other adjustments		**-1.0**	0.0
Total		**-0.7**	5.7

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR million	Share capital	Share premium account	Net unrealised gains	Other reserves	Own shares	Translation differences	Retained earnings	Total equity attributable to the equity holders of the parent
Shareholders' equity 1 Jan. 2017	**12.6**	**23.4**	**0.1**	**7.2**	**-1.6**	**-0.3**	**76.3**	**117.7**
Dividend distribution	-	-	-	-	-	-	**-4.3**	**-4.3**
Other changes	-	-	-	-	**0.1**	-	**0.1**	**0.2**
Total comprehensive income	-	-	**-0.8**	-	-	**0.1**	**-0.6**	**-1.4**
Shareholders' equity 31 Dec. 2017	**12.6**	**23.4**	**-0.8**	**7.2**	**-1.5**	**-0.2**	**71.4**	**112.3**
Shareholders'equity 1 Jan. 2016	12.6	23.4	0.2	7.2	–1.7	–0.4	79.5	121.0
Dividend distribution	–	–	–	–	–	–	– 4.3	– 4.3
Other changes	–	–	–	–	0.1	–	0.0	0.0
Total comprehensive income	–	–	–0.2	–	–	0.1	1.2	1.1
Shareholders' equity 31 Dec. 2016	12.6	23.4	0.1	7.2	–1.6	–0.3	76.3	117.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

COMPANY DETAILS

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

On 28 February 2018, the Apetit plc Board of Directors approved the financial statements for publication.

MAIN OPERATIONS

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

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

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

*) previously manufacturing was in Apetit Kala Oy, group holding 31 December 2017 under 20%.

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

ACCOUNTING PRINCIPLES

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The IAS and IFRS standards and the SIC and IFRIC interpretations complied with are those valid on 31 December 2017. The International Reporting Standards refer to standards and their interpretations approved for adoption within the EU in accordance with the procedure enacted in EC regulation 1606/2002. The notes to the consolidated financial statements are also in accordance with Finnish bookkeeping and company legislation. The consolidated financial statements have been drawn up on the basis of historic acquisition costs, except for those financial assets and liabilities which are recognised in income at fair value and all derivative financial instruments, as they are measured at fair value.

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

CONSOLIDATION PRINCIPLES

Subsidiaries are companies over which the Group exercises control. This control derives from the Group holding more than half of the voting rights or otherwise being in a position to exercise control or having the right to stipulate the principles of the company's finances and business operations. Mutual shareholdings have been eliminated using the acquisition cost method. The acquisition consideration, including deferred and contingent consideration, as well as the identifiable assets acquired and liabilities assumed, is measured at the acquisition date fair values. The acquisition related costs are accounted as expenses for the period in which they are incurred. At the acquisition date the non-controlling interests are valued either at the acquisition date fair values or at non-controlling interests' proportionate share in the recognised amounts of the identifiable net assets. Valuation principle is determined separately for each acquisition. Subsidiaries acquired by the Group are consolidated into the financial statements from the time that the Group establishes its control, while subsidiaries disposed of are consolidated up to the time that the Group's control ceases. All intra-group transactions, receivables, liabilities and profits are eliminated on consolidation. Unrealized losses are not eliminated if the loss is due to impairment.

Net income for the period is disclosed in the income statement as an allocation to the shareholders of the parent company and non-controlling interests. The allocation of the comprehensive income to the shareholders of the parent company and non-controlling interests is presented in the statement of comprehensive income. Non-controlling interests are disclosed separately under consolidated total equity.

Associates are companies in which the Group exercises significant influence. Significant influence is exercised when the Group holds more than 20% of the voting rights in the company or otherwise exercises significant influence but not control. The associate companies have been consolidated into the financial statements using the equity method. If the Group's share of the losses of an associate exceeds the book value of the investment, the investment is recognised in the balance sheet at a valuation of zero, and losses that exceed the book value are not consolidated unless the Group has undertaken to meet the obligations of associates. Unrealized gains between the Group companies and associates have been eliminated according to the share of ownership. Any goodwill arising from the acquisition of an investment in an associate is included in the investment.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

FOREIGN CURRENCY ITEMS

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

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

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

NET SALES AND THE PRINCIPLES FOR RECOGNITION AS INCOME

Income is recognised on the basis of the fair value of the consideration received or receivable. An item is recognised as income when the risks and benefits of ownership pass to the purchaser. Generally, this occurs when a production item is delivered. When net sales are calculated, indirect taxes and trade discounts are deducted from proceeds.

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

PENSION LIABILITIES

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

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

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

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

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

PROVISIONS

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

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

INCOME TAXES

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

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

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

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

CASH AND CASH EQUIVALENTS

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

BORROWING COSTS

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

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

RESEARCH AND DEVELOPMENT COSTS

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

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

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

INTANGIBLE ASSETS

Goodwill

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

Other intangible assets

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

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

Depreciation period for intangible assets:

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

The estimated useful lives are as follows:

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

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

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

GOVERNMENT GRANTS

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

LEASES

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

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

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

IMPAIRMENT

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

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

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

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

INVENTORIES

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

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

FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified to four categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, and held-to-maturity investments. The classification is conducted based on the purpose of the financial asset and when the financial asset is originally acquired.

The group of financial assets to be recognised in income at fair value includes assets held for trading. Financial assets held for trading have been acquired primarily for the purpose of making a profit on short-term changes in market prices. Both unrealized and realized gains and losses from changes in fair value are recognised in the income statement for the period in which they occur.

Loans and other receivables are non-derivative assets with fixed or measurable payments, are not publicly quoted and the Group does not held them for trading. These assets are recognised at amortised cost.

Available-for-sale financial assets are not part of the derivative assets but are non-current assets, because the intention is to keep them for longer than 12 months following the balance sheet date. Publicly quoted shares are classified as available-for-sale investments and are measured at fair value, which is the market price on the balance sheet date. Changes in fair value are recognised directly in the statement of comprehensive income until the investment is sold or otherwise disposed of, when the changes in fair value are recognised in the income statement. Permanent impairment of assets is recognised in the income statement. Unquoted shares are presented at their acquisition price, because their fair values are not reliably available.

Financial liabilities are measured at amortised cost except derivative instruments. Financial liabilities are long or short term and can be interest-bearing or interest free. This item includes, for example, trade receivables and loans.

All financial assets and liabilities are recorded in the balance sheet at an acquisition cost corresponding to the original fair value. Transaction costs are deducted only when the item is not valued against the profit at fair value. Purchases and sales of financial assets are recognised using the trade date method.

Fair values are measured using publicly quoted prices. These instruments are mainly investments to funds and mainly all commodity derivatives. If publicly quoted prices are not available, fair value is measured based on discounted cash flows and price quotation of the counterparty. These instruments are usually currency derivatives. Short-term receivables or payables are not discounted.

The carrying amounts of the financial assets are tested to determine whether there is objective evidence of impairment. An impairment is recognised when there is objective evidence that receivables are not fully collectible. The impairment loss is reversed if in a subsequent period the fair value of the financial asset increases and this increase can be related objectively to events occurring after the impairment was recognised.

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 forward currency and commodity derivative contracts. The hedged cash flow must be probable and the cash flow must ultimately have an impact on the income statement. The hedge must be effective when examined prospectively and retrospectively. 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, and any residual ineffective portion is recognised for currency derivatives to financial items and for commodity derivatives to other operating income or expenses. The cumulative change in fair value recognised under the statement of comprehensive income is recognised to purchases or sales or financial items based on their nature on the same date that the projected cash flow is recognised in the income statement. If a derivative financial instrument expires, is sold or does not meet the hedge accounting terms, the cumulative change in the fair value of the hedging instrument will remain in the hedge reserve and is recognised in income statement on the same date that the projected cash flow is recognised in the income statement. The cumulative fair values of the hedging instruments are transferred from the hedge reserve to other operating income or expense or financial items based on their nature immediately if the hedged cash flow is no longer expected to occur.

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

EQUITY

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

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

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

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

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

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

APPLICATION OF NEW AND UPDATED IFRS

The Group has not in these financial statements applied the following standards, amendments to standards or interpretations which were published by the balance sheet date and the application of which is not yet compulsory at this stage.

The following new standards and interpretations effective in 2018 will not have material effects to the Group's financial statements.

- Amendment to IFRS 2 'Share-based Payment' *)
- Amendment to IFRS 4 'Insurance Contracts'
- Amendment to IAS 40 Investment property
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' *)
- Annual improvements of different standards by IASB

The Group will adopt 2019 or later the following standards and interpretations:

- IFRS 16, 'Leases'
- Amendment to IAS 28 Investments in Associates and Joint Ventures
- IFRIC 23 'Uncertainty over Income Tax Treatments
- Annual improvements of different standards by IASB

*) not yet endorsed by EU

Apetit adopts IFRS 9 'Financial Instruments' standard from 1 January 2018. The standard replaces the current standard IAS 39 Financial Instruments – recognition and measurement. The standard includes revised guidance on the classification and measurement of financial instruments, a new expected loss model for calculating impairment on financial assets, and new general hedge accounting requirements. The Group may extend the use of hedge accounting. Group's credit losses have been small and change in measurement model is not expected to have material impact to the financial statements.

Apetit adopts IFRS 15 'Revenue from Contracts with Customers' standard from 1 January 2018. the standard establishes a new framework can revenue be recognised, how much and when. The standard replaces for example the IAS 18 Revenue and the IAS 11 Construction Contracts standards. The adoption of the standard in Group does not change the timing of revenue recognition. Partly volume related adjustments are recognised in revenue in the future. Previously they have been recognised in costs. The change does not affect to the operating profit. Due to the change net sales will be approximately two million euros lower a year. Comparison period figures are revised.

Apetit adopts IFRS 16 'Leases' standard from 1 January 2019. Based on the standard all rental agreements are recognized on the lessee's statement of financial position. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as the standard replaces operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities reported under financing expenses. Group assess that the impact to net profit is not material because Group's yearly rental expense is approximately three million euros. Rental commitments are about 9 million euros at the end of the period, see note 24. The application of the new standard will increase assets and liabilities on the statement of financial position and affect balance sheet based key ratios.

Management is assessing the impact of the revisions and interpretations of 2019 or later years on the financial statements of the Group.

2. OPERATING SEGMENTS

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

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

Food Solutions
Oilseeds Products
Grain Trade
Seafood, discontinued operations

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

OPERATING SEGMENTS 1-12/2017

EUR million	Food Solutions	Oilseed Products	Grain Trade	Continuing operations	Seafood, discon-tinued operations	Total
Total segment sales	102.4	65.3	162.9	330.6	63.6	394.2
Intra-group sales	-0.2	-0.3	-16.1	-16.6	-9.5	-26.1
Net sales	102.2	65.0	146.8	314.0	54.1	368.1
Operating profit	-1.5	1.8	0.8	1.1	-3.6	-2.5
Assets	55.3	19.5	35.4	110.2	0.0	110.2
Unallocated						44.5
Total assets						154.7
Liabilities	20.8	9.3	4.5	34.6	0.0	34.6
Unallocated						7.9
Total liabilities						42.5
Gross investments in non-current assets	3.7	1.1	0.4	5.2	0.7	5.9
Corporate acquisitions and other share purchases	-	-	0.4	0.4	-	0.4
Depreciations	4.5	0.8	0.3	5.6	0.8	6.5
Impairments	0.0	0.0	0.0	0.0	0.0	0.1
Personnel	451	45	61	557	140	697

OPERATING SEGMENTS 1-12/2016

EUR million	Food Solutions	Oilseed Products	Grain Trade	Continuing operations	Seafood, discon-tinued operations	Total
Total segment sales	97.8	68.2	159.7	325.7	87.8	413.5
Intra-group sales	-0.9	-0.2	-13.3	-13.7	-12.6	-27.0
Net sales	96.9	68.0	146.4	312.0	75.2	386.5
Operating profit	-2.8	2.5	1.1	0.8	-0.3	0.6
Assets	56.3	22.9	38.3	117.4	34.2	151.6
Unallocated						32.2
Total assets						183.7
Liabilities	13.1	5.2	11.9	30.3	12.9	43.2
Unallocated						22.8
Total liabilities						66.0
Gross investments in non-current assets	5.7	1.9	0.1	7.7	2.0	9.7
Corporate acquisitions and other share purchases	-	-	0.0	0.0	-	0.0
Depreciations	3.8	0.8	0.3	4.9	1.7	6.6
Impairments	0.0	0.0	0.0	0.0	0.0	0.0
Personnel	452	42	55	549	180	729

GEOGRAPHICAL INFORMATION

EUR million	Revenue 2017	Revenue 2016	Non-current Assets 2017	Non-current Assets 2016
Finland	**197.4**	178.4	**74.5**	78.0
Norway	**14.3**	14.3	**-**	4.3
Germany	**12.3**	13.4	**-**	-
Sweden	**4.4**	12.5	**-**	1.1
Other countries	**85.6**	93.4	**0.2**	0.1
Total	**314.0**	312.0	**74.7**	83.6

Revenues from one customer were EUR 69.4 (40.3) million or 22.1% (12.9%) of the net sales. Revenues from this customer were from all continuing operations segments.

