OLVI GROUP'S FINANCIAL STATEMENTS

2019

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BOARD OF DIRECTORS' REPORT

THE YEAR IN BRIEF

Olvi Group's business developed favourably in 2019. The Group's sales volume, net sales and operating profit improved for the fourth year in a row. The Group's financial standing and overall market position improved further.

Full year 2019:

- Olvi Group's sales volume increased by 2.4 percent to 718.3 (701.3) million litres
- The Group's net sales increased by 6.4 percent and amounted to 408.7 (384.3) million euro
- The Group's operating profit increased by 4.7 percent and amounted to 52.5 (50.1) million euro
- Net profit for the period increased by 2.7 percent to 42.2 (41.1) million euro
- Olvi Group's earnings per share stood at 2.02 (1.97) euro per share
- The equity to total assets ratio was 66.4 (64.9) percent.
- The Board proposes a dividend of 1.00 (0.90) euro per share.

CONSOLIDATED KEY RATIOS

	1-12/ 2019	1-12/ 2018
Sales volume, Mltr	718.3	701.3
Net sales, MEUR	408.7	384.3
Gross margin, MEUR	76.7	70.8
% of net sales	18.8	18.4
Operating profit, MEUR	52.5	50.1
% of net sales	12.8	13.0
Net profit for the period	42.2	41.1
% of net sales	10.3	10.7
Earnings per share, EUR	2.02	1.97
Capital expenditure, MEUR	31.0	34.2
Equity per share, EUR	12.58	11.31
Equity to total assets, %	66.4	64.9
Gearing, %	-11.6	-6.0

BUSINESS DEVELOPMENT

Olvi Group's full-year business development continued on a good track. Net sales increased by 6.4 percent and operating profit reached 52.5 million euro, an increase of 4.7 percent. Good development is attributable to strong market shares in the operating countries, innovative product development resulting in successful product launches, as well as continuous development of operational efficiency. With regard to core business, growth and business development were successful. The Group also focused on future growth, making investments in the water business, capacity increases and development efforts within the acquired operations in Finland. Thanks to increased demand, Olvi Group has been able to improve its profitability also in the low-season months.

Business in Finland developed favourably during the entire year. Sales volume, net sales and operating profit have increased on the previous year. The demand for mild alcoholic beverages in particular has remained strong, and as a result, the market position strengthened further. Operating profit for the comparison year included a non-recurring insurance compensation of 0.8 million euro, which hampers comparability of profit with the previous year. Furthermore, the beverage industry's common recycling scheme failed to pay refunds of recycling fees in 2019; in the comparison period, these amounted to 0.7 million euro. The parent company continued investments in capacity increases and improving delivery reliability, and decided on new investments for 2020, including the installation of a new filling line.

In Estonia, full-year business development was positively affected by the tax cut on mild alcoholic beverages effective from the beginning of July. The tax change boosted domestic demand as cross-border sales from Latvia shifted back to Estonia. Cross-border sales between Finland and Estonia have also picked up. Net sales increased by 4.4 percent in the second half of the year, after a 12.4 percent decline in the first half. Operating profit improved by 17.5 percent in the second half. Thanks to this, the full-year earnings for 2019 ended up 2.2 percent higher than in the previous year. The A. Le Coq brand continued to develop strongly, and the company is the market leader in most product categories. A. Le Coq is clearly the largest seller of beverages in Estonia. At the end of the year, the company also received the recognition "Most valuable company in Estonia" to complement many other awards.

In Latvia, business was substantially affected by various changes in alcohol taxes both domestically and in the neighbouring Estonia. Domestic alcohol taxation became more favourable to strong beverages, which caused a decline of 13 percent in the overall beer market for the year. As a consequence of the Estonian tax cut, cross-border sales from Latvia were cut in half. These changes caused a slight decline in Cēsu Alus's sales volume. On the other hand, the company was successful in increasing the value of domestic sales through a premium product portfolio; thus, total net sales declined by just 2.4 percent. Measured by value of sales, the company is number one in the Latvian beverage industry. Earnings were also challenged by the tax changes that will become effective in 2020, as well as tightened competition in strong mixed drinks. In these circumstances, it can be considered an achievement that operating profit in euros remained almost on a par with the previous year, and even improved when considering the figure in relation to net sales.

In Lithuania, the Group managed to gain a good market position in 2019 and strengthened its market shares in all product categories. Volfas Engelman has grown to be the second largest player in the Lithuanian beverage industry within the beverage categories it represents. Exports have also developed well, showing growth of 30 percent. The main export markets are Russia and South Korea. The company was able to develop its product portfolio towards premium products, particularly with regard to specialty beers. All in all, sales volume increased by almost 13 percent and net sales by 14.5 percent. Operating profit was on a par with the previous year, even though the new water business was launched. The start-up of water production and launch of a new brand had a profitability impact of approximately half a million euro. This is an important investment in increasing the share of non-alcoholic beverages in the product portfolio and starting the company's own water business.

In Belarus, the year was good for business. Sales volume increased by 2.2 percent. Thanks to good sales management and product portfolio development, net sales increased by more than 10 percent and operating profit improved by 23.8 percent on the previous year. The profit percentage also increased from 12.6 to 14.1 percent. Performance improved in domestic sales as well as exports. The company has succeeded in keeping the development of production costs reasonable as production efficiency has improved. The currency exchange rate has remained relatively steady during the year, which helped earnings development also when measured in euro.

Olvi Group has continued strong investments in developing its future business. Investments for the year totalled 31 million euro. The most important of these were capacity increases in beer production in Finland and juice production in Estonia, as well as the start-up of a natural mineral water plant in Lithuania.

Olvi's operating profit for fiscal year 2020 is expected to remain on the previous year's good level. We will continue to develop our product range and make it more versatile, and invest in improving production efficiency. Even though Olvi Group has a strong market position in all of its main market areas, weather conditions in the high season are of great importance with regard to achieving the full-year sales volume targets.

OLVI GROUP'S SALES VOLUME, NET SALES AND EARNINGS 2019

Sales development

Olvi Group's sales volume in 2019 made an all-time high of 718.3 (701.3) million litres. This represents an increase of 17.0 million litres or 2.4 percent on the previous year. The Group's sales volume increased in Belarus and Finland, but the largest change was in Lithuania as domestic market shares increased and the development of exports was strong.

Sales volume, million litres	1-12/ 2019	1-12/ 2018
Finland	219.3	213.2
Estonia	109.5	110.7
Latvia	70.9	75.6
Lithuania	107.6	95.4
Belarus	233.1	228.2
Eliminations	-22.0	-21.8
Total	**718.3**	**701.3**

The Group's net sales increased by 6.4 percent in 2019 and amounted to 408.7 (384.3) million euro. Net sales increased in almost all geographical segments except Latvia.

Net sales, million euro	1-12/ 2019	1-12/ 2018
Finland	169.1	159.3
Estonia	71.3	70.4
Latvia	38.9	39.8
Lithuania	49.3	43.1
Belarus	90.8	82.1
Eliminations	-10.6	-10.3
Total	**408.7**	**384.3**

Earnings development

The Group's operating profit for January-December increased by 4.7 percent and amounted to 52.5 (50.1) million euro, or 12.8 (13.0) percent of net sales. With the exception of Latvia, operating profit improved across all units.

Operating profit, million euro	1-12/ 2019	1-12/ 2018
Finland	18.7	18.5
Estonia	14.3	14.0
Latvia	4.3	4.3
Lithuania	3.7	3.7
Belarus	12.8	10.3
Eliminations	-1.2	-0.7
Total	**52.5**	**50.1**

The Group's net profit for 2019 increased by 2.7 percent and amounted to 42.2 (41.1) million euro.

Earnings per share calculated from the profit belonging to parent company shareholders increased in January-December and stood at 2.02 (1.97) euro. Fourth-quarter earnings per share amounted to 0.33 (0.25) euro.

FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of December 2019 was 397.4 (365.4) million euro. Equity per share at the end of 2019 stood at 12.58 (11.31) euro. The equity ratio was 66.4 (64.9) percent and the gearing ratio was -11.6 (-6.0) percent. The current ratio, which represents the Group's liquidity, was 1.3 (1.1). The Group's financial position has improved further.

The Group's cash flow from operations increased on the previous year, amounting to 67.3 (63.0) million euro. Cash flow from operations became stronger and investments fell short of the previous year by the amount spent on acquisitions.

Olvi Group's capital expenditure on extensions and replacements in 2019 amounted to 31.0 (34.2) million euro. The companies in Finland accounted for 14.2 million euro, the Baltic subsidiaries for 12.9 million euro and Lidskoe Pivo in Belarus for 3.9 million euro of the total. Olvi Group has invested in increasing and diversifying its production capacity, as well as the modernisation of production facilities.

CHANGES IN CORPORATE STRUCTURE IN 2019

There were no substantial changes in Olvi's holdings in subsidiaries in 2019. Some shares were acquired from minority shareholders in Lithuania and Belarus.

At the end of the accounting period, Olvi's shares of holding were:

	2019	2018
AS A. Le Coq, Estonia	100.00	100.00
A/S Cēsu Alus, Latvia	99.88	99.88
AB Volfas Engelman, Lithuania	99.66	99.58
OAO Lidskoe Pivo, Belarus	96.36	95.87
Servaali Oy, Finland	80.00	80.00
Helsinki Distilling Company Ltd, Finland	67.00	67.00

Olvi plc also holds 50 percent of Arctic Silence Oy. In addition to these, Olvi plc's subsidiaries have holdings in other companies. A. Le Coq has a 49.0 percent holding in AS Karme and 20.0 percent holding in Verska Mineraalvee OÜ in Estonia. AB Volfas Engelman has a 100 percent holding in UAB Lamate. OAO Lidskoe Pivo has a 100 percent holding in Trade House Lidskoe Pivo.

PRODUCT DEVELOPMENT AND NEW PRODUCTS

Research and development includes projects to design and develop new products, packages, processes and production methods, as well as further development of existing products and packages. The R&D costs have mostly been recognised as expenses. The main objective of Olvi Group's product development is to create new products for profitable and growing beverage segments.

Several new products were launched during 2019 both in Finland and by the subsidiaries. The new products are presented on each company's Web site.