3. DISCONTINUED OPERATIONS, SEAFOOD SEGMENT

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

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

EUR million	2017	2016
Income	**63.6**	87.8
Expenses	**-67.3**	-88.1
Operating profit	**-3.6**	-0.3
Financial income and expense	**-0.3**	-0.4
Profit before taxes	**-4.0**	-0.6
Income taxes	**0.5**	-0.2
Profit for the period, discontinued operations	**-3.5**	-0.9

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

CASH FLOWS

EUR million	2017	2016
Net cash flow from operating activities	**-1.1**	3.2
Net cash flow from investing activities	**-0.7**	-2.0
Cash flows from financing activities	**1.9**	-1.3
Net change in cash and cash equivalents	**0.0**	0.0

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

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

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

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

CASH FLOWS OF DISCONTINUED OPERATIONS SOLD

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

4. OTHER OPERATING INCOME AND EXPENSES

EUR million	2017	2016
Other operating income		
Government grants received	**0.2**	0.1
Gains from sales of non-current assets	**-**	0.1
Gains from sales of investments	**-**	0.7
Rental income	**0.2**	0.2
Fair value change based on derivative instruments, no hedge accounting	**-**	0.1
Other	**0.3**	0.4
Total	**0.7**	1.5
Other operating expenses		
Rental expenses	**3.1**	2.8
Administrative expenses	**3.6**	3.8
Information technology expenses	**2.1**	2.0
Sales and marketing expenses	**15.8**	15.8
Maintenance expenses	**4.8**	4.8
Fair value change based on derivative instruments, no hedge accounting	**-**	0.1
Other	**2.4**	2.0
Total	**31.8**	31.2

AUDIT FEES PAID BY THE GROUP TO ITS INDEPENDENT AUDITOR PRICEWATERHOUSECOOPERS

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

AUDIT FEES AND NON-AUDIT FEES

EUR million	2017	2016
Audit fees	**0.1**	0.1
Non-audit fees	**0.0**	0.0
Total	**0.1**	0.1

PricewaterhouseCoopers Oy has provided non-audit services to entities of Apetit Group in total 24 thousand euros during the financial year 2017. These services included tax services (5 thousand euros) and other services (19 thousand euros).

5. EMPLOYEE BENEFITS EXPENSE

EUR million	2017	2016
Wages and salaries	**23.4**	23.2
Termination benefits	**0.0**	0.1
Pensions, defined contribution plans	**3.6**	3.7
Other personnel costs	**1.8**	1.9
Total	**28.8**	28.9

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

POST EMPLOYMENT BENEFITS

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

6. R & D EXPENSES

R & D expenses of the Group amounted to EUR 1.9 (0.8) million, representing 0.6% (0.4%) of the net sales.

7. MATERIALS AND SERVICES

EUR million	2017	2016
Raw materials and consumables	**225.3**	226.3
Change in stocks	**8.7**	9.0
External services	**13.5**	12.3
Total	**247.5**	247.5

Materials and services include foreign currency gains and losses a total of EUR 0.1 (0.1) million.
Net sales include foreign currency losses and gains a total of EUR -0.1 (0.0) million.
The ineffective portion of the change in fair value of hedge instruments totalled EUR 0.0 (-0.1) million

8. DEPRECIATIONS AND IMPAIRMENTS

EUR million	2017	2016
Depreciations		
Intangible assets	**1.1**	1.0
Buildings	**2.0**	2.0
Machinery and equipment	**2.3**	1.7
Other tangible assets	**0.2**	0.1
Total	**5.6**	4.9
Impairments		
Intangible assets	**-**	0.0
Tangible assets	**0.0**	0.0
Total	**0.0**	0.0

9. FINANCIAL INCOME AND EXPENSES

EUR million	2017	2016
Financial income		
Interest income	**0.2**	0.1
Foreign currency gains	**0.0**	0.0
Other financial income	**0.0**	0.1
Total	**0.2**	0.2
Financial expenses		
Interest expenses	**-0.2**	-0.2
Foreign currency losses	**0.0**	0.0
Avena Nordic Grain minority dividend	**-0.4**	-0.5
Fair value change based on interest rate swaps, no hedge accounting	**0.0**	0.0
Other financial expenses	**0.0**	0.0
Total	**-0.7**	-0.7

10. INCOME TAXES

EUR million	2017	2016
Current period taxes	**-0.2**	-1.0
Previous periods' taxes	**0.0**	0.0
Deferred taxes	**1.4**	2.0
Total	**1.2**	1.1
Reconciliation of income taxes		
Profit before taxes	**1.6**	1.0
Tax calculated at the tax rate of the parent company 20.0%	**-0.3**	-0.2
Effect of Avena Nordic Grain minority dividend	**-0.1**	-0.1
Effect of associated company results	**0.2**	0.1
Recognised deferred tax receivables on taxable losses	**1.3**	1.2
Other items	**0.1**	0.0
Tax expense in the income statement	**1.2**	1.1

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET 2017

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

The Group has not unrecognised deferred tax assets related to taxable losses. The taxable losses expire in 2020 - 2027. Related to the sale of Seafood business EUR 1.3 million was recognised to deferred tax assets.

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET 2016

EUR million	1 Jan. 2016	Charge in income statement	Charged to other comprehen-sive income	31 Dec. 2016
Deferred tax assets				
Carry forward of unused tax losses	2.3	1.3	–	3.7
Intangible and tangible assets	0.2	0.0	–	0.2
Deferred depreciations	0.3	0.0	–	0.3
Other	0.1	0.0	0.0	0.1
Total	2.9	1.4	0.0	4.3
Deferred tax liabilities				
Accumulated depreciation difference	–1.4	0.4	–	–1.1
Valuation of assets in Mildola's acquisition (netting Mildola's accumulated depreciation difference)	0.5	0.0	–	0.5
Valuation of assets in acquisition cost allocation calculations	–1.9	0.2	0.0	–1.7
Inventories	–0.6	–0.1	–	–0.7
Derivative instruments	–0.2	0.0	0.2	0.0
Goodwill	–0.1	–	–	–0.1
Tangible assets	–0.5	–	–	–0.5
Other	–0.2	0.0	0.0	–0.1
Total	–4.3	0.4	0.2	–3.7

The Group has not recognised deferred tax assets total of EUR 1.4 million at 31 December 2016 related to taxable losses. These taxable losses expire in 2020 - 2026. Recognised deferred tax assets on unused taxable losses EUR 2.9 million will expire in 2020 - 2026. Other unused taxable losses do not expire. During the financial year a total of EUR 1.0 million in deferred tax assets were recognised on previously not recognised taxable losses based on the improved profit outlook of the Seafood business combined with changes in the Group structure that makes it easier for the group companies to use the Group contribution.

11. EARNINGS PER SHARE

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

The outstanding shares do not include treasury shares in possession of the company.

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

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

EUR million	2017	2016
Profit attributable to the shareholders of the parent company, basic and diluted	-0.6	1.2
Weighted average number of outstanding shares (1,000 pcs)	6,202	6,198
Diluted average number of shares outstanding (1,000 pcs)	6,202	6,198
Basic and diluted earnings per share (EUR per share)	-0.10	0.19

12. INTANGIBLE AND TANGIBLE ASSETS

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

Intangible assets 2017

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

Intangible assets 2016

EUR million	R & D expenses	Goodwill	Customer relation-ships	Other Intangible rightst	Advance payments	Total
Acquisition cost 1 Jan.	–	5.2	10.7	8.5	0.3	24.7
Additions	0.2	–	–	0.4	0.2	0.8
Disposals	–	–	–	–0.2	–	–0.2
Translation difference and other changes	–	0.0	0.1	0.2	0.0	0.2
Transfers	0.1	–	–	0.2	–0.3	–
Acquisition cost 31 Dec.	0.3	5.2	10.7	9.1	0.2	25.5
Accumulated depreciation 1 Jan.	–	–4.8	–4.6	–6.8	–	–16.2
Disposals. accumulated depreciation	–	–	–	0.0	–	0.0
Depreciation for the period	0.0	–	–0.7	–0.5	–	–1.2
Impairments	–	–	0.0	0.0	–	0.0
Accumulated depreciation 31 Dec.	0.0	–4.8	–5.2	–7.3	–	–17.4
Book value 31 Dec. 2016	0.3	0.4	5.5	1.8	0.2	8.1

Goodwill 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	2017	2016
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%-2%.

Frozen product group goodwill imparment testing

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

Fresh product group impairment testing

The key variables in the value in use calculation are the budgeted gross margin, net sales and the discount rate. The pre-tax discount rates used in Frozen products group is 6.9% (6.9%). At the time of testing, on 30 September 2017, the book value of the cash-generating unit in the fresh products group stood at EUR 16.7 million, including EUR 3.8 million in acquisition costs allocated to customer relationships. Due to weak business performance, the value in use had decreased close to the book value in the impairment testing of fresh products and that of customer relationships. The target for the fresh products group for the forecast period is an annual increase of 8–18% in net sales. The operating result improved as a result of enhanced operational efficiency, and an increase in volumes will significantly support performance in the forecast period. Volume will be increased due to new products and new customers acquired during the financial year. The book value is subject to impairment risk if the outlook for net sales and performance becomes weaker.

Tangible assets 2017

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

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

Tangible assets 2016

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	3.3	51.8	49.7	1.1	1.6	107.5
Additions	–	2.8	4.7	0.4	1.1	8.9
Disposals	0.0	0.0	–1.4	–	0.2	–1.3
Translation differences and other changes	0.0	0.0	0.2	–	0.1	0.3
Transfers	–	0.2	0.6	1.1	–1.9	–
Acquisition cost 31 Dec.	3.3	54.7	53.7	2.6	1.2	115.5
Accumulated depreciation 1 Jan.	–0.2	–24.8	–38.2	–0.5	–	–63.7
Accumulated depreciation on disposals and transfers	–	0.0	1.2	–	–	1.2
Depreciation for the period	–	–2.3	–2.9	–0.1	–	–5.3
Impairments	–	–	0.0	–	–	0.0
Accumulated depreciation 31 Dec.	–0.2	–27.1	–39.9	–0.7	–	–67.8
Book value 31 Dec. 2016	3.1	27.7	13.8	1.9	1.2	47.7

Machinery and equipment includes assets acquired through finance leases totalling EUR 0.4 million.

13. INVESTMENT IN ASSOCIATED COMPANIES

EUR million	2017	2016
Book value 1 Jan.	**23.1**	22.6
Acquisitions, other additions	**0.6**	0.2
Share of profits for the period	**1.0**	0.7
Sales, deductions	**-0.1**	–0.1
Dividends	**-1.3**	–0.3
Book value 31 Dec.	**23.4**	23.1

Sucros group's beet factory is situated at Säkylä industrial site where also is situated Frozen products group 's factory. Associated companies are consolidated using the equity method and they do not have public quatations. The Group has a total on EUR 1.0 million ownership in associated company Foison Oy.

Information about group's material associated companies

	Sucros group	
	Group holding 20%	
EUR million	2017	2016
Non-current assets	**23.5**	21.9
Current assets	**102.7**	140.7
Cash and cash equivalents	**7.0**	4.9
Non-current financial liabilities	**5.4**	5.4
Current financial liabilities	**5.3**	32.5
Other current liabilities	**10.5**	17.4
Net assets, 100%	**112.0**	112.2
Share in net assets	**22.4**	22.4
Goodwill	**0.0**	–
Book value, 31 December	**22.4**	22.4
Net sales	**181.1**	208.4
Other income and expenses	**-174.7**	–204.8
Operating profit	**6.4**	3.6
Interest income and expenses	**0.2**	0.1
Taxes	**-1.4**	–0.2
Profit or loss	**5.1**	3.6
Book value, 1 January	**22.4**	21.9
Profit or loss	**1.0**	0.7
Dividends received	**-1.1**	–
Book value, 31 December	**-**	–0.1
Book value, 31 December	**22.4**	22.4

14. AVAILABLE-FOR-SALE INVESTMENTS

The shares of unlisted companies are reported at acquisition cost as their values are not reliably available.

EUR million	2017	2016
Investments in shares of unlisted companies	0.1	0.1
Total	**0.1**	0.1

15. NON-CURRENT RECEIVABLES

EUR million	2017	2016
Additional purchase price receivable	1.0	-
Connection fees	0.3	0.3
Total	**1.3**	0.3

The fair values of the receivables are estimated to correspond to their book values.

16. CURRENT RECEIVABLES

EUR million	2017	2016
Trade receivables	14.5	27.3
Receivables based on derivative instruments, hedge accounting	-	0.0
Receivables based on derivative instruments, no hedge accounting	0.0	0.0
Accrued income and deferred expenses	2.8	1.5
Accrued income and deferred expensest	0.5	1.2
Receivables from associated companies and joint ventures		
Trade receivables	0.4	0.1
Other receivables	-	0.0
Total	**18.3**	30.1

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

The fair values of the receivables are estimated to correspond to their book values. During the financial year the group recorded credit losses of EUR 0.0 (0.0) million on trade receivables.

17. INVENTORIES

EUR million	2017	2016
Materials and consumables	6.3	15.3
Work in progress	6.3	7.7
Finished goods	33.3	42.3
Total	**45.8**	65.3

A write-down of EUR 2.5 (1.7) million in inventory value was booked to correspond the net realisation value.

18. CASH AND CASH EQUIVALENTS

EUR million	2017	2016
Cash and bank receivables	15.7	4.6
Total	15.7	4.6

19. SHAREHOLDERS' EQUITY

EUR million	Number of shares (1,000 pcs)	Share capital	Share premium account	Total
31 Dec. 2017	**6 206**	**12.6**	**23.4**	**36.0**
31 Dec. 2016	6 201	12.6	23.4	36.0

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

Descriptions of the funds in the equity:

Translation differences

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

Revaluation reserve

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

Other reserves

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

Treasury shares

Treasury shares include the acquisition cost of the own shares that are in the Group's possession. The company possessed 111,426 own shares that have been repurchased during 2000-2001 and 2008. 5,379 shares have been distibuted as part of the Board of Directors' remuneration in 2017. The treasury shares represent 1.8% of the company's share capital and votes. The acquisition cost of the repurchased shares totals EUR 1.5 million.