MANAGEMENT AND AUDITORS

The company's Board of Directors consists of Chairman Pentti Hakkarainen, M.Sc. (Econ), LL.M., Vice Chairperson Nora Hortling, M.Sc. (Econ), as well as other members Lasse Heinonen, M.Sc. (Econ), Elisa Markula, M.Sc. (Econ), Päivi Paltola, M.Sc. (Econ) and Heikki Sirviö, M.Sc (Engineering), Honorary Industrial Counsellor.

The company's auditor is the authorised public accounting firm Ernst & Young Oy, with Elina Laitinen, Authorised Public Accountant, as auditor in charge.

MANAGEMENT

The Management Group of Olvi plc consists of Lasse Aho, Managing Director (Chairman), Ilkka Auvola, Sales Director, Olli Heikkilä, Marketing Director, Pia Hortling, Public Relations and Purchasing Director, Tiina-Liisa Liukkonen, Chief Financial Officer, Lauri Multanen, Production Director, as well as Marjatta Rissanen, Customer Service and Administrative Director.

The Managing Directors of the subsidiaries are:
AS A. Le Coq, Tartu, Estonia - Tarmo Noop
A/S Cēsu Alus, Cēsis, Latvia - Eva Sietiņsone
AB Volfas Engelman, Kaunas, Lithuania
- Marius Horbačauskas
OAO Lidskoe Pivo, Lida, Belarus – Audrius Mikšys
Servaali Oy, Helsinki, Finland - Teemu Lehto (Chairman of the Board)
Helsinki Distilling Company Ltd, Helsinki, Finland - Séamus Holohan.

The Managing Directors of the subsidiaries report to Lasse Aho, the Managing Director of Olvi plc. The Boards of Directors of the subsidiaries in the Baltic states and Belarus consist of Lasse Aho (Chairman), Pia Hortling, Tiina-Liisa Liukkonen and Lauri Multanen. The Boards of Directors of the subsidiaries in Finland consist of executive managers from the parent company and minority shareholders. The Management Group of each subsidiary consists of the corresponding Managing Director and approximately four sector directors.

OLVI A SHARE AND SHARE MARKET

Olvi's share capital at the end of December 2019 stood at 20.8 million euro. The total number of shares was 20,722,232, of these 16,989,976 or 82.0 percent being publicly traded Series A shares and 3,732,256 or 18.0 percent Series K shares.

Each Series A share carries one (1) vote and each Series K share carries twenty (20) votes. Series A and Series K shares have equal rights to dividends.

The total trading volume of Olvi A shares on Nasdaq OMX Helsinki Ltd (Helsinki Stock Exchange) in 2019 was 1,575,876 (1,741,051) shares, which represented 9.3 (10.2) percent of all Series A shares. The value of trading was 56.7 (52.1) million euro.

The Olvi A share was quoted on Nasdaq OMX Helsinki Ltd at 41.20 (31.50) euro at the end of 2019. In January-December, the highest quote for the Series A share was 42.60 (34.00) euro and the lowest quote was 31.20 (27.00) euro. The average share price in 2019 was 36.01 (29.95) euro.

At the end of December 2019, the market capitalisation of Series A shares was 699.5 (534.4) million euro and the market capitalisation of all shares was 853.3 (651.9) million euro.

The number of shareholders at the end of December 2019 was 12,233 (11,601). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 25.4 (24.8) percent of the total number of book entries and 5.8 (5.6) percent of total votes.

Detailed information on Olvi's shares and shareholdings can be found in the notes to the parent company's financial statements.

BOARD OF DIRECTORS' AUTHORISATIONS

On 16 April 2019, the General Meeting of Shareholders of Olvi plc decided to revoke any unused authorisations to acquire treasury shares and authorise the Board of Directors of Olvi plc to decide on the acquisition of the company's own shares using distributable funds. The authorisation is valid for one year starting from the General Meeting and covers a maximum of 500,000 Series A shares, which corresponds to 2.4 percent of the entire stock and 0.5 percent of the aggregate number of votes.

The Annual General Meeting also decided to revoke all existing unused authorisations for the transfer of own shares and authorise the Board of Directors to decide on the issue of a maximum of 1,000,000 new Series A shares and the transfer of a maximum of 500,000 Series A shares held as treasury shares.

It was proposed that the issue authorisation shall be valid until the closing of the Annual General Meeting 2020, however no longer than 18 months from the General Meeting's decision of issue authorisation.

TREASURY SHARES

At the beginning of January 2019, Olvi plc held 25,728 of its own shares as treasury shares. During January–December 2019, the following changes have occurred in treasury shares.

In the beginning of December 2018, the Board of Directors of Olvi plc decided to initiate a scheme of acquiring treasury shares based on the authorisation issued by the Annual General Meeting on 16 April 2018. On this basis, the Board will repurchase a maximum of 43,000 Series A shares. The acquired shares shall be used for the purpose of financing or executing any upcoming corporate acquisitions or other arrangements, implementing the company's incentive schemes or for other purposes decided upon by the Board of Directors. The acquisition of shares started on 11 December 2018 and ended on 21 January 2019. At the start of the repurchase scheme, Olvi plc held 4,999 Series A shares as treasury shares. After the end of the scheme, Olvi plc held 47,999 Series A shares as treasury shares. The purchase price for treasury shares in January 2019 totalled 725,826.47 euro.

Olvi plc initiated a new share-based incentive plan for key personnel, the performance period of which is from 1 February 2019 to 31 January 2021. The prerequisite for receiving reward is that a key employee purchases the company's Series A shares up to the maximum number determined by the Board of Directors and that employment or service continues upon reward payment. Rewards will be paid partly in the company's Series A shares and partly in cash in 2021. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the key employees. The plan is directed to approximately 60 people. In accordance with the share-based incentive plan, Olvi plc sold a total of 36,450 treasury shares to the target group members for a price of 1,179,330.37 euro. The number of Series A shares held by Olvi plc as treasury shares on 31 December 2019 is 11,549 and the total acquisition price is 502,956.28 euro.

Series A shares held by Olvi plc as treasury shares represent 0.06 percent of all shares and 0.01 percent of the aggregate number of votes. The treasury shares represent 0.07 percent of all Series A shares and associated votes. Treasury shares held by the company are ineligible for voting.

FLAGGING NOTICES

During 2019, Olvi plc has received one flagging notice in accordance with Chapter 2, Section 10 of the Securities Markets Act, from FMR LLC on 13 December 2019.

EVENTS AFTER THE REVIEW PERIOD

There have been no significant reportable changes after the end of the accounting period.

CORPORATE GOVERNANCE

Olvi plc adheres to responsible and open corporate governance of a high standard.

Olvi plc's corporate governance is an aggregate of many parts; compliance with the Articles of Association, laws and statutory regulations, self-regulation and a variety of procedures and guidelines. Compliance with laws, regulations and guidelines is regularly supervised in accordance with instructions issued by the Board of Directors of Olvi plc.

The company complies with the Corporate Governance Recommendation for Listed Companies issued by NASDAQ OMX Helsinki Ltd, Finland Chamber of Commerce and the Confederation of Finnish Industries as valid from time to time. In its reporting for 2019, the company complies with the Corporate Governance Code that was approved by the Securities Market Association on 1 October 2015 and entered into force on 1 January 2020.

The Insider Guidelines for listed companies, which were prepared by the Helsinki Stock Exchange, the Finland Chamber of Commerce and the Confederation of Finnish Industries, were adopted by Olvi plc already in 2000. As of 3 July 2016, the Market Abuse Regulation (EU) No 596/2014 (MAR) became applicable in Finland, and Olvi plc's practices of dealing with insider issues are in compliance with the MAR in accordance with the interpretation of the European Securities and Markets Authority (ESMA).

Description of corporate governance policy

The company's corporate governance policy and procedures are described in the Corporate Governance Statement 2019. The statement provides the descriptions of corporate governance called for by the Finnish Corporate Governance Code. The statement includes information on matters such as the General Meeting, Board of Directors and other management, as well as the audit. The statement describes the procedures of internal control and the main features of risk management systems. Furthermore, the statement describes the company's administration of insiders and related parties, as well as the crucial principles and regulations pertaining to administration ((EU) No 596/2014, "MAR"). The company also describes any departures from the guidelines.

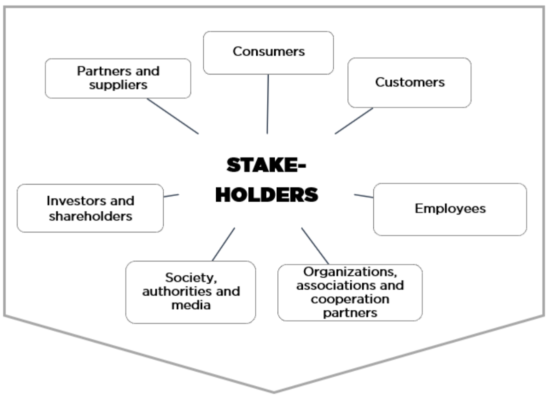
CORPORATE RESPONSIBILITY AND NON-FINANCIAL REPORTING

Management and reporting of corporate responsibility

Responsibility is one of Olvi Group's values and a crucial part of strategic and operational decision-making. Therefore, responsibility is a natural part of the Group's everyday operations. Responsible operations are a crucial part of our business competence, and this is a decisive factor with regard to business development and growth.

In order to better respond to expectations related to the reporting of responsibility and transparency, responsibility has been one of Olvi Group's focal points since 2017. Reporting is guided by the EU *Non-Financial Reporting Directive*. In addition to the information presented in this Board of Directors' report, a separate Corporate Responsibility Report for 2019 will be published on the Web site www.olvigroup.fi.

Background factors affecting the Group's responsibility work include international commitments and treaties such as the Paris climate agreement, the UN sustainable development goals and the International Labour Organization's conventions. International commitments and treaties gather countries and players together to mitigate climate change and to promote sustainable and fair development. The focal points of the Group's responsibility work are also affected by international megatrends such as the values of responsibility and sustainable development, digitalisation, globalisation, demographic future and consumption patterns. Expectations imposed by various stakeholders have also affected the focal points and targets of responsibility work.



Focal points of responsibility

Corporate responsibility is divided into economic, social and environmental responsibility. This division is the background for dividing the Group's corporate responsibility into four focus areas:

- A responsible value chain
- The best workplace

- Generating value for stakeholders
- Consumer communications

In addition to these four focus areas, one of the cornerstones of operations is ethical business practice, which is a fundamental prerequisite for a responsible company and a starting point for all actions and development.

Servaali Oy and Helsinki Distilling Company Ltd will be integrated into Olvi Group's corporate responsibility scheme during 2020. The companies are included in the personnel and financial figures for 2019.

Responsible value chain

The Group's responsibility is defined throughout the supply chain and is a shared interest between the company, its suppliers and partners.

The beverage industry uses a substantial amount of raw materials and natural resources, such as grain, energy, water and packaging materials. Supply chain management and procurement practices therefore have a substantial effect on the environment, climate and society.

Responsibility for the environment is one of the most important themes in the supply chain – also for the Group's stakeholders. The significance of environmental responsibility and the environmental footprint has become larger and larger both at the individual and the corporate level.

Environmental responsibility is largely manifested as resource efficiency – the efficient use of raw materials, supplies and energy, as well as recycling and optimisation of transports. Olvi Group engages in continuous action to reduce the environmental footprint.

Improvements gained through Lean operating principles and certified management systems are an important part of resource effectiveness. These make it possible to gain substantial advantages in increasing the efficiency of energy and water consumption, among other things. Furthermore, digital solutions based on Lean thinking create new opportunities for real-time monitoring and optimisation of the use of supplies such as water, steam and electrical power.

A Group-wide environmental policy defines the objectives and targets for environmental responsibility. These are realised as short and long-term targets and indicators, which are regularly monitored on scorecards.

Reducing our carbon footprint
Carbon dioxide emissions from production originate mostly from production plants and transports. The most substantial emission sources at a production plant are heating and electricity consumption, as well as carbon dioxide emissions at the cooling stage.

Efforts are made to improve the efficiency of energy use and to favour green choices. In 2019, the electricity consumption of Group companies was reduced thanks to making energy-efficient choices. Power consumption was 0.09 kWh per litre produced, which was 10 percent less than in 2018. As much as 70 percent of electrical power consumed by the Group's breweries is already green. Thanks to operational optimisation, the steam and heating energy consumption was reduced by 7 percent from 2018 to 2019, amounting to 0.13 kWh per litre produced. It is the Group's objective to gradually switch to renewable energy.

Emissions from transports and distribution are minimised to the best possible extent through optimisation of the delivery chain and routes. This makes it possible to reduce the total distance driven and increase the degree of utilisation of the cargo space, resulting in reduced exhaust gas emissions.

Water consumption and wastewater treatment
Attention has been paid to the well-being of the water ecosystem with regard to our choice of cleaning agents, washing plans and equipment technology. The goal is to reduce water consumption per litre produced. Optimisation of production planning will also reduce water consumption. Water consumption in 2019 remained almost at the 2018 level.

Wastewater is generated at various stages of the product manufacturing process. A particular source of wastewater is the washing of production facilities and equipment in order to ensure high levels of hygiene and quality in the production process and for the actual products. Wastewater is either processed in the company's own treatment plant or conducted to wastewater plants for treatment and recycling. Efficient pre-treatment of wastewater has been developed particularly to prevent environmental burdens such as nitrogen and phosphorus from ending up in wastewater.

Recycling of materials
The idea of circular economy is one of the most important selection criteria for the procurement of materials. Recycling of materials comprises the use of recyclable packaging materials, recycling of material originating from production, as well as recovery of by-products.

Packaging waste from production, as well as hazardous waste, is sorted and delivered for recycling. Products are packaged in recyclable containers – some of them are washed and refilled, some are recovered as material.

Ensuring the recyclability and eco-friendliness of materials is a substantial part of product development. Waste sorting and the associated increase in the share of recyclable materials has reduced the amount of mixed waste by 40 percent. The by-products mash and excess yeast are delivered to cattle farms for use as animal feed.

The most important indicators in the *environmental responsibility* focus area and the realised values are:

Indicator	1-12/ 2019	1-12/ 2018
Power *, kWh / litre produced	0.09	0.10
Steam and heat *, kWh / litre produced	0.13	0.14
Water consumption *, litres / litre produced	3.18	3.16
Mixed waste, kg	396,693	660,274

The figures do not include Servaali Oy and Helsinki Distilling Company Ltd
* figures for comparison year adjusted

The target of the environmental responsibility focus area within the Group is to increase the share of green electricity to 100 percent by 2023. Another target is to increase the share of renewable energy in steam production to 100 percent if possible. The long-term target is that by 2030, all energy consumed by the Group shall be produced from renewable sources. Another goal is to reduce water consumption to less than 3.0 litres per litre produced by 2023.

Responsible procurement
A responsible supply chain means the choice of responsible suppliers and a preference for local suppliers if possible, as well as transparency and traceability of procurement. It is important that raw materials and packaging materials fulfil the requirements and expectations of customers and consumers. Domestic origin, healthiness and organic production are becoming even more emphasised as stakeholder expectations. Compliance with responsible procurement principles is also important to stakeholders.

The Group's procurement principles are defined in the responsible procurement policy. Raw materials are purchased from approved suppliers committed to the Group's Code of Conduct for Suppliers and Partners. Furthermore, the quality of each raw material delivery is assured.

With regard to raw materials and packaging supplies, 91.5 percent of our contracting partners had signed the Code of Conduct in 2019. Our aim is that all partners shall sign the Code of Conduct by the year 2022. In order to develop corporate responsibility within the industry, co-operation with local and international players is important.

The best workplace
The Group aims to be a positive, fair and safe workplace. The Group is a significant employer locally, and its success is supported by skilled, enthusiastic and motivated staff. In order to be an attractive employer, the Group aims to maintain an interesting and professionally developing employer image.

Corporate culture
The Group focuses on maintaining an innovative and agile corporate culture. It is important to promote an open work atmosphere that favours development.

Management, leadership and work community practices
The Group continuously develops management, leadership and work community skills to

ensure a functional work community. These areas are developed particularly on the basis of appraisal discussions and the results of the personnel survey.

A safe work environment
Every employee has the right to a safe work environment. Continuous work is undertaken to identify and eliminate hazards, thus preventing accidents. The objective is a workplace without accidents, having a smooth workflow. The Group shares a common occupational safety policy.

Employees are encouraged to make safety observations, and these are regularly processed in order to develop operations. Each employee receives sufficient introductory training for the job and the associated safety issues and instructions.

Ensuring occupational health and well-being
In order to ensure occupational health, the machinery and equipment used, as well as the work environment and circumstances are planned so that they do not cause physical or mental health risks or hazards to employees. In order to prevent health hazards and risks and to promote working ability and health, ways of working and the work environment are continuously developed.

Well-being means that employees enjoy physical, mental and social prosperity. Smooth and efficient work is a prerequisite for well-being. Lean development projects and certified management systems streamline the work processes. It is also important that every employee knows the objectives and responsibilities of his or her tasks and has sufficient competence to carry them out. Well-being at work is reviewed in connection with a personnel survey, among other things.

Competence development
The competence of employees is developed systematically and persistently on the basis of business objectives both at the company and Group levels. Employees are encouraged to build multiple skills and to actively develop their competence.

Time spent on training is monitored at the Group company level. In 2019, Group employees spent an average of 9 hours on training events, which was equal to the previous year's figure. In the future, the Group will develop the systematic monitoring of focal areas of training.

Equal opportunities
The work community provides equal opportunities to all employees. All employees are treated equally regardless of their age, gender, religion, opinions, nationality or other such characteristics.

Equal treatment of all employees and job seekers is reflected in recruitment and compensation, among other things. The Group's gender distribution has remained very stable. In 2019, the Group employed 62 percent men and 38 percent women.

In connection with annual planning, a personnel plan is prepared based on the company's objectives and operating plan. Recruitment supports the achievement of business targets. Recruitment is always based on carefully considered resource needs as well as the qualifications and competence requirements required for the task.

Compensation, employee benefits and incentives are always based on currently valid legislation and agreements in compliance with country-specific practices. In addition to these, factors affecting compensation include the level of demand of the job, as well as the employee's competence, performance and/or results achieved, in line with fair local practice.

To guarantee equal opportunities, Olvi Group applies common ethical guidelines (Code of Conduct). We measure the realisation of equality through a personnel survey.

The most important indicators in the focus area of *The best workplace* and the realised values are:

	1-12/ 2019	1-12/ 2018
Number of personnel	1,837	1,797
Gender distribution men / women	62/38	63/37
Accidents/year	22	16
Accident frequency *)	6.7	4.9
Training, hours per person	9	9

The training figures do not include Servaali Oy and Helsinki Distilling Company Ltd.
*) Accident frequency = (number of occupational accidents / hours worked) x 1,000,000.

The annual target is to reduce the number of accidents by 10 percent compared to the previous year. There has been a slight uptrend in the number of accidents in 2019. This is largely due to increased communication of safety issues and more developed systems that have made accident observations better visible. However, Olvi Group's accident frequency 6.7 is still a good figure, and clearly lower than the average accident frequency across the Finnish food and drink industry in 2018, which was 34.8. In order to develop the reporting of occupational accidents, we will prepare a shared view on the definition of accidents during 2020. Accident-free operation is the Group's long-term target by 2030.

The Group aims to achieve top overall rating (AAA) in the PeoplePower personnel survey by 2030. The personnel survey of 2019 boosted Olvi Group's PeoplePower rating to AA+. The PeoplePower rating indicates a company's success in developing its operations together with personnel, as well as their level of commitment to the company. Personnel satisfaction outperformed the average of comparable companies in all of the Group's operating countries. 89.4 percent of our employees responded to the personnel survey.

Information related to personnel and compensation is also presented in the Personnel section of the operating report.

Creating value for stakeholders

Positive financial development secures the generation of value to stakeholders and the communities in which the company operates. Olvi Group is a growing and developing group of companies committed to long-term development, having a strong balance sheet and good profitability.

A business model enabling the generation of value

The core of the strategy includes efficiency of operations, being local, responsibility, high quality and the best taste of products, skilled personnel and good customer relationships. Continuous development is a part of everyday work.