Dividends

After the date of the financial statement the Board of Directors has proposed a dividend of EUR 0.70 per share to be paid.

20. PROVISIONS AND PENSION OBLIGATIONS

EUR million	2017	2016
Non-current		
Provisions and pension obligations 1 Jan.	**0.2**	0.2
Increases, decreases	**0.1**	0.1
Provisions and pension obligations 31 Dec.	**0.2**	0.3
Current		
Provisions and pension obligations 1 Jan.	**0.2**	0.3
Increases, decreases	**-0.2**	-0.1
Provisions and pension obligations 31 Dec.	**-**	0.2

Provisions relate mainly to defined benefit pension plans.

Apetit Group's most significant defined benefit plans are in the parent company. Parent company's plans include one employee and about 80 pensioners. Plans are administered in pension companies. Parent company's defined benefit obligation totals to EUR 2.1 (2.3) million and plan assets totals to EUR 1.9 (2.0) million. Net liability total to EUR 0.2 (0.3) million.

EUR million	2017	2016
The amounts recognised in the balance sheet are determined as follows:		
Present value of funded obligations	**2.1**	2.3
Present value of unfunded obligations	**-**	–
Fair value of plan assets	**1.9**	2.0
Surplus (-) / deficit (+)	**0.2**	0.3
Unrecognised actuarial gains (+) and losses (-)	**0.0**	0.0
Net liability (+) / asset (-)	**0.2**	0.3
Change in the defined benefit obligation		
Defined benefit obligation in the beginning of the year	**2.3**	2.3
Current service cost	**0.0**	0.0
Interest cost	**0.0**	0.1
Actuarial gains (-) and losses (+)	**0.0**	0.2
Benefits paid	**-0.2**	–0.3
Defined benefit obligation at the end of the year	**2.1**	2.3
Change in plan assets		
Plan assets in the beginning of the year	**2.0**	2.1
Interest income	**0.0**	0.0
Expected return of plan assets	**0.0**	0.2
Contributions paid into the plans	**0.0**	0.0
Benefits paid	**-0.2**	–0.3
Plan assets at the end of the year	**1.9**	2.0

EUR million	2017	2016
Defined benefit expense in the income statement		
Current service cost	**0.0**	0.0
Interest cost on pension obligation	**0.0**	0.1
interest income on plan assets	**0.0**	0.0
Pension expense recognised in the income statement	**0.0**	0.1
The amounts recognised in the equity		
Demographic gains and losses	**0.0**	0.0
Gains and losses from change of financial assumptions	**0.0**	0.1
Experience gains and losses	**0.0**	0.1
Return on plan assets excluding interest	**0.0**	–0.2
Remeasurements of post employment benefit obligations	**0.0**	0.0
Significant actuarial assumptions		
Discount rate (%)	**1.8**	1.8
Salary growth rate (%)	**2.5**	2.5
Pension growth rate (%)	**1.8**	1.7
Inflation (%)	**1.4**	1.6

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

	Plan assets	
Changes in the assumptions, sensitivity 2016	**Increase%**	**Decline %**
Discount rate, change 0.5%	**-3.6**	3.8
Salary growth rate, change 0.5%	**0.0**	0.0
Pension growth rate, change 0.25 %	**2.1**	–2.0
Life expectancy, change 5%	**-2.5**	2.6

21. FINANCIAL LIABILITIES

EUR million	2017	2016
Non-current		
Loans from credit institutions	**3.4**	**4.8**
Other loans	**0.1**	**0.1**
Total	**3.4**	**4.9**

The loans from credit institutions are floating rate. Interest-bearing long-term loans are denominated in euros totalling EUR 3.4 (4.5) million and in Norwegian crowns totalling EUR 0.0 (0.4) million. It is assessed that the book values of the liabilities correspond to their fair values.

Current		
Commercial papers and loans from credit institutions	**1.4**	14.2
Other loans	**0.0**	0.0
Total	**1.5**	14.2

The fair values of the liabilities are estimated to correspond to their book values.

Interest bearing loans reconciliation to consolidated statement of cash flows

EUR million	2017	2016
Long-term interest bearing loans		
Book value at 1. Jan.	**4.9**	**0.9**
Cash flows	**-0.7**	**3.7**
Sold businesses, Seafood, discontinued operations	**-0.4**	**-**
Exchange rate differences	**-0.4**	**0.2**
Book value at 31. Dec.	**3.4**	**4.9**
Short-term interest bearing loans		
Book value at 1. Jan.	**14.2**	**35.3**
Cash flows	**-12.8**	**-21.0**
Book value at 31. Dec.	**1.5**	**14.2**

22. TRADE PAYABLES AND OTHER LIABILITIES

EUR million	2017	2016
Non-current		
Payables based on derivative instruments, hedge accounting	**0.1**	0.1
Other liabilities	**0.1**	0.1
Total	**0.2**	0.2
Current		
Trade payables	**20.8**	30.2
Payables to associated companies	**0.5**	0.3
Payables based on derivative instruments, no hedge accounting	**-**	0.0
Payables based on derivative instruments, hedge accounting	**0.6**	0.0
Accrued expenses and deferred income	**8.6**	8.3
Other liabilities	**3.6**	3.7
Total	**34.1**	42.5

The material items in accrued expenses and deferred income consist of personnel expenses and accruals of material purchases.

23. FINANCIAL RISK MANAGEMENT

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

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

1. MARKET RISKS

CURRENCY RISK

The Group operates in international markets and is thus exposed to currency risks arising from changes in exchange rates. The Group's currency risks concern sales, purchases and balance sheet items denominated in foreign currencies (transaction risk), and also investment in foreign subsidiaries (translation risk). The most significant currency risk is caused by mainly the US dollar. The Group sold fish business operations in 2017 including fish businesses in Norway and Sweden. Due to the sale, the Group does not have material currency risks in Swedish crowns and Norwegian crowns. Before the sale statement of comprehensive income included foreign currency gains total of EUR 0.3 (in previous year financial losses 0.3) million related to the intra-group loans.

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

SENSITIVITY TO CURRENCY RISK ARISING FROM FINANCIAL INSTRUMENTS

Currency risk (or foreign exchange risk) arises from financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this IFRS, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

If on 31 December 2017 (31 December 2016) US dollar would have been 10% stronger/weaker against euro, group's net profit would have increased/decreased by EUR 0.0/0.0 (0.9/-0.8) million and equity decreased/increased by EUR 0.0/0.0 (0.2/-0.1) million. All other variables such as interest rates remain the same on the analyses.

INTEREST RATE RISK

At the end of the financial year, the Group had a total of EUR 3.4 (4.9) million in long-term floating rate loans from financial institutions, commercial papers EUR 0.0 (11.0) million, EUR 1.5 (14.2) million in other short-term liabilities and EUR 15.7 (4.6) million in liquid cash assets. The Group has hedged against long-term and short-term interest rate risk using interest rate swap with nominal value of EUR 4.8 (5.4) million.

SENSITIVITY TO INTEREST RATE RISK ARISING FROM FINANCIAL INSTRUMENTS

With the balance sheet structure on 31 December 2017 (31 December 2016), a rise/decrease of one percentage point in interest rates would have decreased / increased Group's net profit by EUR 0.0/0.0 (-0.1/0.1) million and equity increased/decreased EUR 0.0/0.0 (0.0/0.0) million.

COMMODITY RISK

The Group is exposed to commodity risks associated with the availability of raw materials, the time difference between procurement and sales, and price fluctuations. The most significant single commodity risks concern Grains and Oil Seeds; wheat, barley, oats, soy and rapeseed. It seeks to reduce these risks by using certain quoted commodity futures, forward agreements and options. The Group's exposure to commodity risk and correspondingly the hedging instruments expire within 12 months. At the end of the year commodity derivatives totalled to EUR 14.2 (15.0) million. In frozen products, fish products and fresh products businesses commodity risk arises from store chains' pricing periods, where prices are fixed for the entire pricing period. Commodity risk is mostly controlled by purchase and sales functions' co-operation. The business units are responsible for managing their commodity risks in accordance with the risk management principles laid down for them. Hedge accounting is mostly applied when hedging the raw material risk.

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

SENSITIVITY TO COMMODITY RISK ARISING FROM FINANCIAL INSTRUMENTS

If on 31 December 2017 (31 December 2016) derivative based commodity prices would have been increased/decreased by 10%, Group's net profit would have increased/decreased by EUR 0.0/0.0 (-0.6/0.5) million and equity increased/decreased by EUR 1.3/-1.3 (-0.9/1.1) million. When cash flow hedge accounting is applied, the change in the fair value of derivative financial instruments is assumed to be recorded fully in equity.

OTHER MARKET RISKS INFORMATION

The sensitivity analysis presented may not be representative, since the Group's exposure to market risks also arises from other balance sheet items than financial instruments. For example, the currency risk analyses only reflect the change in fair value of derivative instruments. Cash flows from derivatives are materially offset by commodity purchase prices denominated in foreign currency even though the Group does not apply IAS 39 hedge accounting to all transactions made in hedging purpose.

2. CREDIT RISK

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

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

The Group's management evaluates that there are no significant customer, geographical or counterparty concentrations in the Group's credit and counterparty risks.

Aging of Group's receivables

EUR million	2017	2016
Not due	**17.9**	30.1
0 - 3 months past due	**0.3**	0.0
4 - 6 months past due	**0.0**	0.0
Over 6 months past due	**0.0**	0.0
Total	**18.3**	30.1

Other Group's receivables do not include credit risk. Some Group subsidiaries have sold their trade receivables to a finance company in part of the working capital efficiency management. Receivables' credit risk has been transferred permanently from the Group.

3. LIQUIDITY RISK

The liquidity risk is the risk that the company may not have sufficient liquid assets or be unable to acquire enough funds to meet the needs of its business operations. The aim of liquidity risk management is to maintain sufficient liquid funds and credit facilities to ensure that there is always enough financing for the Group's business operations. The cash flows of the Group companies are netted with the aid of the Group's internal bank and Group accounts. To manage liquidity, the Group has a commercial paper programme worth EUR 100 (100) million and also long-term binding credit facilities agreed with financial institutions; a total of EUR 40 (40) million was available in credit on 31 December 2017. Credit facilities expire for EUR 25 million on September 2020, for EUR 15 million on June 2022. The group has a EUR 4.8 million financial loan and will repay the loan by June 2022. The total amount of commercial papers issued were EUR 0.0 (11.0) million. Liquidity risk management is the responsibility of the parent company's Financing Department.

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

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

Group's derivative liabilities and interest-bearing loan repayments and interest cash flows on 31 December 2016

EUR million	0–3 months	4–12 months	1–5 year	Over 5 years
Loans from financial institutions and other loans	−11.0	−0.9	−4.7	−0.7
Trade payables	−30.5	–	–	–
Derivative liabilities	0.0	0.0	−0.1	–
Total	−41.5	−0.9	−4.8	−0.7

4. CAPITAL RISK MANAGEMENT

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

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

EUR million	2017	2016
Interest bearing liabilities	**4.9**	19.1
Liquid assets	**15.7**	4.6
Interest bearing net debt	**-10.8**	14.5
Equity	**112.3**	117.7
Interest bearing net debt and equity total	**101.5**	132.3
Gearing, %	**-9.6**	12.4
Equity ratio, %	**72.6**	64.1

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

EUR million	2017	2016
Liabilities secured by pledges		
Loans from financial institutions	-	0.4
Pledges given for debts		
Real estate mortgages	-	2.5
Other securities given	**0.2**	2.2
Guarantees	**2.9**	9.4
Other leases, present value of minimum lease payments		
Within one year	**3.4**	3.9
After one year but not more than five years	**3.8**	4.9
After more than five years	**1.7**	1.8
Total	**8.9**	10.6

The present value of minimum lease payments includes real estate leases a total of EUR 8.0 (9.6) million.

EUR million	2017	2016
Contingent assets		
The present value of proceeds from the sale of shares in the joint book-entry account.	**0.7**	0.7
Investment commitments		
Food Solutions	**1.0**	1.0

Other liabilities

Liability to adjust value added tax on property investments

The group is liable to adjust value added tax deductions on 2009 - 2017 property investments, if taxable use of the properties decreases. The maximum value of the liability is EUR 1.5 (2.0) million and liability is valid untill 2027.