Olvi's strengths in the market environment include:

- stable ownership base
- agile decision-making enabled by the management model
- efficient production capacity and operational reliability
- optimisation of production capacity
- focus and commitment in the markets chosen
- strong local brands and market shares
- a versatile product portfolio and innovative product development
- being local: products developed for local markets, local manufacturing and, to the extent possible, local raw materials
- a Northern location: pure water and possibilities for agriculture

These strengths combined with a sound financial position facilitate profitable growth and development also in the future.

Effects on stakeholders

Financial and social effects are reflected in the operating environment through direct and indirect employment and tax payments, among other things. To the extent possible, the company endeavours to choose local suppliers and subcontractors for co-operation. This provides substantial support to the vitality of the local community and creates value for stakeholders. Being local gives the Group its roots and is a competitive advantage.

The Group is also a stable payer of dividends. Its long-term target is to pay out dividends at an average 40 to 60 percent of earnings per share.

Olvi plc's largest shareholder is Olvi Foundation, which is a non-profit foundation. Among other things, the Foundation supports activities for the youth and the elderly, study opportunities and local community work. It also promotes the development of the utilisation of natural resources and food economy. The Foundation gives out millions of euros annually in grants, scholarships, awards and prizes.

The most important indicators in the focus area of *Generating value for stakeholders* and the realised values are:

EUR 1,000	1-12/ 2019	1-12/ 2018
Payments to suppliers	510,314	482,114
Wages and salaries	29,376	27,236
Dividends paid	18,787	16,587
Taxes paid and collected	487,710	476,621
Interest paid	288	603

Tax footprint
The company complies with valid local tax legislation, rules and regulations. Taxes and fees are paid in accordance with local legislation in each of the operating countries.

Taxes paid by the company (EUR 1,000)	1-12/ 2019	1-12/ 2018
Income tax	11,293	10,100
Real estate tax	414	215
Social security contributions	8,600	9,402
Other taxes	1,503	666
Total	21,810	20,383
Taxes collected by the company (EUR 1,000)		
Value added tax	114,378	116,312
Excise tax	345,308	334,193
Other taxes	6,214	5,733
Total	465,900	456,238

Risk management
Olvi Group takes risk management into account as part of its economic, social and environmental impacts on the operating environment. The Group's risks include, among others, risks related to the environment, personnel and raw materials, as well as actions in violation of ethical values. More details on risk management are presented in the 'Business risks and their management' section of the Board of Directors' report.

Consumer communications
In addition to product safety, open and responsible communications to consumers is a prerequisite for operations. The intention is to promote moderate use of alcohol and other beverages by creating positive drinking enjoyment. Crucial factors affecting success in the long term include tasty and responsibly manufactured products that fulfil consumer expectations.

Products are manufactured to high standards, and must comply with laws, official regulations and quality standards. The management of product safety risks is conducted through the HACCP (Hazard Analysis and Critical Control Points) system and self-control. Olvi plc, Cēsu Alus, Volfas Engelman and Lidskoe Pivo have certified product safety systems in place. A. Le Coq will be introducing such a system.

Brands and products are means of communication towards consumers, and for this reason, the role of responsible marketing is crucial to the realisation of corporate responsibility. The Group did not have any marketing cases violating the principles of responsibility in 2019.

Sufficient, clear and transparent presentation of product information on packaging and Web pages is at the core of responsible consumer information. The Group focuses on making the information on responsible consumption, packaging data and nutritional content consistent across the Web sites in different countries. The objective is that all packaging of the Group's alcoholic products will carry warning symbols by 2022.

Consumers are guided towards enjoying our products responsibly and moderately. Moderate consumption of our products is promoted in close co-operation with national and international beverage industry players and associations. To promote responsible consumption, the objective is to increase the numbers of non-alcoholic products in Group companies each year. Another objective is to develop the portfolio of more healthy beverages. The Group will also increase its product portfolio in smaller package sizes.

In addition to guidelines and regulations, the Group observes self-control that is stricter than official regulations in some respects. This allows appropriate response to the expectations of the operating environment and brings the company to the front line in developing corporate responsibility practices for the industry.

ETHICAL WAY OF OPERATION, RESPECT FOR HUMAN RIGHTS AND FIGHTING CORRUPTION AND BRIBERY

An ethical and sustainable way of operation is a substantial part of the Group's values, business and success in all market areas. A reputation as a honest and trustworthy Group is something to be fostered.

Ethical guidelines define the basic principles of internal and external ethical business operations. A responsible and ethical way of operation is also essential for confidence in business between the Group and its stakeholders.

Ethical operating practices are crystallised in the Group's ethical guidelines (Code of Conduct). The Code also includes principles concerning respect for human rights and fighting corruption and bribery. The Group's target is zero tolerance against human rights violations, corruption and bribery.

The Code of Conduct lists the following as the foundations for our responsible operations:

- compliance with the applicable laws and regulations
- realisation of human rights and equal opportunities
- occupational health and safety and a cleaner environment
- zero tolerance towards bribery and corruption
- promoting healthy and effective competition and complying with competition regulations in force
- protecting the tangible and intangible assets of the company
- honest and respectful communications to stakeholders
- timely and reliable information to investors
- observations of unethical actions are brought up for discussion or reported through a whistleblowing channel
- Olvi plc and its subsidiaries will not engage in political activity.

Respect for human rights emphasises equal treatment of personnel, a safe working environment and diversity of management, as well as responsible procurement. Personnel is guided towards respect for human rights and zero tolerance on corruption and bribery through training as well as the general HR policy and a policy for preventing misconduct. Responsible procurement means that suppliers shall commit to Olvi Group's Code of Conduct for Suppliers and Partners. The Group monitors the number of suppliers committed to the operating principles.

Since 2018, the Group has had a whistleblowing channel addressing ethical operating principles, respect for human rights and the fight against corruption and bribery. The management has not become informed of a single case of unethical action through this channel or any other means in 2019.

DIVERSITY OF THE BOARD OF DIRECTORS AND MANAGEMENT

The members of Olvi plc's Board of Directors shall represent diversified knowledge and skills, including industry knowledge, and possess a variety of professional backgrounds in a way that allows work and international experience, different ages and genders to support and supplement each other for the good of the company's business and to increase shareholder value. In addition to the competence required by the position, anyone to be elected a Board member shall have the possibility to devote a sufficient amount of time to attending to the duties. It shall also be ensured that the principle of diversity is realised in the management groups and Boards of Directors of the companies. The country-specific Boards of Directors and management groups in 2019 comprised 59 percent men and 41 percent women.

PERSONNEL

Olvi Group's human resources policy provides guidelines on general HR management practices aimed at

- maintaining an interesting and professionally developing employer image and ensuring that our personnel and their competence allow the realisation of our business strategy
- supporting personnel and making them committed to good performance
- maintaining well-being at work and working capacity
- building a positive and innovative corporate culture
- ensuring our ability to function as a Group of companies and to utilise the Group's resources, competence and experience for continuous renewal and development.

Olvi Group's HR management is based on the values of Olvi plc and responsible operating principles. The promotion of a good working community is the responsibility of every employee.

Olvi Group has a shared mission statement and vision. The business strategies in all of the operating countries are largely similar and based on the same values.

In implementing the strategies, Olvi plc approves local flexibility in the means used for achieving targets because the operating environments and competitive situations of the companies are different.

Olvi Group's annual targets are put into practice in the organisation through the annual planning process, result cards, appraisal discussions and day-to-day management. The competence of personnel is maintained through continuous training. Smooth and efficient work is a foundation for well-being. Operations and work are continuously developed in accordance with Lean thinking.

Olvi Group's average number of personnel in January-December was 1,837 (1,797). The Group's average number of personnel increased by 40 people or 2.2 percent. From January to December, the average number increased by 15 people in Finland and by a total of 26 people across the Baltic states. The average number in Belarus declined by one person in January-December.

Olvi Group's average number of personnel by country:

	1-12/ 2019	1-12/ 2018
Finland	386	371
Estonia	311	301
Latvia	195	194
Lithuania	230	215
Belarus	715	716
Total	**1,837**	**1,797**

WAGES, SALARIES AND EMOLUMENTS

Wages, salaries and emoluments in the accounting period:

EUR 1,000	2019	2018
Wages, salaries and emoluments	44,404	38,497

In accordance with its corporate governance policy, the company will issue an annual Remuneration Report separate from the annual report. It has been prepared in accordance with the Finnish Corporate Governance Code 2020, section V Remuneration, Recommendations 22 and 23.

The company's Board of Directors has considered and approved the Corporate Governance Statement 2019 and the Remuneration Report 2019. The reports have been made available on the corporate Web site www.olvi.fi simultaneously with the publication of the Board of Directors' report. The reports are not updated during the accounting period, but up-to-date information on the subject areas included in them can be presented on the company's Web site as necessary.

REMUNERATION SCHEMES

Bonuses based on the achievement of earnings and performance targets are an important incentive for personnel and a management tool. Performance bonus schemes communicate the targets, will and desire set by the company's Board of Directors. The overall objectives of bonuses based on target-setting include clarity, fairness and sufficient effect. Bonus schemes must not encourage imprudent risk-taking or negligence.

The objectives for long-term bonuses in particular include increasing shareholder value, supporting profitable growth and relative profitability, and making operational management and key employees committed to the company.

Components of remuneration to personnel

The components of remuneration to personnel consist of fixed remuneration as well as short- and long-term incentive schemes.

Olvi's Board of Directors decides on the terms of service of the Managing Director, which are specified in a directors' contract. The Board of Directors assesses the Managing Director's performance annually. The terms of service of other top management shall be decided by the Board of Directors on the basis of the Managing Director's proposal. The Managing Director and other management executives shall not receive separate remuneration for their work in the management group or other internal management organs within the Group.

Short-term incentives

Short-term incentives are performance bonus schemes in which the monitoring period is one accounting period. The Board of Directors shall decide upon the basis for definition of the incentives.

In 2019, the Group has had a performance bonus scheme based on operating profit. The entire personnel in Finland is included in the scope of performance bonuses, while in other Group companies, the scope includes the management group members. Furthermore, Olvi Group's subsidiaries have incentive schemes that cover either the entire personnel or the company's key employees and are based on the achievement of targets specified in performance cards.

Long-term incentives

Long-term incentives are based on programmes confirmed by Olvi plc's Board of Directors that are valid for at least two accounting periods. The programmes can be share-based incentive plans or performance bonus schemes based on Group-level targets. The aim of the share-based incentive plans is to combine the objectives of the shareholders and the key employees in order to increase the value of the company, to make the key employees committed to the company, and to offer them a competitive reward plan based on earning the company's shares.

At the end of fiscal year 2019, the Group has an active share-based incentive plan in which the performance period is from 1 February 2019 to 31 January 2021. In accordance with the terms and conditions of the plan, bonuses will be paid partially in Olvi plc's Series A shares and partially in cash. The prerequisite for receiving reward is that a key employee purchases the company's Series A shares up to the maximum number determined by the Board of Directors. Furthermore, entitlement to a reward is tied to the continuance of employment or service upon reward payment.

The share-based incentive plans are described in more detail in Note 20 to the financial statements, Share-based payments.

Personnel fund

In Finland, Olvi has an operational personnel fund that covers Olvi's entire personnel excluding the management group.

The basis of making profit-sharing contributions to the personnel fund shall be decided annually by the company's Board of Directors.

BUSINESS RISKS AND THEIR MANAGEMENT

Risk management is a part of Olvi Group's everyday management and operations. The objective of risk management is to ensure the realisation of the company's strategy and secure its financial development and the continuity of business. The task of risk management is to operate proactively and create operating conditions in which business risks are managed comprehensively and systematically in all of the Group companies and all levels of the organisation.

Risks are assessed by analysing the probability of their realisation and the potential effects. The effects may be financial but may also impact the company's reputation, personnel, the local community and/or the environment.

Olvi Group's risks are divided into strategic and operational risks.

Strategic risks

Strategic risks refer to risks related to the characteristics of the Group's business, development objectives and strategic choices. If realised, strategic risks can substantially hamper the company's operational preconditions and the possibility of achieving the targets set.

Strategic risks are primarily threats that may prevent the realisation of strategic business objectives. They may also relate to changes in tax legislation and other regulations, the operating environment and foreign exchange markets, for example. The Group's operations are located in several countries that differ substantially in terms of their social and economic situations and the phases and directions of development. Other short-term risks and uncertainties are related to development of the general economic circumstances, changes in the competitive situation, as well as the impacts these may have on the company's operations.

Operational risks

The Group's most substantial identified operational risks relate to the procurement and quality of raw materials and packaging supplies, the production process, markets and customers, personnel, information security and systems, as well as changes in foreign exchange rates, the environment as well as actions in violation of ethical values.

Procurement
General economic development and annual fluctuations in crop yield affect the prices and availability of major raw materials and packaging supplies used within Olvi Group. Disruptions in raw material deliveries and quality may hamper business operations and customer relations. Purchases of major materials are made under procurement contracts standardised at the Group level. The Group aims to secure the predictability of purchase prices for critical materials through long-term procurement contracts. All units emphasise the significance of the quality of raw materials and other production factors in the overall production chain.

Ensuring traceability and compliance with responsible procurement principles are an important part of risk management. The Group must know the impacts of its operations and the entire supply chain if further operational development is desired.

Production process
The aim is to minimise production risks through clear documentation of processes, increasing the degree of automation, compliance with quality management system and the pursuit of clear operating methods in relation to decision-making and supervision. The efficiency and applicability of processes and methods are monitored using internal indicators.

The monitoring and development of production efficiency includes, among other things, the reliability and utilisation rate of production machinery, development of the working environment and factors related to people's work. The Group has a property and loss-of-profits insurance programme covering all of the operating areas, and its coverage is reviewed annually.

Markets and customers
The Group's business operations are characterised by substantial seasonal variation. The net sales and operating profit from the reported geographical segments do not accumulate evenly but vary substantially according to the time of the year and the characteristics of each season.

Negative changes in the economy or other operating environment may impact consumers' purchasing behaviour and hamper the liquidity of our customers. All Group companies employ efficient credit controls as a major method for minimising credit losses. Legislative changes and other changes in the operations of authorities, such as changes in excise taxes and marketing restrictions, may affect the demand for the Group's products and their relative competitive position.

Personnel
Risks related to personnel include risks in obtaining labour, employment relationship risks, key person risks, competence risks and risks related to well-being at work and occupational accidents. Crucial focal points in HR management include maintaining and developing a good employer image, as well as ensuring the availability and commitment of personnel. Other focal points include maintaining and continuously developing well-being and safety at work, improvement of management systems, construction and maintenance of backup personnel systems, as well as training and incentive schemes.

Information security and IT
Olvi Group employs an information security policy that defines the principles for implementing information security and provides guidelines for its development. Risks related to

information technology and systems are manifested as operational disruptions and deficiencies, for example. The availability and correctness of data is ensured through the choice of operating methods and various technical solutions. Issues related to information security and the operation of information systems are analysed regularly.

Financing risks
The Group is exposed to financing risks in its normal course of business: market risk (including both foreign exchange risk and interest rate risk), credit risk, liquidity risk and capital risk.

The objective of financing risk management is to minimise the adverse effects of changes in the financial markets on the Group's financial performance, shareholders' equity and liquidity. The general principles of the Group's risk management are approved by the Board of Directors of the parent company, and the parent company's management together with the management of subsidiaries is responsible for their practical implementation.
Responsibility for Olvi Group's financing tasks is centralised in the parent company Olvi. The objectives of centralisation include optimisation of cash flows and financing costs, as well as efficient risk management. Financing risks are described in more detail in Note 22 to the consolidated financial statements, Management of financing risks.

Environment
The Group has defined environmental risks and associated risk management. The Group's most significant environmental risks arise from the production process, such as wastewater handling and the management of chemicals used in the production process. If realised, these risks would have a negative effect on the company's reputation, relations with stakeholders, as well as the share price and earnings for the accounting period. Risk is managed through well-maintained production machinery, appropriate treatment of wastewater, sufficient training to personnel and continuous monitoring and development of the production process.

Actions in violation of ethical values
Actions in violation of ethical values involve substantial risks. The Group focuses on avoiding actions that would violate human rights, or any corruption or bribery. Actions in violation of ethical values would cause a risk to reputation that would have a negative effect on relations with stakeholders, as well as the share price and earnings for the accounting period. Olvi Group has a policy for preventing misconduct.

BUSINESS RISKS AND UNCERTAINTIES IN THE NEAR TERM

A factor hampering the predictability of Olvi Group's business relates to Belarus and its economic and political outlook for the next few years. Furthermore, potential changes in the Russian economy may also affect the operating environment in Belarus.

Operations in Belarus involve foreign exchange risks arising from the cash flows of purchases and sales in foreign currency, as well as the investment in the Belarusian subsidiary and the conversion of its income statement and balance sheet items into euro. The Group's other foreign exchange risks can be considered minor.

Olvi Group's operations are also affected by changes in consumer behaviour and the operations of our clientele arising from changes in official regulations in each of the operating countries. Estonia and Latvia implemented several changes to excise taxes during 2019, and these had substantial impacts on consumer behaviour both in the corresponding domestic markets and in cross-border trade. Excise taxation in general is a significant steering force for consumption in all of Olvi's operating countries, and decisions made in one country may have substantial reflections on consumer behaviour on a larger scale through cross-border trade.

Other short-term risks and uncertainties are related to development of the general economic circumstances, changes in the competitive situation, the impacts these may have on the company's operations, as well as fluctuation in the global market prices of raw materials.

In addition to the risks described above, there have been no significant changes in Olvi Group's business risks. However, the impacts of the recent coronavirus pandemic on the economy and stakeholders make this harder to predict.

NEAR-TERM OUTLOOK

Olvi estimates that consolidated operating profit for 2020 will be on a par with the previous year. Even though Olvi Group has a strong market position in all of its main market areas, weather conditions in the high season are of great importance with regard to achieving the full-year targets.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The parent company Olvi plc had 89.4 (70.3) million euro of distributable funds on 31 December 2019, of which profit for the period accounted for 37.7 (35.2) million euro.

Olvi plc's Board of Directors proposes to the Annual General Meeting that distributable funds be used as follows:

1) A dividend of 1.00 (0.90) euro shall be paid for 2019 on each Series K and Series A share, totalling 20.7 (18.6) million euro. The dividend represents 49.6 (45.7) percent of Olvi Group's earnings per share. The dividends will be paid in two instalments. The first instalment of 0.50 euro per share will be paid on 8 May 2020 to shareholders registered in the register of shareholders held by Euroclear Finland Ltd on the record date 14 April 2020. The second instalment of 0.50 euro per share will be paid on 8 September 2020 to shareholders registered in the register of shareholders held by Euroclear Finland Ltd on the record date 1 September 2020. No dividend shall be paid on treasury shares.

2) 68.7 million euro shall be retained in the parent company's non-restricted equity.

FINANCIAL REPORTS IN 2020

Olvi Group's Annual Report will be published on 16 March 2020. The Annual Report will include the Board of Directors' report, the Group's and the parent company's financial statements, as well as the auditors' report regarding the accounting period 1 January to 31 December 2019. At the same time, the company will issue its Corporate Governance Statement and Remuneration Report for fiscal year 2019.

The notice to convene Olvi plc's Annual General Meeting, which will be held on 8 April 2020 in Iisalmi, will be published on 16 March 2020. The financial statements, Board of Directors' report and notice to convene the AGM will be available on Olvi plc's Web site on the same day.

The following interim reports will be released in 2020:

- Interim report from January to March on 30 April 2020
- Interim report from January to June on 18 August 2020, and
- Interim report from January to September on 29 October 2020.