25. FAIR VALUE HIERARCHY ON FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE

EUR million	Level 1	Level 2	Taso 3	Total
Assets 2017				
Commodity and currency derivatives	**-**	**-**	**-**	**-**
Assets 2016				
Currency derivatives, no hedge accounting	-	0.0	-	0.0
Commodity derivatives, hedge accounting	0.0	-	-	0.0
Liabilities 2017				
Commodity derivatives, hedge accounting	**-**	**0.6**	**-**	**0.6**
Interest rate swaps, no hedge accounting	**-**	**0.1**	**-**	**0.1**
Liabilities 2016				
Currency derivatives, no hedge accounting	-	0.0	-	0.0
Commodity derivatives, no hedge accounting	0.0	-	-	-
Interest rate swaps, no hedge accounting	-	0.1	-	0.1
Interest rate swaps, hedge accounting	-	0.0	-	0.0

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

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

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

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

Nominal values of derivative instruments

EUR million	2017	2016
Currency derivatives, no hedge accounting	**-**	8.1
Commodity derivatives, no cash flow hedge accounting	**-**	2.4
Commodity derivatives, cash flow hedge accounting	**14.2**	12.6
Interest rate swaps, cash flow hedge accounting	**-**	5.4
Interest rate swaps, no cash flow hedge accounting	**4.8**	-

Other information related to cash flow hedge

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

26. RELATED PARTY TRANSACTIONS

Parent company and subsidiary relations of the Group	Domicile	Group's share of ownership %	Group's share of votes, %
Apetit plc (parent company)	Finland		
Apetit Ruoka Oy	Finland	100,0	100,0
Apetit Ruokaratkaisut Oy	Finland	100,0	100,0
Kiinteistö Oy Kivikonlaita	Finland	100,0	100,0
Apetit Suomi Oy	Finland	100,0	100,0
Avena Nordic Grain Oy	Finland	90,0 [1]	90,0 [1]
Avena Kantvik Oy	Finland	90,0 [1]	90,0 [1]
OOO Avena St. Petersburg	Russia	90,0 [1]	90,0 [1]
UAB Avena Nordic Grain	Lithuania	90,0 [1]	90,0 [1]
Avena Nordic Grain OÜ	Estonia	90,0 [1]	90,0 [1]
TOO Avena Astana	Kazakhstan	90,0 [1]	90,0 [1]
OOO Avena-Ukraine	Ukraine	90,0 [1]	90,0 [1]
SIA Avena Nordic Grain	Latvia	90,0 [1]	90,0 [1]
2 non-operative companies	Finland	100,0	100,0

[1] In addition Apetit owns indirectly through Foison Oy 4.5% of the shares in Avena Nordic Grain Oy

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

The administrative bodies consists of the members of the Supervisory Board, the Board of Directors, the CEO and other members of the corporate management of the parent company.
The chairmans of the Supervisory Board was paid EUR 15,600 (16,500), the deputy chairmans EUR 11,580 (12,780) and the members EUR 300 to 1,200 (300 to 1,200) in fees and allowances.

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

EUR 1 000	2017	2016
Veijo Meriläinen, chairman of the Board	**45**	46
Aappo Kontu, debuty chairman of the Board until 12 April 2017	**8**	28
Lasse Aho, member of the Board	**23**	23
Annikka Hurme, member of the Board since 12 April 2017	**15**	-
Esa Härmälä, member of the Board, debuty chairman of the Board since 12 April 2017	**26**	23
Seppo Laine, member of the Board since 28 April 2016	**23**	17
Tuomo Lähdesmäki, member of the Board until 28 April 2016	**-**	6
Niko Simula, member of the Board	**23**	23
Juha Vanhainen, CEO	**451**	446
Corporate management, five members (two changes, salaries informed based on the time served at the corporate management)	**817**	861

The remuneration and incentive plans for management are made up of monetary remuneration, fringe and pension benefits, and performance-related compensation, by which the degree of success for the year is measured. The level of these plans as a whole is compared annually with the general market level. The Board of Directors of Apetit plc decides on the principles for the remuneration and incentive plans for the CEO and other members of the management. The Board also confirms annually the indicators to be used for the plans and their level in relation to the targets set. The indicators also include key figures connected with annual budgets as well as development targets selected on a function-specific basis. In 2017, indicators for the CEO and management were among others the Group´s and applicable business unit's operational EBIT. The maximum amount of performance-related compensation corresponds to 60 per cent of annual salary in the case of the CEO, and 50 per cent of annual salary for other management. The CEO and two member of the corporate management has separate operatinal EBIT based compensation scheme for periods 2015-2017, 2016-2018 and 2017-2019, where the maximum compensation corresponds to yearly salary in the case of CEO and 8 months salary in the case of other members. Payment will take place at the end of the scheme in shares (50%) and in cash (50%). In addition, the CEO has acquired 10 000 Apetit Oyj shares, and in return Apetit will compensate equivalent amount in shares (50%) and in cash (50%) after three years of employment.

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

Post–employment benefits

EUR 1000	2017	2016
Pension benefits, amount transferred to income statement		
Juha Vanhainen, CEO	**112**	105

The key conditions of the CEO's terms of service are defined in his contract. The period of notice for the CEO is six months. Should the CEO be given notice by the company, he will be entitled to a severance package equivalent to 12 months' pay.
The Group did not have any loan receivables from the group key management during the financial periods.

Transactions with associated companies and joint ventures

EUR 1000	2017	2016
Sales to associated companies	**0.9**	0.8
Purchases from associated companies	**2.8**	3.0
Trade receivables and other receivables from associated companies	**0.4**	0.1
Trade payables and other liabilities to associated companies	**0.5**	0.3

The sales of goods and services to the associated companies and joint ventures are based on valid market prices.

27. EVENTS SINCE THE END OF THE FINANCIAL YEAR

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

28. KEY INDICATORS

Financial ratios

Profitability

	Continuing operations		Inc. Discontinued operations		
EUR milloin	2017	2016	2015	2014	2013
Net sales	**314.0**	312.0	380.8	384.7	387.3
Exports from Finland	**101.0**	69.4	74.7	82.7	64.0
Operating profit	**1.1**	0.8	-1.0	-7.7	3.8
% of net sales	**0.3**	0.3	-0.3	-2.0	1.0
R & D expenses	**1.9**	0.8	0.8	0.8	0.9
% of net sales	**0.6**	0.4	0.2	0.2	0.2
Financial income (+)/ expenses(-), net	**-0.5**	-0.6	-1.5	-2.2	-0.2
Profit before taxes	**1.6**	1.0	-3.5	-8.1	9.3
% of net sales	**0.5**	0.3	-0.9	-2.1	2.4
Profit for the period	**2.9**	2.0	-4.6	-8.7	9.3
% of net sales	**0.9**	0.7	-1.2	-2.3	2.4
Attributable to					
Shareholders of the parent company	**2.9**	2.0	-4.3	-8.0	10.1
Non-controlling interests	**-**	-	-0.3	-0.7	-0.8
Return on equity, % (ROE)	**2.5**	1.7	-3.7	-6.5	6.5
Return on capital employed, % (ROCE)	**1.9**	1.3	-1.5	-4.2	5.9

Finance and financial position

	Group total				
EUR million	2017	2016	2015	2014	2013
Equity ratio, %	**72.6**	64.1	61.1	69.7	70.3
Net gearing, %	**- 9.6**	12.4	19.0	-1.3	8.4
Non-current assets	**74.7**	83.6	79.1	88.5	105.2
Inventories	**45.8**	65.3	74.8	53.8	64.0
Other current assets	**34.2**	34.8	44.0	43.4	35.2
Shareholders' equity	**112.3**	117.7	121.0	129.4	143.6
Distributable funds	**62.6**	66.3	67.3	73.4	86.0
Interest-bearing liabilities	**4.9**	19.1	36.5	12.0	14.9
Non-interest-bearing liabilities	**37.6**	46.8	40.4	44.3	45.8
Balance sheet total	**154.7**	183.7	197.9	185.7	204.4

Other indicators

	Continuing operations		Inc. Discontinued operations		
EUR million	2017	2016	2015	2014	2013
Gross investments excluding acquisitions	**5.2**	7.7	9.1	2.5	3.0
% of net sales	**1.6**	2.5	2.4	0.7	0.8
Acquisitions and other investments in shares	**0.4**	0.0	0.1	0.0	-
% of net sales	**0.1**	0.0	0.0	0.0	-
Average number of personel	**557**	549	725	723	782

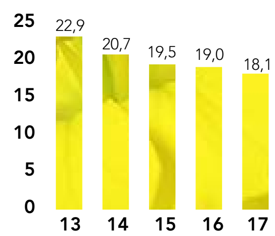
SHARE INDICATORS

	Group total				
	2017	2016	2015	2014	2013
Earnings and dividend	**- 0,10**	0,19	–0,69	–1,29	1,63
Dividend per share, EUR	**0,70** [1]	0,70	0,70	0,70	1,00
Dividend per earnings, %	**-**	368,4	–	–	61,3
Effective dividend yield, %	**5,0**	5,4	5,5	5,2	5,1
P/E ratio	**-**	68,3	–	–	11,9
Shareholders' equity per share, EUR	**18.10**	19,00	19,53	20,70	22,90
Share performance,EUR					
Lowest price during the year	**12.91**	11,64	12,61	13,56	14,41
Highest price during the year	**14.58**	14,50	16,80	21,63	19,64
Average price during the year	**13.67**	12,97	14,12	16,42	16,77
Share price at the end of the year	**14.12**	12,97	12,65	13,59	19,45
Share turnover					
Share turnover (1,000 pcs)	**835**	561	696	1 031	700
Turnover ratio, %	**13.0**	8,9	11,0	16,3	11,1
Share capital, EUR million	**12.6**	12,6	12,6	12,6	12,6
Market capitalisation, EUR million	**89.2**	81,9	79,9	85,9	122,9
Dividends, EUR million	**4.3** [1]	4,3	4,3	4,3	6,2
Number of shares					
Number of shares	**6 317 576**	6 317 576	6 317 576	6 317 576	6 317 576
Average adjusted number of shares	**6 202 128**	6 197 815	6 192 435	6 188 416	6 220 618
Adjusted number of shares at the end of the period	**6 206 150**	6 200 771	6 195 287	6 190 298	6 187 576
Number of own shares	**111 426**	116 805	122 289	127 278	130 000

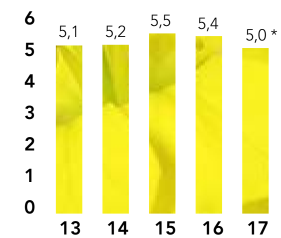
[1] Board's proposal

This note is not part of the audited consolidated financial statements

Equity per share 2013–2017, EUR

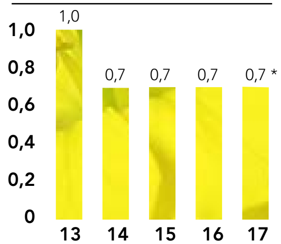


Effective dividend yield 2013–2017, %



*board´s proposal

Dividend / share 2013–2017, EUR



*board´s proposal

29. CALCULATION OF KEY INDICATORS

Return on equity (ROE), %

$$= \frac{\text{Profit/loss}}{\text{Total equity, average for the year}} \times 100$$

Return on capital employed (ROCE), %

$$= \frac{\text{Operating profit + share of profits of associated companies}}{\text{Capital employed, average for the year}} \times 100$$

Operational return on capital employed (ROCE), %

$$= \frac{\text{Operational EBIT + share of profits of associated companies}}{\text{Capital employed, average for each quarter}} \times 100$$

Equity ratio, %

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

Gearing, %

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

Interest-bearing net liabilities

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

Earnings per share

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

Dividend per share

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

Dividend per earnings, %

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

Effective dividend yield, %

$$= \frac{\text{Dividend per share}}{\text{Share price at the end of the period}} \times 100$$

Price/earnings ratio (P/E)

$$= \frac{\text{Share price at the end of the period}}{\text{Earnings per share}}$$

Shareholders' equity per share

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

Market capitalisation

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

Operational EBITDA

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

Operational EBIT

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

This note is not part of the audited consolidated financial statements

30. MAJOR SHAREHOLDERS ON 1 FEBRUARY 2018

	Number of shares	%	Number of votes	%
Jussi Capital Oy	714 039	11.3	714 039	11,5
Valio's Pension Fund	520 108	8.2	520 108	8,4
Eela Esko	392 392	6.2	392 392	6,3
Nordea Nordic Small Cap Fund	347 860	5.5	347 860	5,6
Nordea Bank AB, Finnish Branch	178 050	2.8	178 050	2,9
EM Group Oy	145 084	2.3	145 084	2,3
Central Union of Agricultural Producers and Forest Owners	125 485	2.0	125 485	2,0
Jussi Invest Oy	101 000	1.6	101 000	1,6
Skandinavista Enskilda Banken AB, Helsinki	76 476	1.2	76 476	1,2
Norvestia Plc	74 294	1.2	74 294	1,2
Top 10 sub-total	2 674 788	42.3	2 674 788	43,1
Nominee-registered shares	302 560	4.8	302 560	4,9
Other shareholders	3 228 802	51.1	3 228 802	52,0
External ownership total	6 206 150	98.2	6 206 150	100,0
Shares owned by the company	111 426	1.8		
Total	**6 317 576**	**100.0**		

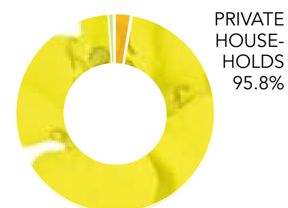
Distribution of shareholdings on 1 February 2018

Shares		Number of shareholders	% of shareholders	Number of shares	% of shares
1	100	5 909	53.0	242 430	3.8
101	500	3 913	35.1	957 409	15.2
501	1000	818	7.3	601 712	9.5
1001	5000	447	4.0	884 159	14.0
5001	10000	33	0.3	220 737	3.5
10001	50000	25	0.2	442 010	7.0
50001	100000	5	0.0	333 675	5.3
100001	500000	7	0.1	1 401 297	22.2
500001		2	0.0	1 234 147	19.5
Total		**11 159**	**100.0**	**6 317 576**	**100.0**

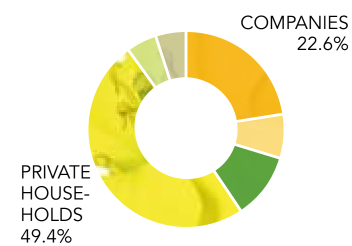
Distribution of ownership on 1 February 2018

	% of shareholders	% of shares
Companies total	2.6	22.6
Financial and insurance institutions	0.1	7.2
Public organisations	0.3	10.9
Private households	95.8	49.4
Non-profit organisations	1.0	5.0
Foreign owners	0.1	0.0
Nominee-registered		4.8
Total		100.0

Distribution of shareholdings percentage of shareholders, %



Distribution of shareholdings percentage of shares, %



This note is not part of the official consolidated financial statements

PARENT COMPANY INCOME STATEMENT, FAS

EUR 1000	Note	2017	2016
Other operating income	(1)	**419**	583
Personnel expenses	(2)	**-2 372**	-1 973
Depreciation and impairments	(3)	**-247**	-267
Other operating expenses	(4)	**-1 448**	-1 189
Operating loss		**-3 649**	-2 846
Financial income and expenses	(5)	**3 922**	5 848
Profit / loss before appropriations and taxes		**273**	3 002
Change in deferred tax assets	(6)	**566**	330
Net profit / loss		**839**	3 333

PARENT COMPANY BALANCE SHEET, FAS

EUR 1000	Note	31 Dec. 2017	31 Dec. 2016
ASSETS			
Non-current assets			
Intangible assets	(7)	**4**	139
Tangible assets	(8)	**3 392**	3 641
Investments in Group companies	(9,10)	**21 993**	22 780
Investments in associated companies	(9,10)	**12 562**	12 246
Other investments and receivables	(9,10)	**42**	42
Total non-current assets		**37 992**	38 847
Current assets			
Long-term receivables	(11)	**26 315**	20 421
Deferred tax assets	(13)	**1 484**	918
Current receivables	(12)	**40 969**	59 138
Cash and cash equivalents		**15 164**	3 995
Total current assets		**83 932**	84 472
Total assets		**121 923**	123 319
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(14)		
Share capital		**12 635**	12 635
Share premium account		**23 391**	23 391
Contingency reserve		**7 232**	7 232
Retained earnings		**54 526**	55 716
Profit / loss for the period		**839**	3 333
Total equity		**98 622**	102 307
Appropriations		**10**	10
Liabilities	(15)		
Long-term interest bearing liabilities		**3 373**	4 400
Long-term non-interest bearing liabilities		**398**	103
Current interest bearing liabilities		**18 522**	15 785
Current non-interest bearing liabilities		**999**	714
Total liabilities		**23 291**	21 002
Total equity and liabilities		**121 923**	123 319

PARENT COMPANY STATEMENT OF CASH FLOWS, FAS

EUR 1000	2017	2016
Cash flow from operating activities		
Profit before extraordinary items	**273**	3 002
Adjustments*)	**-4 353**	-5 868
Change in working capital		
Change in non-interest-bearing current receivables	**17 294**	-996
Change in non-interest-bearing current liabilities	**579**	88
Cash flow from operating activities before financial items and taxes	**13 793**	-3 774
Dividends received	**2 822**	4 420
Interests paid	**-201**	-305
Interests received	**1 066**	1 175
Cash flow from operating activities (A)	**17 479**	1 516
Cash flow from investing activities		
Investments in tangible and intangible assets	**-53**	-104
Proceeds from sales of tangible and intangible assets	**158**	1
Investments in subsidiaries	**10 032**	-
Investments in associated companies	**-426**	-
Investments in other investments	**215**	314
Dividends received	**1 283**	317
Cash flow from investing activities (B)	**11 209**	527

EUR 1000	2017	2016
Cash flow before financing	**28 688**	2 044
Cash flow from financing activities		
Change in long-term loans	**-1 027**	3 903
Change in short-term loans	**-10 755**	-21 000
Change in long-term subsidiary financing	**-15 763**	-2 238
Change in short-term subsidiary financing	**14 367**	11 572
Dividends paid	**-4 341**	-4 337
Group contributions, received	**-**	1 237
Cash flow from financing activities (C)	**-17 518**	-10 863
Net increase/decrease in cash and cash equivalents	**11 169**	-8 819
Cash and cash equivalents at beginning of financial year	**3 995**	12 814
Cash and cash equivalents at end of financial year	**15 164**	3 995
Change in receivables and liabilities of the Group account 17,471 (-971) is included in the change of the working capital		
*) Adjustments to cash flow from operating activities:		
Depreciation and impairments	**247**	267
Financial income and expenses	**-3 922**	-5 848
Gains and losses on sales of tangible and intangible assets	**-66**	-285
Impairment of subsidiary shares and loans, net	**-657**	-
Other adjustments	**43**	-2
Total	**-4 353**	-5 868

ACCOUNTING PRINCIPLES, FAS

VALUATION OF FIXED ASSETS

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

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

FOREIGN CURRENCY ITEMS

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

DEFERRED TAX ASSETS AND LIABILITIES

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

DERIVATIVE CONTRACTS

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

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

PENSION ARRANGEMENTS

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

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

NOTES TO THE PARENT COMPANY INCOME STATEMENT, FAS

1. OTHER OPERATING INCOME

EUR 1000	2017	2016
Gains from sales of non-current assets	**106**	285
Rental income	**146**	141
Service fees	**144**	146
Other	**23**	11
Total	**419**	583

2. PERSONNEL EXPENSES AND AVERAGE NUMBER OF PERSONNEL

EUR 1000	2017	2016
Wages and salaries	**1 887**	1 639
Pension expenses	**351**	273
Other social security expenses	**134**	61
Total	**2 372**	1 973

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

Average number of personnel	**12**	11

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

3. DEPRECIATION AND IMPAIRMENTS

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

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

The basis for depreciations have not changed.

EUR 1000	2017	2016
Depreciation according to plan		
Intangible rights	**-**	12
Other capitalised long-term expenses	**2**	34
Buildings and structure	**199**	197
Machinery and equipment	**38**	16
Total	**239**	259
Impairments		
Immaterial goods	**-**	1
Other capitalised longterm expenses	**-**	2
Buildings and structure	**8**	-
Machinery and equipment	**-**	4
Total	**8**	8
Depreciation according to plan total	**247**	267

4. OTHER OPERATING EXPENSES

EUR 1000	2017	2016
Rental expenses	**78**	25
Expenses of administration	**664**	509
Other operating expenses	**706**	655
Total	**1 448**	1 189
Audit fees	**111**	76

5. FINANCIAL INCOME AND EXPENSES

EUR 1000	2017	2016
Dividend income		
From Group companies	**2 815**	4 416
From associated companies	**1 283**	317
From others	**6**	4
Total	**4 104**	4 737
Interest income from long-term investments		
From Group companies	**151**	193
Other interest and financial income		
From Group companies	**915**	981
From foreign currency gains	**0**	266
From others	**0**	1
Total	**915**	1 248
Financial income, total	**5 170**	6 177
Interest expenses and other financial expenses		
To foreign currency losses	**392**	25
From interest expenses	**73**	87
To others	**129**	218
Impairment of subsidiary shares and loans, net	**657**	-
Total	**1 249**	329
Financial expenses total	**1 249**	329
Financial income and expenses, total	**3 922**	5 848

Foreign currency losses include unrealised currency losses from long-term loan receivables a total of EUR 389 thousands. In the previous year foreign currency gains include unrealised currency gains EUR 264 thousands.

6. INCOME TAXES

EUR 1000	2017	2016
Change in deferred tax assets	**566**	330
Total	**566**	330

7. NON-CURRENT ASSETS

Intangible assets 2017

EUR 1000	Intangible rights	Other capitalised long-term expenses	Total
Acquisition cost 1 Jan.	**160**	**448**	**608**
Disposals	**-59**	**-220**	**-279**
Acquisition cost 31 Dec.	**101**	**228**	**329**
Accumulated depreciation 1 Jan.	**-124**	**-345**	**-469**
Disposals, accumalated depreciation	**23**	**123**	**146**
Depreciation for the period	**-**	**-2**	**-2**
Accumulated depreciation 31 Dec.	**-101**	**-224**	**-325**
Book value 31 Dec. 2017	**-**	**4**	**4**

Intangible assets 2016

EUR 1000	Intangible rights	Other capitalised long-term expenses	Total
Acquisition cost 1 Jan.	162	463	625
Disposals	-2	-16	-18
Acquisition cost 31 Dec.	160	448	608
Accumulated depreciation 1 Jan.	-112	-324	-437
Disposals, accumalated depreciation	2	16	18
Impairments	-1	-2	-3
Depreciation for the period	-12	-34	-46
Accumulated depreciation 31 Dec.	-124	-345	-469
Book value 31 Dec. 2016	36	103	139

8. NON-CURRENT ASSETS

Tangible assets 2017

EUR 1000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	2 260	4 769	328	57	104	7 518
Additions	-	36	17	-	-	53
Disposals	-57	-35	-100	-	-	-192
Transfers	-	-	104	-	-104	-
Acquisition cost 31 Dec.	2 203	4 769	349	57	-	7 379
Accumulated depreciation 1 Jan.	-	-3 586	-291	-	-	-3 877
Disposals, accumalated depreciation	-	27	100	-	-	127
Depreciation for the period	-	-199	-37	-	-	-236
Accumulated depreciation 31 Dec.	-	-3 758	-229	-	-	-3 987
Book value 31 Dec. 2017	2 203	1 012	120	57	-	3 392

Tangible assets 2016

EUR 1000	Land and water areas	Buildings and struc-tures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	2 260	4 769	339	57	–	7 425
Additions	–	–	–	–	104	104
Disposals	–	–	–11	–	–	–11
Acquisition cost 31 Dec.	2 260	4 769	328	57	104	7 518
Accumulated depreciation 1 Jan.	–	–3 389	–282	–	–	–3 671
Disposals, accumalated depreciation	–	–	11	–	–	11
Depreciation for the period	–	–197	–16	–	–	–213
Accumulated depreciation 31 Dec.	–	–3 586	–291	–	–	–3 877
Book value 31 Dec. 2016	2 260	1 183	37	57	104	3 641

Revaluation 2017 and 2016

EUR 1000	Total
Revaluation includes in book value of land and water areas.	
Land and water areas 1 Jan. and 31 Dec.	**1 850**

9. INVESTMENTS

Investments, other investments and receivables 2017

EUR 1000	Holdings in Group companies	Holdings in associated companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	**22 780**	**12 246**	**40**	**2**	**35 067**
Additions	**-**	**426**	**-**	**-**	**426**
Disposals	**-**	**-109**	**-**	**-**	**-109**
Impairments	**-787**	**-**	**-**	**-**	**-787**
Book value 31 Dec. 2017	**21 993**	**12 562**	**40**	**2**	**34 596**

Investments, other investments and receivables 2016

EUR 1000	Holdings in Group companies	Holdings in associated companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	22 780	12 246	69	2	35 096
Additions	-	0	-	-	0
Disposals	-	-	-29	-	-29
Book value 31 Dec. 2016	22 780	12 246	40	2	35 067

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

	Domicile	Holding -%
Group companies		
Apetit Ruoka Oy	Säkylä	100,0
Apetit Ruokaratkaisut Oy	Kuopio	100,0
Apetit Suomi Oy	Säkylä	100,0
Avena Nordic Grain Oy	Helsinki	90,0
1 non-operative company	Säkylä	100,0
Associated companies		
Sucros Ltd	Helsinki	20,0
Foison Oy	Helsinki	45,0

Other shares, holdings and receivables

	Book value EUR 1 000
Shares and holdings	40
Connection fees, long-term receivables	2
Total	42

11. LONG-TERM RECEIVABLES

EUR 1000	2017	2016
Loans receivables from Group companies	**26 315**	20 421

12. CURRENT RECEIVABLES

EUR 1000	2017	2016
Accounts receivable	**251**	23
Amounts owed by the Group companies		
Accounts receivable	**120**	96
Loans receivable	**40 512**	54 880
Group account receivables	**-**	3 979
Other receivables	**19**	95
Total	**40 651**	59 049
Amounts owed by others		
Accounts receivable	**19**	16
Muut saamiset muilta		
Personel expenses	**0**	3
Other	**48**	47
Total	**48**	50
Current receivables total	**40 969**	59 138

13. DEFERRED TAX ASSETS

EUR 1000	2017	2016
Deferred tax assets, carry forward of unused tax losses	**1484**	918

Based on the 2017 taxable losses deferred tax assets have been recognised a total of EUR 566 (330) thousands.

14. CHANGES IN SHAREHOLDERS' EQUITY

EUR 1000	2017	2016
Share capital 1 Jan.	**12 635**	12 635
Share capital 31 Dec.	**12 635**	12 635
Share premium account 1 Jan.	**23 391**	23 391
Share premium account 31 Dec.	**23 391**	23 391
Contingency reserve 1 Jan.	**7 232**	7 232
Contingency reserve 31 Dec.	**7 232**	7 232
Retained earnings 1 Jan.	**55 716**	61 795
Other changes	**-183**	-
Retained earnings 1 Jan. after other changes	**55 533**	61 795
Transfer from previous year's profit	**3 333**	-1 742
Dividends paid	**-4 341**	-4 337
Retained earnings 31 Dec.	**54 526**	55 716
Profit / loss for the financial year	**839**	3 333
Shareholders' equity 31 Dec.	**98 622**	102 307
Distributable funds		
Contingency reserve	**7 232**	7 232
Retained earnings	**54 526**	55 716
Profit for the financial year	**839**	3 333
Distributable funds 31 Dec.	**62 597**	66 281

15. LIABILITIES

EUR 1000	2017	2016
Non-current liabilities		
Loans from financial institutions	**3 373**	4 400
Payables based on derivative instruments interest rate swaps	**103**	103
Provisions for pensions	**295**	-
Current liabilities		
Loans from financial institutions	**1 445**	1 200
Commercial papers and loans from credit institutions	**-**	11 000
Trade payables	**145**	127
Amounts owed to Group companies		
Other liabilities	**86**	61
Group account liabilities	**17 077**	3 585
Total	**17 162**	3 647
Amounts owed to associated companies		
Trade payables	**12**	13
Other liabilities		
Tax account payable	**130**	17
Accrued expenses and deferred income		
Personnel expenses	**536**	359
Accruals of expenses	**91**	136
Total	**626**	495
Non-current liabilities, interest-bearing, total	**3 373**	4 400
Long-term non-interest bearing liabilities	**398**	103
Current liabilities, interest-bearing, total	**18 522**	15 785
Current liabilities, non-interest-bearing, total	**999**	714
Total	**23 291**	21 002

16. CONTINGENT LIABILITIES

EUR 1000	2017	2016
Lease liabilities		
Real estate lease liabilities		
Falling due during the following year	**233**	233
Falling due at later date	**233**	466
Other lease liabilities		
Falling due during the following year	**31**	44
Falling due at later date	**23**	26
Other liabilities		
Guarantees	**72**	72
Contingent liabilities on behalf of the Group companies		
Guarantees	**2 788**	9 319
Liabilities total	**3 380**	10 161
Outstanding derivative instruments		
Interest rate swaps		
Nominal value of underlying instruments	**4 818**	5 418
Market value	**-101**	-103
Contingent assets		
Proceeds from the sale of shares in the joint book-entry account.	**710**	717

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFITS

The parent company's distributable funds totalled EUR 62,596,445.91 on 31 December 2017, of which EUR 838,688.75 is profit for the financial year.