OLVI PLC
Board of Directors

Consolidated Financial Ratios 2017 to 2019

BUSINESS VOLUME AND PROFITABILITY EUR 1,000	2019	2018	2017
Net sales	408 706	384 302	345 185
Change, %	6,4	11,3	7,6
Operating profit	52 514	50 150	44 747
% of net sales	12,8	13,0	13,0
Financial income and expenses	997	-997	-2 341
Profit before taxes	53 523	49 176	42 336
% of net sales	13,1	12,8	12,3
Net profit for the period	42 230	41 137	36 124
% of net sales	10,3	10,7	10,5
Balance sheet total	397 397	365 446	338 619
Cash flow ratio, %	16,2	16,1	16,5
Return on investment, % (ROI)	20,8	21,2	19,7
Return on equity, % (ROE)	16,9	18,1	17,2
Equity to total assets, %	66,4	64,9	64,1
Current ratio	1,3	1,1	1,2
Gearing, %	-11,6	-6,0	-7,1
Capital expenditure on fixed assets	30 968	34 234	21 710
% of net sales	7,6	8,9	6,3
Net capital expenditure on fixed assets	28 988	30 749	18 847
% of net sales	7,1	8,0	5,5
Average number of personnel:			
Personnel in Finland	386	371	337
Personnel in Estonia, Latvia, Lithuania and Belarus	1 451	1 426	1 446
Total employees	1 837	1 797	1 783

PER-SHARE RATIOS	2019	2018	2017
Earnings per share (EPS), euro, undiluted	2,02	1,97	1,73
Earnings per share (EPS), euro, diluted	2,02	1,97	1,73
Equity per share, euro	12,58	11,31	10,41
*) Pay-out ratio, %	49,6	45,7	46,1
Price/Earnings ratio (P/E)	20,4	16,0	17,2

*) The amount of dividend used for calculating the 2019 ratios is the Board of Directors’ proposal to the Annual General Meeting.

Parent Company's Financial Ratios, 2017 to 2019

BUSINESS VOLUME AND PROFITABILITY EUR 1,000	2019	2018	2017
Net sales	144 838	140 692	131 457
Change, %	2,9	7,0	10,6
Operating profit	18 896	18 369	12 719
% of net sales	13,0	13,1	9,7
Financial income and expenses	25 118	21 891	10 614
Profit before appropriations and taxes	44 015	40 260	23 333
% of net sales	30,4	28,6	17,7
Net profit for the period	37 743	35 210	19 903
% of net sales	26,1	25,0	15,1
Balance sheet total	265 586	248 407	232 367
Cash flow ratio, %	33,4	31,9	22,5
Return on investment, % (ROI)	25,7	25,3	15,4
Return on equity, % (ROE)	32,0	35,3	22,6
Equity to total assets, %	51,3	46,3	41,1
Current ratio	0,6	0,5	0,7
Gearing, %	12,8	38,1	43,4
Capital expenditure on fixed assets	14 081	13 274	9 055
% of net sales	9,7	9,4	6,9
Net capital expenditure on fixed assets	13 903	11 800	7 713
% of net sales	9,6	8,4	5,9
Average number of personnel	352	349	337

PER-SHARE RATIOS	2019	2018	2017
Earnings per share (EPS), euro	1,94	1,79	1,01
Equity per share, euro	6,57	5,56	4,61
*) Nominal dividend per share, euro	1,00	0,90	0,80
*) Effective dividend yield, %	2,43	2,86	2,68
*) Pay-out ratio, %	51,6	50,1	79,0
Price/Earnings ratio (P/E)	21,2	17,6	29,5
Price of Series A share			
at year-end, euro	41,20	31,50	29,87
high, euro	42,60	34,00	32,49
low, euro	31,20	27,00	25,05
average price, euro	36,01	29,95	28,59
Trading volume of A shares	1 575 876	1 741 051	1 464 747
% of all A shares outstanding	9,3	10,2	8,6
Market capitalisation of A shares 31 Dec, MEUR	699,5	534,4	507,4
Market capitalisation of K shares 31 Dec, MEUR	153,8	117,6	111,5
Total market capitalisation, MEUR	853,3	651,9	618,8
Number of shares			
year's average number, adjusted for share issues **)	20 708 204	20 711 397	20 728 115
number at year-end adjusted for dilution from warrants **)	20 710 683	20 696 504	20 717 683

*) The amount of dividend used for calculating the 2019 ratios is the Board of Directors' proposal to the Annual General Meeting.
**) Treasury shares held by Olvi plc deducted.

Calculation of Financial Ratios

Cash flow ratio, % = 100 * $\dfrac{\text{Operating profit + depreciation + financial income and expenses + extraordinary income and expenses - taxes}}{\text{Net sales}}$

Return on investment, % (ROI) = 100 * $\dfrac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total - interest-free liabilities (average)}}$

Return on equity, % (ROE) = 100 * $\dfrac{\text{Profit before taxes - taxes}}{\text{Shareholders' equity + non-controlling interests + voluntary provisions and depreciation difference deducted by deferred tax liability (average during the year)}}$

Equity to total assets, % = 100 * $\dfrac{\text{Shareholders' equity + non-controlling interests + voluntary provisions and depreciation difference deducted by deferred tax liability}}{\text{Balance sheet total - advance payments received}}$

Current ratio = $\dfrac{\text{Liquid assets + inventories}}{\text{Current liabilities}}$

Gearing, % = 100 * $\dfrac{\text{Interest-bearing liabilities + advance payments received - cash and other liquid assets}}{\text{Shareholders' equity + voluntary provisions and depreciation difference deducted by deferred tax liability}}$

Earnings per share (EPS) = $\dfrac{\text{Profit before taxes - taxes +/- non-controlling interests}}{\text{Average number of shares during the period adjusted for share issues}}$

Equity per share = $\dfrac{\text{Shareholders' equity + voluntary provisions and depreciation difference deducted by deferred tax liability and non-controlling interests}}{\text{Number of shares on 31 December adjusted for share issues}}$

Effective dividend yield, % = 100 * $\dfrac{\text{Dividend per share adjusted for share issues}}{\text{Last trading price of the year, adjusted for share issues}}$

Price/Earnings ratio (P/E) = $\dfrac{\text{Last trading price of the year, adjusted for share issues}}{\text{Earnings per share}}$

Pay-out ratio, % = 100 * $\dfrac{\text{Dividend per share}}{\text{Earnings per share}}$

Market capitalisation at year-end = Number of shares at year-end, adjusted for share issues * Price of Series A share at year-end

The Group presents figures directly derived from the consolidated income statement: net sales, operating profit and profit for the period, the corresponding percentages in proportion to net sales, as well as the earnings per share ratio. (Earnings per share = Profit belonging to parent company shareholders / Average number of shares during the period, adjusted for share issues.)

In addition to the consolidated financial statements prepared in accordance with IFRS, Olvi Group presents Alternative Performance Measures that describe the financial development of its business and provide a commensurate overall view of the company's profitability, financial position and liquidity.

The Group has applied the ESMA (European Securities and Markets Authority) new guidelines on Alternative Performance Measures that entered into force on 3 July 2016 and defined APMs as described below.

As an APM supporting net sales, the Group presents sales volumes in millions of litres. Sales volume is an important indicator of the extent of operations generally used in the industry.

The definition of gross margin is Operating profit plus Depreciation and impairment.

Capital expenditure consists of increases in fixed assets, excluding increases under IFRS 16 during fiscal year 2019.

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

EUR 1,000	Note	2019	%	2018	%
NET SALES	1	**408 706**	**100,0**	**384 302**	**100,0**
Increase (+)/decrease (-) in inventories of finished and unfinished products		2 311	0,6	-1 096	-0,3
Manufacture for own use		0	0,0	51	0,0
Other operating income	2	1 417	0,3	2 144	0,6
Materials and services	3	202 416	49,5	189 911	49,4
Personnel expenses	4	52 482	12,8	47 119	12,3
Depreciation and impairment	5	24 186	5,9	20 602	5,4
Other operating expenses	6	80 837	19,8	77 619	20,2
OPERATING PROFIT		**52 514**	**12,8**	**50 150**	**12,9**
Financial income	9	1 488	0,4	432	0,1
Financial expenses	9	-492	-0,1	-1 429	-0,4
Share of profit in associates and joint ventures	25	13	0,0	23	0,0
PROFIT BEFORE TAXES		**53 523**	**13,1**	**49 176**	**12,7**
Income taxes	10	-11 293	-2,8	-8 039	-2,1
NET PROFIT FOR THE PERIOD		**42 230**	**10,3**	**41 137**	**10,6**
Other comprehensive income items that may be subsequently reclassified to profit and loss:					
Translation differences related to foreign subsidiaries		2 887	0,7	-2 844	-0,7
Change in fair value, other investments		369	0,1	0	0,0
Taxes related to these items		-130	0,0	131	0,0
TOTAL COMPREHENSIVE		**45 356**	**11,1**	**38 424**	**9,9**
Distribution of profit:					
- parent company shareholders		41 760	10,2	40 809	10,6
- non-controlling interests		470	0,1	328	0,1
Distribution of comprehensive income:					
- parent company shareholders		44 814	11,0	38 169	9,9
- non-controlling interests		542	0,1	255	0,1
Earnings per share calculated from the profit belonging to parent company shareholders:					
Undiluted earnings per share (EUR)		2,02		1,97	
Diluted earnings per share (EUR)		2,02		1,97	

The notes constitute an essential part of the financial statements.

Consolidated Balance Sheet

EUR 1,000	Note	2019	%	2018	%
ASSETS					
Non-current assets					
Tangible assets	12	208 701		195 599	
Goodwill	13, 14	26 360		26 134	
Other intangible assets	13	10 598		11 481	
Investments in associates and joint ventures	25	1 016		1 016	
Other investments	15	836		543	
Loan receivables and other non-current receivables	15	967		235	
Deferred tax receivables	17	475		558	
Total non-current assets		**248 953**	**62,6**	**235 566**	**64,5**
Current assets					
Inventories	16	43 056		39 882	
Accounts receivable and other receivables	15	70 685		71 038	
Income tax receivable		871		439	
Liquid assets	18	33 832		18 520	
Total current assets		**148 444**	**37,4**	**129 880**	**35,5**
TOTAL ASSETS		397 397	100,0	365 446	100,0
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity held by parent company shareholders					
Share capital	19	20 759		20 759	
Other reserves	19	1 387		1 092	
Treasury shares	19	-503		-956	
Translation differences		-43 987		-46 746	
Retained earnings		282 895		259 864	
Total shareholders' equity held by parent company shareholders		**260 551**	**65,6**	**234 013**	**64,0**
Share belonging to non-controlling		3 318	0,8	3 165	0,9
Total shareholders' equity		**263 869**	**66,4**	**237 178**	**64,9**
Non-current liabilities					
Financial liabilities	21	2 337		1 167	
Other liabilities	23	4 777		4 765	
Deferred tax liabilities	17	7 859		8 085	
Current liabilities					
Financial liabilities	21	1 325		3 554	
Accounts payable and other liabilities	23	117 100		110 222	
Income tax liability		130		475	
Total liabilities		**133 528**	**33,6**	**128 268**	**35,1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		397 397	100,0	365 446	100,0

The notes constitute an essential part of the financial statements.