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

- distibuted as a dividend of EUR 0.70 per share i.e. a total of EUR 4,344,305.00
- retained in shareholders' equity .... EUR 58,252,140.91

Total .... EUR 62,596,445.91

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

SIGNATURES TO THE BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Helsinki, 28 February 2018

Veijo Meriläinen
Chairman of the Board

Lasse Aho

Annikka Hurme

Esa Härmälä

Seppo Laine

Niko Simula

Juha Vanhainen
CEO

AUDITOR'S REPORT

To the Annual General Meeting of Apetit Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion

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

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

WHAT WE HAVE AUDITED

We have audited the financial statements of Apetit Oyj (business identity code 0197395-5) for the year ended 31 December 2017. The financial statements comprise:

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

BASIS FOR OPINION

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

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

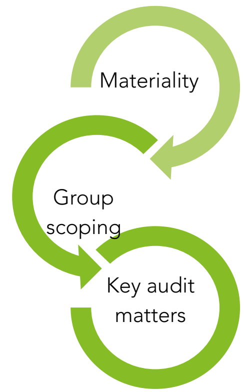
Independence

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

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

OUR AUDIT APPROACH

OVERVIEW



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

The group audit scope encompassed five domestic subsidiaries in addition to the parent company. As a result of selling seafood business the audit was focused on the Finnish group companies.

- Occurrence and cut-off of revenue
- Valuation of deferred tax assets
- Valuation of assets
- Discontinued operations – the sale of seafood business

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

Materiality

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

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

OVERALL GROUP MATERIALITY	€ 1,2 million (previous year € 1,5 million)
HOW WE DETERMINED IT	0,4% of consolidated net sales
RATIONALE FOR THE MATERIALITY BENCHMARK APPLIED	The result of Apetit group has fluctuated and been at loss during the recent years. Therefore net sales provides a more solid base for determining materiality than using the result as a benchmark. In our view net sales is a benchmark against which the performance of the group is commonly measured by users.

How we tailored our group audit scope

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

The group operates mainly in Finland after the disposal of seafood business. The group audit scope encompassed the Finnish entities. We determined that no risk for material misstatements relates to foreign subsidiaries and therefore our procedures regarding these entities comprised only of analytical procedures performed at Apetit group level.

KEY AUDIT MATTERS

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

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

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

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of deferred tax assets *Accounting principles, note 10 to the consolidated financial statements* Deferred tax assets recognized in the consolidated balance sheet totaled € 5,3 million. Deferred tax assets mainly consist of tax losses confirmed or to be confirmed. During the financial year the management has reassessed their estimate of the utilization of the tax losses and recognized a deferred tax asset of € 1.3 million on tax losses on which previously no deferred tax asset had been recognized. Deferred tax assets are recognized to the extent that it is probable that they can be utilized against taxable profit in the future. The valuation of deferred tax assets requires estimates by management, including the future operating profitability of operations. Because of estimates involved in the valuation of deferred tax assets as well as their materiality we consider deferred tax assets to be a key audit matter. In particular, we focused on the risk of overstatement of deferred tax assets in the consolidated balance sheet.	We obtained an understanding of the company's processes relating to the calculation and valuation of deferred taxes. Our audit procedures were especially directed to the following: • We tested the reliability of estimates and forecasts previously made by the company by comparing management's forecasts from prior years to actual results. • We tested the mathematical accuracy of calculations and reconciled data, for applicable parts, to plans and other assumptions approved by management. • We evaluated the appropriateness of key assumptions used in the forecasts. Our focus was especially on assumptions that are significant to future profitability, such as the development of net sales and expenses and the period of utilization of deferred tax assets.

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

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Discontinued operations – the sale of seafood business *Income statement, Accounting principles, note 3 to the consolidated financial statements* Discontinued operations – the sale of seafood business Income statement, Accounting principles, note 3 to the consolidated financial statements Apetit Oyj signed an Apetit Plc signed an agreement on selling its seafood business to the Norwegian Insula AS. The transaction was completed on 31 October 2017. In the financial statement for 2017 Apetit has reported the sold business as discontinued operation in accordance with IFRS 5. The discontinued operations include the Seafood segment, which comprises fish processing operations in Finland and the Maritim Food Group and its subsidiaries in Norway and Sweden. Apetit will remain as a minority shareholder of the seafood business in Finland, with a holding of less than 20 per cent. The transaction impacted significantly on the financial statements of Apetit group. The outcome of the transaction had a significant impact on the result of the financial year. Additionally, the earn-out receivable recognized includes management estimates. Because of the aforementioned matters, we considered the reporting of the discontinued operations to be a key audit matter.	Our audit procedures included the following: • We read the transaction related share purchase and the business purchase agreements. • We tested the calculation of the financial outcome of the transaction. • We assessed the basis on which the earn-out receivable was recorded • We verified the result of the discontinued operations presented in the financial statements and evaluated the adequacy of the disclosure of this disposal in the financial statements.

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that

a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER REPORTING REQUIREMENTS

APPOINTMENT

PricewaterhouseCoopers Oy has, without interruption, been acting as the auditor of Apetit Oyj for 24 years since first being appointed on 18 April 1994, when Authorised Public Accountant (KHT) working for our firm was appointed as the auditor. Since 18 April 1994 also the other auditor of Apetit Oyj has been an auditor working for our firm. Authorised Public Accountant (KHT) Pasi Karppinen has, without interruption, been acting as the auditor since 25 March 2015 for three years.

OTHER INFORMATION

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

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

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

In our opinion

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

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

Helsingissä 22.2.2017

PricewaterhouseCoopers Oy
Tilintarkastusyhteisö

Jari Viljanen	Pasi Karppinen
KHT	KHT

STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board has today reviewed Apetit Plc's financial statements 2017 including the consolidated financial statements, the Board of Directors' report and the auditors' report provided by the Company's auditors. The Supervisory Board has no comments to make on these.

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

The term of the following Supervisory Board members will end on the date of the Annual General Meeting: Harri Eela, Laura Hämäläinen, Aki Kaivola, Ilkka Markkula, Jari Nevavuori, Markku Pärssinen ja Johanna Takanen.

Säkylä, 6 March 2018

For the Supervisory Board

Harri Eela	Asmo Ritala
Chairman	Secretary

CORPORATE GOVERNANCE STATEMENT OF APETIT PLC 2017

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

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

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

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

BOARD OF DIRECTORS

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

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

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

2. COMPOSITION OF BOARD OF DIRECTORS

Members

In the period up to 12 April 2017, Apetit Plc's Board of Directors comprised the six members elected by the Supervisory Board on 28 April 2016. Lasse Aho, Esa Härmälä, Aappo Kontu, Seppo Laine, Veijo Meriläinen and Niko Simula formed the Board of Directors during 1 January-12 April 2017.

At a meeting held on 12 April 2017, the Apetit Plc Supervisory Board decided to elect six members to the Apetit Plc Board of Directors. Lasse Aho, Annikka Hurme, Esa Härmälä, Seppo Laine, Veijo Meriläinen and Niko Simula were elected as members of the Board of Directors.

Information on members of the Board of Directors

Veijo Meriläinen, b. 1952, M.Sc. (Agric.), eMBA
Principal occupation: Merive Oy, President
Chairman since 2015, Deputy Chairman 2013-2015, member since 2012
Share ownership 31 December 2017: 4,198 shares

Lasse Aho, b. 1958, M.Sc. (Soc.)
Principal occupation: CEO, Olvi plc
Member since 2015
Share ownership 31 December 2017: 3,755 shares

Annikka Hurme, b. 1964, M.Sc.
Principal occupation: Valio Ltd, CEO
Member of the Board since 2017
Share ownership 31 December 2017: 572 shares

Esa Härmälä, b. 1954, M.Sc. (Agric.)
Deputy Chairman since 2017, member since 2014
Share ownership 31 December 2017: 2,792 shares

Seppo Laine, b. 1953, APA
Principal occupation: Professional board member
Member since 2016
Share ownership 31 December 2017: 2,809 shares

Niko Simula, b. 1966, L.L.M. with court training
Principal occupation: farmer
Member since 2015
Share ownership 31 December 2017: 2,122 shares

Evaluation of independence

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

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

3. DESCRIPTION OF THE OPERATION OF THE BOARD OF DIRECTORS

Main elements of the Board of Directors' rules of procedure

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

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

Functions of the Board of Directors

The general function of the Board of Directors is to direct the operations of the company in such a way that in the long run the amount of added value for the capital invested is maximised, taking into account at the same time the expectations of the

different stakeholders. The Board of Directors also monitors on a continuous basis the demands placed by shareholders on the Board of Directors and the general development of ownership policy.
For the purpose of performing its functions the Board of Directors:

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

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

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

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

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

Board of Directors' meetings in 2017
The Apetit Plc Board of Directors convened 8 times in 2017. The meeting attendance rate of members was as follows:

Veijo Meriläinen	100%
Lasse Aho	100%
Esa Härmälä	100%
Annikka Hurme	83%
Seppo Laine	100%
Aappo Kontu	50%
Niko Simula	100%

Audit Committee of the Board of Directors
The Board of Directors has elected an Audit Committee from among its members. The Chairman of the Committee is Seppo Laine and the members of the Committee are Lasse Aho and Esa Härmälä. The Committee convened four times in 2017. All members attended all of the meetings.

The purpose of the Audit Committee is

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

- to consider all key reports drawn up by internal audit, internal control and risk management,
- to assess compliance with laws and regulations and to supervise the associated process,
- to monitor compliance with the company's and the Group's corporate governance guidelines.
- The Audit Committee may also consider any other issues and tasks assigned to it by the company's Board of Directors.

SUPERVISORY BOARD

1.COMPOSITION AND TERM

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

2. FUNCTIONS

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

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

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

In the period up to 24 March 2017 the Supervisory Board consisted of 18 members elected by the general meeting. On 24 March 2017, the Annual General Meeting decided to select 18 members to the Supervisory Board.

Information on members of the Supervisory Board:

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

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

Jaakko Halkilahti, b. 1967, farmer
Member since 2011

Jussi Hantula, b. 1955, farmer
Member since 1995

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

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

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

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

Mika Leikkonen, b. 1963, farmer
Member since 2008

Ilkka Markkula, b. 1960, farmer
Member since 2003

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

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

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

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

Timo Ruippo, b. 1968, Agricultural Technician, farmer
Member since 2013

Veli-Pekka Suni, b. in 1964, farmer, Bachelor of Natural Resources
Member since 2016
Johanna Takanen, b. 1973, BBA, Managing Director
Member since 2015

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

Members appointed by the personnel:
Jari Heiskanen, b. 1979, shop steward
Member since 2015
Deputy member Kirsi Turunen

Timo Hurme, b. 1959, shop steward
Member since 2015
Deputy member Päivi Hakasuo

Mari Saarinen, b. 1982, shop steward
Member since 2015
Deputy member Marika Palmén

Heikki Vesanto, b. 1949, shop steward
Member since 2012, retired in 2017
Deputy member Kirsi Roos became a member in 2017

4. MEETINGS OF THE SUPERVISORY BOARD IN 2017

The Supervisory Board convened four times in 2017. The average attendance rate of members was 83.5%.

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 2017 the Nomination Committee convened once 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

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

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

Veijo Meriläinen, b. 1952, M.Sc. (Agric.), eMBA
Principal occupation: Merive Oy, President
Apetit Plc Board Chairman

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

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

CEO

CEO

Juha Vanhainen, b. 1961, M.Sc. (Tech.)
Share ownership 31 December 2017: 15,067 shares

CEO'S DUTIES

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

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

CORPORATE MANAGEMENT

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

Johanna Heikkilä, b. 1962, M.Sc. (Econ & Bus. Admin)
HR Director
Share ownership 31 December 2017: 0 shares

Tero Heikkinen, b. 1974, M.Sc. (Econ & Bus. Admin)
CFO
Share ownership 31 December 2017: 0 shares

Leena Helminen, b. 1986, M.Sc. (Econ. & Bus. Adm.)
Business Development Manager
Share ownership: 31 December 2017: 350 shares

Anu Ora, b. 1973, M.Sc. (Econ & Bus. Admin.)
Vice President, Food Business
Share ownership 31 December 2017: 0 shares

Asmo Ritala, b. 1958, LL.M.
Corporate Counsel
Share ownership 31 December 2017: 0 shares

Antti Snellman, b. 1970, M.Sc. (Tech.)
Director of Grains and Oilseeds business
Share ownership 31 December 2017: 0 shares

The Corporate Management does not exercise powers based on law or the Articles of Association. The Corporate Management is an advisory body appointed by Apetit Plc's CEO and has the task of discussing Group-wide development projects and Group-level principles and procedures as necessary. The CEO is responsible for choosing the members of the Corporate Management.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

1. INTERNAL CONTROL OPERATING PRINCIPLES

Apetit Plc's Board of Directors confirms the operating principles for the Apetit Group's internal control and assesses the state of internal control at least once a year.

Internal control refers to all the operating methods, systems and procedures with which the company's management seeks to ensure efficient, economical and reliable operations. Internal control comprises financial and other control. At Apetit, internal control is performed by the company's management and by all other personnel.

Risk management as part of internal control refers to the identification, assessment, restriction and monitoring of risks arising in business activities and risks that are materially related to this.

2. ROLE OF COMPANY BOARDS IN ARRANGING INTERNAL CONTROL

Apetit Plc's Board of Directors is responsible for arranging and maintaining sufficient and effective internal control within the Apetit Group.

As part of the arrangement of internal control and risk management, the company's Board of Directors regularly monitors the results and operating risks of the Group and its business units, and decides on the reporting, the procedures and the qualitative and quantitative indicators for assessing the efficiency and profitability of operations. The Group's Board of Directors confirms the Group's risk policy, risk management principles and key risk limits.

To ensure implementation of the Group's ownership policy towards the Group companies and to monitor the effectiveness of internal control, the boards of directors of the main Group companies include one or more members of the Group's Corporate Management. Group-level risk management and financial reporting are performed on a centralised basis in the Group Administration, independent of the different business activities. The boards of directors of Group companies are responsible for the highest level of management duties related to the internal control of their respective companies. The operating organisation's management in each of the Group companies is responsible for the implementation of internal control and risk management in line with the pre-determined principles and operating guidelines, and for reporting on the company's operations, risk-bearing ability and risk situation in accordance the Group's management system.

3. IMPLEMENTATION OF INTERNAL CONTROL WITHIN APETIT PLC AND THE GROUP COMPANIES

The main principles of internal control observed within Apetit Plc and the Group companies are:

Organisational structure and division of tasks

The basis for internal control is the function-specific line organisation that is further divided into departments, units and teams, as necessary. The organisational units are allotted defined tasks and responsibilities required for the company's operations. The task of the operating organisation's management, i.e. the managers of the Group's business areas and operations, is to set quantitative and qualitative targets for the various areas of the business in accordance with the business plan approved by the Board of Directors. For the units, decision-making bodies and people operating within the framework of the organisation there are separately defined decision-making and operating powers set out in work and job specifications, as well as obligations to report to one's superiors or otherwise to a higher organisational level. The task of the operating organisation's management is to ensure that those working under them are familiar with their own duties, and the management are required to create the right conditions for their personnel to be able to perform their work and achieve the targets.

Decision-making and monitoring

Significant commitments or other actions deemed to carry risks are subject to the approval of the Group's Board of Directors. Business units are responsible for formulating proposed decisions and for putting decisions into effect. Reporting on the implementation of decisions is made in connection with the management reporting.

Business activities and processes are guided within the confines of operating guidelines and descriptions, which are monitored to ensure they are complied with and kept up-to-date. All decisions taken are documented and archived. An essential aspect of risk management is the performance of daily controls in the operating chains and processes.

Risk management

The internal and external risks of Apetit Plc and the Group companies that could have an adverse effect on achieving business targets are identified, assessed regularly and reported quarterly to the Group Board of Directors. The risks are contained and the confining limits are monitored.

The Group Administration's risk management has the task of monitoring, measuring and reporting risks and of maintaining, developing and preparing risk management principles for the Board of Directors' approval, and of drafting procedures for use in risk assessment and measurement. Roles and responsibilities are defined in Apetit's risk management policy and risk management principles, which are approved by the Group's Board of Directors.

Data systems

The basis for business and other activities is provided by the accounting, information and business IT systems. The parent company and the Group companies have an IT strategy in accordance with currently assessed needs and sufficient and appropriately organised IT systems. The IT function ensures that the company's data resources can be utilised in the planning, management, execution and monitoring of the company's business.

Responsibility for the effectiveness of internal control

The operating organisation's management has the primary responsibility for ensuring the implementation of practical measures for internal control. The management must constantly monitor the operations it is responsible for and must take the necessary development measures if action contrary to guidelines or decisions or action that is otherwise ineffective or inappropriate is observed. In a transparent and effective organisation the entire personnel are all responsible not only for the appropriate discharging of their own duties but also for the fluency of operations with the rest of the organisation.

4. REPORTING AND MANAGEMENT SYSTEMS

Internal control is supported by appropriate reporting that allows monitoring of operations, results and risks. Achievement of the business targets and developments in the Group's financial situation are monitored with the aid of a Group-wide management system. The Group's accounting principles, controls and responsibilities are described in the Apetit Group's accounting manual. Reporting guidelines and timetables have been drawn up in writing for monthly reporting and preparation of half year report and annual financial statements as well as business reviews of first and third quarters. The company's financial management unit constantly monitors the business units' reporting and develops and produces guidelines on the content of reporting, taking into account the needs of internal control. The Group prepares financial information for publication, complying with the international financial reporting standards (IFRS). A half year report, business reviews and annual financial statements are reviewed by the Group's Board of Directors and are subject to its approval.

The business units update the longer term financial estimates each year. The annual budgets are prepared on the basis of these strategic figures. The Group's Board of Directors assesses and approves the business units' annual budgets. In addition, on a quarterly basis or more often, the business units update the profit and balance sheet estimates to cover at least the ensuing 12 months.

Monthly reporting and related analysis for budgets and estimates constitute a key element of Apetit's management system and internal control. Financial figures are assembled from the business units' data systems every month for the Group's joint accounting system.

The outturn information and up-to-date estimates are reviewed monthly in Group-level. The management system comprises the actual profit and balance sheet information, the key figures and the written management report of those responsible for the businesses. The management report covers the factors that affected the results given in the month's report, the measures planned for the immediate term and an assessment of the operating profit for the current quarter and the full year, consisting of best case, probable and worst case scenarios.

The Group CEO and members of the Corporate Management are issued with the reports, and the Group's Board of Directors is issued with a summary for the Group and summaries of the data for each business unit.

The business units' management groups examine their own financial outturn data at least once a month and compare them with budgets and estimates, and also examine the results of the various units' monitoring measurements used for business management purposes and compare them with estimates and targets, and the reasons for any significant discrepancies between these. In addition, the business units' results, estimates and state of business are reviewed at business unit review meetings, attended by members of Group management and those responsible for the business units based on the agenda in question. Per business unit, these meetings are held once a month or less frequently.

5. INTERNAL AUDIT

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

Internal audit is performed on the basis of a pre-determined plan. The internal audit is overseen by the Group's CFO, who submits the annual audit plan to the Group's Board of Directors for its approval.

The internal audit is performed by an external service provider.

REMUNERATION, INSIDER ISSUES

REMUNERATION

SUPERVISORY BOARD

On 24 March 2017, Apetit Plc's Annual General Meeting decided on the remuneration paid to the Supervisory Board as follows:

- The monthly fee paid to the Chairman of the Supervisory Board is EUR 1,000 (EUR 1,000 in 2016).
- The monthly fee paid to the Deputy Chairman is EUR 665 (665).
- The meeting attendance allowance for the members and Chairman of the Supervisory Board is EUR 300 (300).
- The meeting allowance is also paid to the Chairman and Deputy Chairman of the Supervisory Board for their attendance at meetings of the company's Board of Directors.
- The meeting allowance is also paid to the members of the Supervisory Board's Nomination Committee.

The Supervisory Board met four times in 2017. Members' average attendance rate was 83.5 per cent. The fees and allowances paid to the members of the Supervisory Board totalled EUR 47,580 in 2017.

BOARD OF DIRECTORS

The Supervisory Board decides on the remuneration of the members of the Board of Directors.

In accordance with the decision made by Apetit Plc's Supervisory Board on 13 April 2017:

- The annual fee paid to the Chairman of the Board of Directors is EUR 39,060 (39,060).
- The annual fee paid to the Deputy Chairman is EUR 24,120 (24,120).
- The annual fee paid to the other members of the Board of Directors is EUR 19,560 (19,560).
- In addition, a meeting allowance of EUR 510 (510) is paid to the Chairman, and EUR 300 (300) to the members.

The Board of Directors met eight times in 2017. Members' average attendance rate was 95.8%. The fees and allowances paid to the members of the Board of Directors totalled EUR 166,200. The fees and allowances are itemised in Note 26 to the financial statements.

CEO AND DEPUTY CEO

The Board of Directors appoints the CEO and Deputy CEO and releases them from their duties, determines their duties and decides on their terms of service and their incentive schemes.

Juha Vanhainen, MSc (Tech.), has served as the CEO since 16 March 2015. His key terms of service are defined in his CEO contract. The CEO has an additional defined contribution pension plan, with contributions totalling EUR 112,042 in 2017.

The salary and benefits paid to the CEO in 2017 amounted to EUR 450,894.

The Group's CFO Sami Saarnio, MSc (Econ. & Bus. Adm.), has served as Deputy CEO until 27 November 2017.

INSIDER ISSUES

in addition to the regulations of the Financial Supervisory Authority and the Guidelines for Insiders issued by Nasdaq Helsinki Ltd, which were approved by its Board of Directors and came into effect on 3 July 2016. The insider guidelines concern the employees and managers of the Group ('Company') consisting of Apetit Plc.

The Company's insiders include managers subject to the disclosure obligation and project-specific insiders.

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

A person must submit a basic declaration to the keeper of the Company's insider register immediately after becoming a manager subject to the disclosure obligation. The basic declaration is provided using a form submitted by the Company. A manager who is subject to the disclosure obligation must submit a new declaration whenever changes occur in the circumstances declared on the form. The declaration of changes in circumstances must be provided without delay.

Project-specific insiders include everyone with access to insider information who works at the Company on the basis of an employment relationship or who is otherwise performing duties that provide them with access to insider information. A person becomes a project-specific insider after receiving unpublished information about the project and loses their insider status after the project has been made public or the cancellation of the project has been announced. The Company informs the people involved about the establishment of a project and the related obligations and enters these people into a project-specific insider register. The project-specific insider register is updated whenever the grounds for including a person change, a new person gains access to insider information or a person no longer has access to insider information.

A trading restriction is in force within the company, which forbids its permanent insiders from trading in Apetit shares 30 days prior to the publication of Apetit's interim reports and the release of its financial statements bulletin. The trading restriction ends on the day following publication.

The Company maintains its insider register in the SIRE system of Euroclear Finland Ltd. The holdings of the members of the Board of Directors and the Group's management on 31 December 2017 are presented in conjunction with the presentation of the Board and management on pages 89 and 92 of the financial statements.

SUPERVISORY BOARD AND AUDITORS

SUPERVISORY BOARD

MEMBERS ELECTED BY THE SHAREHOLDERS' MEETING

Harri Eela
Chairman since 2014,
Member since 2012
b. 1960, Wood Industry Technician,
SalesDirector

PRINCIPAL OCCUPATION: Cursor Oy, Sales Director
MAIN SIMULTANEOUS POSITIONS OF TRUST:
Chairman of the Board: Finninno Oy, Oy Scanhomes Ltd. Finland
SHAREHOLDING IN APETIT 800 shares (29 December 2017)

Marja-Liisa Mikola-Luoto
Deputy Chairman since 2011,
Member since 2005
b. 1971, M.Sc. (Agric.)

PRINCIPAL OCCUPATION: Farmer
MAIN SIMULTANEOUS POSITIONS OF TRUST:
Member of the Board: Säkylän Osuuspankki
SHAREHOLDING IN APETIT 1,630 shares (29 December 2017)

Jaakko Halkilahti, b. 1967
Farmer Member since 2011
Membership expires 2017

Jussi Hantula, b. 1955
Farmer Member since 1995

Laura Hämäläinen, b. 1975
M.Sc. (Agr.),
Farmer Member since 2009

Aki Kaivola, b. 1960
M.Sc. (Agr.),
Farmer Member since 2015

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

Jonas Laxåback, b. 1973
M.Sc. (Agric.),
Executive Director
Member since 2013

Mika Leikkonen, b. 1963
Farmer
Member since 2008, agrologist
Membership expires 2017

Ilkka Markkula, b. 1960,
agrologist, Farmer
Member since 2003

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

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

Markku Pärssinen, b. 1957
M.Sc. (Agric.),
Executive Director Member since 2012

Petri Rakkolainen, b. 1966
B.Sc. (Eng.), Managing Director,
Farmer Member since 2014
Membership expires 2017

Timo Ruippo, b. 1968
Agricultural Technician,
Farmer Member since 2013

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

Johanna Takanen, b. 1973
Managing Director
Member since 2015

Mauno Ylinen, b. 1965
M.Sc. (Agric.)
Member since 2005
Membership expires 2017

PERSONNEL REPRESENTATIVES

Jari Heiskanen, b. 1979
Member since 2015
Personal Deputy Member
Kirsi Turunen

Timo Hurme, b. 1959
Member since 2015
Personal Deputy Member
Päivi Hakasuo

Mari Saarinen, b. 1982
Member since 2015
Personal Deputy Member
Marika Palmén

Heikki Vesanto, b. 1949
Member since 2012
Personal Deputy Member Kirsi Roos

AUDITORS

Pasi Karppinen
M.Sc. (Econ. & Bus. Adm.), APA
PricewaterhouseCoopers Oy

Authorised Public Accountants
Auditor with Principal Responsibility
Jari Viljanen
M.Sc. (Econ. & Bus. Adm.), APA

BOARD OF DIRECTORS

Veijo Meriläinen
Chairman of the Board since 2015,
member of the Board since 2012
b. 1952, M.Sc. (Agric.), eMBA

MAIN SIMULTANEOUS POSITIONS OF TRUST:
Chairman of the Board: Merive Oy, A-lab Oy
EMPLOYMENT HISTORY:
Apetit Plc, CEO 2014–2015
Valio Oy, management positions in international operations, international sales and commercialization of innovations 1999–2011, member of the group management team 1990–2011, management positions in production, product acquisition and cheese business 1990–1999, R&D management positions 1978–1990
SHAREHOLDING IN APETIT: 4,198 shares (29 December 2017)

Esa Härmälä
Member of the Board since 2014,
deputy chairman of the Board since 2017
b. 1954, M.Sc. (Agric.)