Consolidated Cash Flow Statement

EUR 1,000	Note	2019	2018
Cash flow from operations			
Net profit for the period		42 230	41 137
Adjustments:			
Depreciation and impairment	5	24 186	20 602
Other adjustments		10 673	10 459
Change in net working capital:			
Increase (-) / decrease (+) in current interest-free accounts receivable and other receivables		-442	-796
Increase (-) / decrease (+) in inventories		-2 966	-577
Increase (+) / decrease (-) in current interest-free		4 956	2 782
Interest paid		-288	-603
Interest received		258	440
Dividends received		3	123
Taxes paid		-11 298	-10 525
Cash flow from operations (A)		**67 312**	**63 042**
Cash flow from investments			
Investments in tangible assets		-29 744	-30 803
Investments in intangible assets		-1 603	-1 512
Capital gains on disposal of tangible assets		1 815	1 796
Acquisition of shares from non-controlling interests		-213	0
Acquired shares in subsidiaries, associates and joint ventures		-50	-16 059
Dividends received		63	0
Cash flow from investments (B)		**-29 732**	**-46 578**
Cash flow from financing			
Withdrawals of loans		2 445	13 543
Repayments of loans		-6 522	-21 641
Acquisition of treasury shares		-726	-1 770
Sales of treasury shares to employees		1 179	0
Dividends paid		-18 787	-16 587
Increase (-)/decrease (+) in current interest-bearing business receivables		-1	316
Cash flow from financing (C)		**-22 412**	**-26 139**
Increase (+)/decrease (-) in liquid assets (A+B+C)		**15 168**	**-9 675**
Liquid assets 1 January		**18 520**	**28 625**
Effect of exchange rate changes		144	-430
Liquid assets 31 December	18	**33 832**	**18 520**

Adjustments to cash flow from operations:

EUR 1,000	2019	2018
Transactions with no associated payment:		
Depreciation and impairment	24 186	20 602
Unrealised foreign exchange gains and losses	-82	759
Financial income	-1 488	-414
Financial expenses	574	652
Income taxes	11 293	8 039
Other adjustments	376	1 423
Total	**34 859**	**31 061**

Changes in Consolidated Shareholders' Equity

EUR 1,000

	A	B	C	D	E	F	G	H
Shareholders' equity 1 Jan 2019	**20 759**	**1 092**	**-956**	**0**	**-46 746**	**259 864**	**3 165**	**237 178**
Comprehensive income								
Net profit for the period						41 760	470	42 230
Other comprehensive income items								
Translation differences					2 759		72	2 831
Change in fair value, other investments				295				295
Total comprehensive income for the period				**295**	**2 759**	**41 760**	**542**	**45 356**
Transactions with shareholders								
Payment of dividends						-18 640	-137	-18 777
Acquisition of treasury shares			-726					-726
Sales of treasury shares to employees			1 179					1 179
Share-based incentives, value of work performed						539		539
Adjustment to previous periods						-667		-667
Total transactions with shareholders			**453**			**-18 768**	**-137**	**-18 452**
Changes in holdings in subsidiaries								
Acquisition of shares from non-controlling interests						-213		-213
Change in share belonging to non-controlling interests						252	-252	0
Total changes in holdings in subsidiaries						**39**	**-252**	**-213**
Shareholders' equity 31 Dec 2019	**20 759**	**1 092**	**-503**	**295**	**-43 987**	**282 895**	**3 318**	**263 869**

EUR 1,000	A	B	C	D	E	F	G	H
Shareholders' equity 1 Jan 2018	**20 759**	**1 092**	**-228**	**0**	**-44 106**	**238 242**	**1 228**	**216 987**
Comprehensive income								
Net profit for the period						40 809	328	41 137
Other comprehensive income items								
Translation differences					-2 640		-73	-2 713
Total comprehensive income for the period					**-2 640**	**40 809**	**255**	**38 424**
Transactions with shareholders								
Payment of dividends						-16 574	-200	-16 774
Acquisition of treasury shares			-1 770					-1 770
Share-based incentives, value of work performed						391		391
Issue of treasury shares to employees			1 042			-1 042		0
Adjustment to previous periods						37	2	39
Total transactions with shareholders			**-728**			**-17 188**	**-198**	**-18 114**
Changes in holdings in subsidiaries								
Obligation to redeem shares from non-controlling interests						-1 999		-1 999
Change in share belonging to non-controlling interests							1 880	1 880
Total changes in holdings in subsidiaries						**-1 999**	**1 880**	**-119**
Shareholders' equity 31 Dec 2018	**20 759**	**1 092**	**-956**	**0**	**-46 746**	**259 864**	**3 165**	**237 178**

A = Share capital
B = Other reserves
C = Treasury shares reserve
D = Fair value reserve
E = Translation differences
F = Retained earnings
G = Share belonging to non-controlling interests
H = Total

Other reserves include the share premium account, legal reserve and other reserves.
The notes constitute an essential part of the financial statements.

Consolidated Accounting Policies

Basic information on the Group

Olvi plc ("the company") and its subsidiaries (jointly "the Group") manufacture beers, ciders, long drinks, mineral waters, juices, soft drinks, energy drinks, sports beverages, kvass, whisky and other non-alcoholic and alcoholic beverages. The companies belonging to Olvi Group are located in Finland, Estonia, Latvia, Lithuania and Belarus.

The Group's parent company is Olvi plc (Business ID 0170318-9), and its Series A shares are quoted on the Nasdaq OMX Helsinki Ltd Main List. The parent company is headquartered in Iisalmi and its registered address is P.O. Box 16, 74101 Iisalmi.

A copy of the consolidated financial statements is available on the Web site at www.olvigroup.fi or from the headquarters of the Group's parent company at Olvitie I-IV, 74100 Iisalmi.

The accounting period of Group companies is generally the calendar year. An exception to this is Servaali Oy, which became a Group company through an acquisition and whose accounting period ended on 30 June 2019. The Finnish Accounting Board has granted Servaali an exemption from the requirement to have the same financial year as the parent company, valid until the end of 2020.

Olvi plc's Board of Directors has approved the disclosure of the financial statements bulletin for 2019 on 24 February 2020. According to the Finnish Companies Act, shareholders have the option to approve or reject the financial statements at a General Meeting of Shareholders to be held after disclosure. The General Meeting of Shareholders may also decide on amending the financial statements.

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in compliance with the approved International Financial Reporting Standards (IFRS), observing the IAS and IFRS standards as well as SIC and IFRIC interpretations valid on 31 December 2019. In the Finnish Accounting Act and regulations enacted by virtue of the Act, International Financial Reporting Standards refer to the standards approved for use in the European Union in accordance with the procedure specified in the EU regulation (EC) No 1606/2002. The notes to the financial statements are also in compliance with Finnish legislation concerning accounting and corporate law that supplements the IFRS regulations.

The consolidated financial statements have been prepared on the basis of original cost with the exception of financial assets and liabilities recognised at fair value through other comprehensive income or through profit or loss, derivative contracts, as well as share-based transactions settled in cash, which have been recognised at fair value. The financial statement information is presented in thousands of euros (EUR 1,000). For the sake of presentation, individual figures and totals have been rounded to full thousands, which may cause rounding differences in additions.

Consolidation principles

Subsidiaries

Subsidiaries are entities in which the Group exercises control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intra-Group shareholdings have been eliminated using the purchase method. The consideration given and the acquired entity's identifiable assets and assumed liabilities have been measured at fair value at the time of acquisition.

Acquired subsidiaries are included in the consolidated financial statements as of the date the Group has acquired a position of control, and divested subsidiaries are included until the date the Group's control is discontinued. All intra-Group business transactions, receivables, liabilities, unrealised gains and internal profit distribution are eliminated during the preparation of the consolidated financial statements. Unrealised losses are not eliminated if they are caused by impairment.

The distribution of profit or loss for the financial period and the distribution of comprehensive income between the parent company's shareholders and non-controlling interests is presented in connection with the statement of comprehensive income. Comprehensive income is allocated between parent company shareholders and non-controlling interests even if this would lead to a negative share allocated to non-controlling interests. The share of equity belonging to non-controlling interests is presented as a separate balance sheet item under shareholders' equity. Changes in the parent company's holding in a subsidiary that do not lead to loss of control are treated as equity transactions.

Associates and joint ventures
Associates are entities in which the Group exercises significant power. Significant power arises generally when the Group holds more than 20 percent of the voting rights in an entity or the Group otherwise has significant power but no position of control.

Associates are consolidated using the equity method. A share of profit in associates corresponding to the Group's share of holding has been calculated in accordance with the Group's holding and presented as a separate item in the income statement after financial income and expenses. If the Group's share of an associate's losses exceeds the book value of the investment, the investment is recognised in the balance sheet at zero value, and losses exceeding the book value are not taken into account unless the Group is otherwise committed to the fulfilment of the associate's obligations.

A joint arrangement is an arrangement where two or more parties share joint control. Olvi's joint arrangement is a joint venture that is consolidated using the equity method.

Conversion of items in foreign currency

The figures indicating the earnings and financial position of Group entities are determined in the currency of each unit's primary operating environment ("functional currency"). The consolidated financial statements are presented in euro, which is the operating and presentation currency of the Group's parent company.

Transactions denominated in foreign currency have been converted into the functional currency at the exchange rate valid on the transaction date. Monetary items in foreign currency have been converted into the functional currency at the exchange rates valid on the closing date of the reporting period.

Gains and losses originating from business transactions in foreign currency and the conversion of monetary items are recognised through profit and loss. Foreign exchange gains and losses from operations are included in the corresponding items above operating profit. Foreign exchange gains and losses on loans denominated in foreign currency are included in financial income and expenses, with the exception of exchange rate differences on foreign currency items that constitute a part of the net investment made in a foreign unit. These exchange rate differences are recognised in other comprehensive income items, and accumulated exchange rate differences are included in the translation difference presented in shareholders' equity.