EMPLOYMENT HISTORY:
Metsähallitus, General Director, 2014–2016
Ministry of Employment and the Economy, Director-General of the Energy Department, 2011-2014
Fertilizers Europe, Director General 2006–2010
Chairman of The Central Union of Agricultural Producers and Forest Owners (MTK) 1994–2006
EU accesion negotiator, Ministry for Foreign Affairs of Finland 1993–1994
Special Adviser (Economic Policy) for the Prime Minister 1991–1992
Secretary and Head of Department, The Central Union of Agricultural Producers and Forest Owners (MTK) 1987–1991
SHAREHOLDING IN APETIT: 2,792 shares (29 December 2017)

Niko Simula
Member of the Board since 2015
b.1966, Master of Laws, Trained on the bench
Principal occupation: Farmer

MAIN SIMULTANEOUS POSITIONS OF TRUST:
Member of the Board, Finnamyl Oy, Lammaisten Energia Oy
EMPLOYMENT HISTORY:
Employed at law offices 1992–2011, attorney-at-law 1995–2011
Asianajotoimisto Niko Simula, 1999–2011
Asianajotoimisto Santala & Simula, 1994–1999
Asianajotoimisto Pekka Santala, 1992–1993
District Court of Kokemäki 1991–1992, notary, acting district court judge
Farmer 1987–
SHAREHOLDING IN APETIT: 2,112 shares (29 December 2017)

Lasse Aho
Member of the Board since 2015
b. 1958, M.Soc.Sc.
Principal occupation: CEO, Olvi plc, 2004–

MAIN SIMULTANEOUS POSITIONS OF TRUST:
Member of the Board, Finnish Hockey League, Genelec Oy, The Federation of the Brewing and Soft Drinks Industry, Finnish Food and Drink Industries' Federation
Vice President: The Brewers of Europe
EMPLOYMENT HISTORY:
MetroAuto Tampere Ltd, CEO 2000–2004
Linkosuon Leipomo Oy, CEO 1997–2000
Fazer Bakeries Ltd, Sales Director 1993–1997
Fazer Keksit Oy, Marketing Director 1985–1993
Atoy-yhtiöt, Product Manager 1984-–1985
SHAREHOLDING IN APETIT: 3,755 shares (29 December 2017)

Seppo Laine
Member of the Board since 2016
b. 1953, Yrittäjäneuvos (Finnish honorary title), Authorised Public Accountant
Principal occupation: Auditor, independent professional 2008–

MAIN SIMULTANEOUS POSITIONS OF TRUST:
Chairman of the Board: Cor Group Oy, Talenom Oyj, Lakkapää Oy, Joutsen Media Oy, Pohjaset Oy
Board member: Paikallis-Sähkö Oy, Partnera Oy, IKP Group Oy, Fysiopalvelu Easy Move Oy, Sievi Capital Oyj, FCG City Portal Oy
EMPLOYMENT HISTORY:
Elektrobit Corporation, CFO, 2000 and 2007
Auditing Company Ernst & Young Ltd, International Partner and Director at the Oulu regional office, 1995 and 2000
Oulun Laskenta Ltd, President, 1979 and 1995,
Turun Muna Oy Jaakko Tehtaat, Financial Manager, 1977–1979
Tammerneon Oy, Financial Manager, 1975 and 1977
SHAREHOLDING IN APETIT: 2,809 shares (29 December 2017)

Annikka Hurme
Member of the Board since 2017
b. 1964, M.Sc. University of Helsinki
Principal occupation: Valio Ltd, CEO, 2014–

MAIN SIMULTANEOUS POSITIONS OF TRUST:
Board member: Altia Oyj, East Office of Finnish Industries, Valion Eläkekassa, Valion Keskinäinen vakuutusyhtiö
Board member and executive committee member: Union of Food Industry
Supervisory board member: Suomen Messut Osuuskunta
EMPLOYMENT HISTORY:
Valio Ltd, business unit, Senior Vice President, member of the Executive Board, 2007–2014
SHAREHOLDING IN APETIT: 572 shares (29 December 2017)

CEO AND CORPORATE MANAGEMENT

Juha Vanhainen
CEO since 2015
b. 1961, M.Sc. (Tech.)

MAIN SIMULTANEOUS POSITIONS OF TRUST:
Member of the Board of Directors: Finnish Food and Drink Industries' Federation
EMPLOYMENT HISTORY:
Stora Enso Oyj, Member of the Group Leadership Team 2007–2015
- Executive Vice President, energy, logistics, IT services and wood supply 2013–2015
- Executive Vice President, paper business area 2007–2013
- Country Manager Finland 2008–2013
- Chairman and Member of the Board of Directors of several international subsidiaries and associated companies

Stora Enso International Office London, Senior Vice President, uncoated fine paper 2003–2007
Stora Enso Oulu Mill, Mill Director 1999–2003
Enso Oy and Veitsiluoto Oy, Oulu Paper Mill, management, project and expert positions 1990-–1998
Kemi Oy, department engineer 1988–1990
SHAREHOLDING IN APETIT: 15,067 shares (29 December 2017)

Tero Heikkinen
CFO since 28 February, 2018
b. 1974, M.Sc. (Econ & Bus. Adm.)
Employed in Apetit Group since 2008

EMPLOYMENT HISTORY:
Apetit Plc, Group Controller 2017–
Avena Nordic Grain Ltd, Finance Manager 2009–2017
Avena Kantvik Ltd (earlier Mildola Ltd), Finance Manager 2008–2009
Intune Circuits Ltd, Finance Manager 2007–2008
Tecnotree Plc (earlier Tecnomen Plc), Manager, Management Reporting 2005–2007
Tecnoree Plc, various controller positions 2000–2005
SHAREHOLDING IN APETIT: – (29 December 2017)

Antti Snellman
Managing Director of Avena Nordic Grain Oy from 1.9.2017
Vice president, Grain Trade and Oilseed Products businesses
b. 1970, M.Sc. (Tech.)

EMPLOYMENT HISTORY:
Altia Corporation, Koskenkorva Plant Director 2011–2017
Ethanol, starch and animal feed production
Altia Corporation, Business Unit Director (Starch and Feed) 2010–2017
Finnish Fibreboard Ltd, Sales and Marketing Director 2005–2010
Finnish Fibreboard Ltd , Export Manager 2003–2005
BMH Wood Technology, Project Manager 2000–2003
Hadwaco Ltd (Hackman group), Project Engineer 1995–2000
SHAREHOLDING IN APETIT: – (29 December 2017)

Johanna Heikkilä
HR Director since 2005
b. 1962, M.Sc. (Econ. & Bus. Adm.)

EMPLOYMENT HISTORY:
Fazer Leipomot Oy, HR Director, 2003–2005
LU Suomi Oy, HR Director, 2002–2003
LU Suomi Oy (earlier Fazer Keksit Oy), HR Manager, 1995–2002
Fazer Suklaa Oy, HR Manager, 1992–1994
Fazer Suklaa Oy, HR specialist 1990–1991
SHAREHOLDING IN APETIT: – (29 December 2017)

Asmo Ritala
Corporate Councel since 1995
b. 1958, LL.M.

EMPLOYMENT HISTORY:
Avena Ltd, Corporate counsel, 1995–2002
Finnish Grain Board, lawyer, 1990–1994
Oy Esso Ab, superintendent, 1986–1990
SHAREHOLDING IN APETIT: – (29 December 2017)

Leena Helminen
Business Development Manager since 2016
b. 1986, M.Sc. (Econ. & Bus. Adm.)

EMPLOYMENT HISTORY:
Boston Consulting Group, Associate 2016
Valor Partners, Senior Consultant 2014–2016
Valor Partners, Consultant 2012–2014
SHAREHOLDING IN APETIT: 350 shares (29 December 2017)

Anu Ora
Vice President, Food Businesssince 2015
b. 1973, M.Sc. (Econ. & Bus. Adm.)

MAIN SIMULTANEOUS POSITIONS OF TRUST:
Member of the Board; Raskone, Escamar Seafood Oy, Ruokatieto Yhdistys ry
EMPLOYMENT HISTORY:
Suomen Lähikauppa Oy, Vice President, Commercial, 2012–2015
Suomen Lähikauppa Oy, Vice President, Category Management, 2011–2012
Suomen Lähikauppa Oy, Vice President, Category Management Processes, 2010–2011
Suomen Lähikauppa Oy, Purchasing Director, 2010
Boston Consulting Group, Project Leader & Principal, 2001–2009
Boston Consulting Group, Associate Consultant & Consultant, 1997–2001
SHAREHOLDING IN APETIT: – (29 December 2017)

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

Apetit Plc's Annual General Meeting will be held on Tuesday 27 March 2018 at 13.00 p.m. in Apetit Plc's Myllynkivi staff restaurant in Säkylä. Shareholders who on 15 March 2018 are registered in the company's register of shareholders maintained by Euroclear Finland Ltd will have the right to attend the Annual General Meeting.

Shareholders wishing to attend the Annual General Meeting must notify the company of this by 16.00 p.m. on 22 March 2018 through our website (apetitgroup.fi/en), in writing to the address: Apetit Plc, Tuija Österberg, Sörnäistenkatu 1 A, 00580 Helsinki, by phone (+358 10 402 2110/Tuija Österberg) or by email (tuija.osterberg@apetit.fi). If notice is given by post, the letter must arrive before the end of the notification period. Any proxy documents should be delivered to the above-mentioned address before the end of the notification period.

If a holder of nominee-registered shares wishes to attend the Annual General Meeting, they must be registered for temporary entry in the company's shareholder register by the asset manager's account management organisation no later than 10.00 a.m. on 22 March 2018.

DIVIDEND PAYMENT

The Board of Directors proposes that a dividend of EUR 0.70 per share be paid for 2017 on the basis of the adopted balance sheet. The dividend will be paid to shareholders who are registered in the company's shareholder register maintained by Euroclear Finland Ltd on the record date of 29 March 2018. The Board of Directors will propose to the Annual General Meeting that the dividend be paid on 10 April 2018.

FINANCIAL REPORTING IN 2018

Apetit Plc released its financial statements bulletin for 2018 on 1 March 2018 at 8.30 a.m. The annual report was published on the company's website in the week beginning 5 March 2018. Interim reports for 2018 will be published as follows:

- Business Review for January–March: Tuesday 8 May 2018 at 8.30 a.m.
- Half year financial report for January–June: Thursday 16 August 2018 at 8.30 a.m.
- Business Review for January–September: Thursday 1 November 2018 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 (apetitgroup.fi > In English > Investors), and can also be downloaded in PDF format.

The printed annual publications in Finnish can be ordered from the company website at www.apetitgroup.fi/julkaisut. The English language versions are only available in PDF format.

CHANGES IN PERSONAL DETAILS

Shareholders are requested to give notification of any changes in their personal details to the bank that holds their book-entry account.

CONTACT INFORMATION

Apetit Oyj
Sörnäistenkatu 1A
FI-00580 Helsinki
Tel. +358 10 402 00

Apetit Oyj
Maakunnantie 4,
P.O.Box 100,
FI-27801 Säkylä
Tel. +358 10 402 00

Email: firstname.lastname@apetit.fi
www.apetitgroup.fi

Business ID: 0197395–5
Domicile: Säkylä, Finland

SUBSIDIARIES

Apetit Ruoka Oy

SÄKYLÄ
Maakunnantie 4
P.O.Box 130, FI-27801 Säkylä
Tel. +358 10 402 4300

HELSINKI
Kivikonlaita 25
FI-00940 Helsinki
Tel. +358 10 402 4244

PUDASJÄRVI
Teollisuustie 3
FI-93100 Pudasjärvi
Tel. +358 10 402 4300

Apetit Suomi Oy
Maakunnantie 4
P.O.Box 100, FI-27801 Säkylä
Tel. +358 10 402 4300

Apetit Ruokaratkaisut Oy
Maakunnantie 4
P.O.Box 100, FI-27801 Säkylä
Tel +358 10 402 4300

Avena Nordic Grain Oy
Sörnäistenkatu
FI-00580 Helsinki
Tel. +358 10 402 02
firstname.surname@avena.fi
www. avena.fi

OOO Avena St. Petersburg
Ul. Korablestroitelej, d. 30, litera
A, office 2.15
RU-199397 Pietari, Venäjä
Tel. +7 812 305 5795

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

Avena Nordic Grain OÜ
Tehnika 3, Türi
EE-72213 Järvamaa, Viro
Tel. +372 5 038 151

TOO Avena Astana
Rajon Almaty, Baraeva str. 16
KZ-010000 Astana, Kazakstan
Tel. +7 7172 592 679

OOO Avena-Ukraina
g. Mirgorod, ul. Petrovskogo 15
UA-37600 Poltavskaja oblast, Ukraina
Tel. +380 5355 40262

SIA Avena Nordic Grain
Atmodas iela 19–345
Jelgava, LV-3007
Tel.: +371 27299958
Latvia

Avena Kantvik Oy
Satamatie 64
P.O.Box 21, FI-02401 Kirkkonummi
Tel. +358 10 402 2300