The income statements of non-Finnish consolidated companies that use a functional currency other than the Group's presentation currency have been converted into euro at the average exchange rates for the accounting period, and balance sheet items have been converted at the exchange rates on the balance sheet date. The different exchange rates applicable to the conversion of profit or loss on the income statement and balance sheet result in a translation difference recognised in shareholders' equity on the balance sheet, and any change in this difference is recognised in other comprehensive income items. Translation differences arising from the elimination of the acquisition cost of foreign Group companies, as well as translation differences arising from equity items accumulated after the acquisition, are recognised in other comprehensive income items. When a subsidiary is divested in full or in part, accumulated translation differences are recognised in the income statement as part of the sales gain or loss.

Goodwill arising from the acquisition of foreign entities and the fair value adjustments made to the book values of the assets and liabilities of such foreign entities upon acquisition are treated as assets and liabilities belonging to the foreign entities. They are converted into euro at the exchange rates valid on the closing date of the reporting period.

Operating profit

IAS 1 *Presentation of Financial Statements* does not define the concept of operating profit. The Group has defined it as follows: operating profit is the net amount created by adding other operating income to net sales, subtracting purchase costs adjusted by change in inventories of finished and unfinished products and costs of manufacture for own use, and subtracting costs of employee benefits, depreciation and amortisation, any impairment losses and other operating expenses.

All income statement items other than the above are presented below operating profit.

Exchange rate differences are included in operating profit if they arise from items associated with business operations. Otherwise they are recognised in financial items. The principles for calculation of other ratios are presented under *Calculation of Financial Ratios.*

Accounting policies requiring consideration by management and crucial factors of uncertainty associated with estimates

Preparation of financial statements in accordance with IFRS standards requires the Group's management to make certain estimates and considerations.

Furthermore, the application of accounting policies requires choice and consideration. This applies particularly to cases in which valid IFRS standards provide for alternative methods of recognition, measurement or presentation.

Factors of uncertainty associated with estimates

Estimates made in connection with the preparation of financial statements are based on the management's best understanding on the balance sheet date, and the outcome may differ from the estimates and assumptions. The background of the estimates includes previous experience and assumptions concerning the future that are deemed most probable on the balance sheet date with regard to issues such as the expected development of the Group's financial operating environment concerning sales and the level of costs.

The Group, regularly and jointly with the management of subsidiaries, assesses the realisation of estimates and assumptions, as well as changes in the underlying factors, by applying several sources of information, both internal and external. Any changes in the estimates and assumptions are recognised in the accounting period during which the estimates and assumptions are adjusted and in all subsequent accounting periods.

The most important sectors in which management has applied consideration and that require the use of estimates and assumptions are goodwill testing (more information in Note 14, Impairment and goodwill testing), estimates related to corporate acquisitions (more information in Note 24), as well as deferred tax receivables and liabilities (more information in Note 17, Deferred tax receivables and liabilities).

Other accounting policies are presented together with the notes related to each sector.

New and upcoming IFRS standards applicable to accounting periods beginning on or after 1 January 2019

The consolidated financial statements have been prepared in accordance with the same accounting policies used in 2018, with the exception of the following new standards, interpretations and revisions to existing standards that the Group has applied since 1 January 2019.

Standard	Crucial requirements	Effective date *)
IFRS 16 Leases	Olvi Group adopted IFRS 16 as of 1 January 2019. The Group capitalised all leases valid for more than 12 months that were not eligible for reliefs allowed in the standard. The effect on the consolidated balance sheet total was 941 thousand euro. The adoption of the standard did not have any significant effect at the operating profit level. With regard to the cash flow statement, the adoption of IFRS 16 increased cash flow from operations and correspondingly decreased cash flow from financing. The Group is not a substantial lessor, and all such leases are operating leases. The adoption of the standard had no effect on accounting as far as the Group's operations as a lessor are concerned.	1 Jan 2019
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 provides guidance on the analysis, presentation and assessment of uncertainties in income taxes. The adoption of the standard did not have any effect on the consolidated financial statements 2019.	1 Jan 2019
IFRS 9 Amendments	The amendment addresses the recognition of a debt instrument if a contract is terminated or amended prematurely. The adoption of the amendment did not have any effect on the consolidated financial statements 2019.	1 Jan 2019
Annual improvements to IFRS	Amendments applied to the following standards: IFRS 3, IFRS 11, IAS 12 and IAS 23. The Group estimates that the amendments did not have any effect on the consolidated financial statements 2019.	1 Jan 2019

IFRS standards, interpretations and amendments coming into force later

Standard	Crucial requirements	Effective date *)
IAS 1 and IAS 8 amendments to the definition of 'material'	The amendment clarifies the definition of 'material'. The Group estimates that the amendments will not have any effect on the Group's future financial statements.	1 Jan 2020

*) Applicable to reporting periods starting on or after the specified date.

Notes to the Consolidated Financial Statements

1. Income from operations and segment information

Principles for recognition of sales

Net sales consist of consideration received for the sales of products and services measured at fair value, deducted by indirect taxes, discounts and translation differences for sales in foreign currency.

Sales of beverage products are recognised at the moment the Group has delivered the products to the location agreed with the customer and when control over the products has been transferred to the customer. Delivery is considered to be realised only once the risk of non-marketability and damage has been transferred to the customer and Olvi has no outstanding obligations towards the customer. Beverage deliveries do not include any return terms and conditions. The Group rents out beverage-serving equipment to its HoReCa customers and coolers to its retailers. Rental income is recognised in equal instalments over the rental period. The accounting policies for leases are described in Note 12, Property, plant and equipment.

The transaction price is determined on the basis of the contract with the customer and deducted by annual discounts estimated at the time of sale in accordance with the terms and conditions of contract, as well as any returns of defective products. Olvi Group applies the relief allowed under IFRS 15 and therefore does not disclose its order book.

Description of segments

Olvi Group has five reporting segments corresponding to the Group's business units. Operating segments are defined on the basis of the management model and internal reporting utilised for strategic decisions by the Group's top management, which is identified as the chief operating decision maker. The Group's top management consists of the parent company's Managing Director and Board of Directors. Olvi Group's operating segments consist of the Group's geographical operating areas, which are Finland, Estonia, Latvia, Lithuania and Belarus.

The products and services of the reporting segments are produced in a specific economic environment with risks and profitability deviating from the risks and profitability of the economic environment of other segments. The Group has not combined operating segments together to create reporting segments.

Net sales in the reported operating segments are mostly generated from the manufacture and wholesale of various beverages. The net sales also include a minor amount of services to licensed restaurants in relation to beverage-serving equipment. The Group's management assesses the operating segments' performance through operating profit (EBIT). Interest income and expenses are not allocated to segments because responsibility for the Group's financing tasks is centralised in the parent company Olvi plc. Pricing between segments is based on fair market terms.

A segment's assets and liabilities refer to business items that the segment uses in its business operations or that can be allocated to segments on reasonable grounds. Unallocated items include tax and financial items, as well as items common to the entire Group. Investments include increases in property, plant and equipment items and intangible assets that are used during more than one accounting period.

The following tables present the segment sales volumes, net sales, earnings, assets and liabilities grouped by the location of segment assets in fiscal years 2019 and 2018. Furthermore, segment net sales are grouped by the geographical locations of customers in fiscal years 2019 and 2018.

2019 EUR/L 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Eliminations	Group
Sales volume	219 258	109 462	70 939	107 631	233 090	-22 048	718 332
INCOME							
External net sales	167 579	67 297	37 014	46 266	90 550	0	408 706
Beverage sales	165 965	67 297	37 014	46 266	90 550	-0	407 092
Equipment services	1 614	0	0	0	0	0	1 614
Internal net sales	1 523	3 990	1 867	3 014	222	-10 616	0
Total net sales	169 102	71 287	38 881	49 280	90 772	-10 616	408 706
EARNINGS							
Operating profit for the segment	18 653	14 317	4 259	3 689	12 776	-1 181	52 514
Financial income							1 488
Financial expenses							-492
Share of profit in associates							13
Income taxes							-11 293
Net profit for the period							42 230
OTHER INFORMATION							
Segment assets	222 689	75 781	32 807	55 515	71 297	-95 872	362 217
Unallocated assets							35 178
Total consolidated assets							397 397
Segment liabilities	87 425	11 855	6 377	10 101	9 455	-3 589	121 624
Unallocated liabilities							11 904
Total consolidated liabilities							133 527
Segment investments	14 178	6 332	1 863	4 669	3 926	0	30 968
Unallocated investments							0
Total investments							30 968
Depreciation and impairment	8 881	3 592	2 422	2 831	5 460	999	24 186

Segment net sales by target country 2019

2019 EUR 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Others	Elimin-ations	Group
External net sales	163 117	58 678	40 430	38 250	76 370	31 862	0	408 706
Internal net sales	2 258	2 223	1 915	2 340	1 880	0	-10 617	0
Total net sales	**165 375**	**60 901**	**42 345**	**40 590**	**78 250**	**31 862**	**-10 617**	**408 706**

2018 EUR/L 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Eliminations	Group
Sales volume	213 205	110 733	75 590	95 384	228 161	-21 800	701 273
INCOME							
External net sales	158 397	65 626	37 630	40 862	81 787	0	384 302
Beverage sales	156 733	65 626	37 630	40 862	81 787	0	382 638
Equipment services	1 664	0	0	0	0	0	1 664
Internal net sales	899	4 751	2 201	2 189	306	-10 346	0
Total net sales	**159 296**	**70 377**	**39 831**	**43 051**	**82 093**	**-10 346**	**384 302**
EARNINGS							
Operating profit for the segment	18 510	14 011	4 328	3 658	10 320	-677	50 150
Financial income							432
Financial expenses							-1 429
Share of profit in associates							23
Income taxes							-8 039
Net profit for the period							**41 137**
OTHER INFORMATION							
Segment assets	214 587	66 075	31 952	51 353	68 895	-86 934	345 928
Unallocated assets							19 518
Total consolidated assets							**365 446**
Segment liabilities	81 575	10 945	5 973	9 082	10 925	-3 744	114 756
Unallocated liabilities							13 511
Total consolidated liabilities							**128 268**
Segment investments	13 438	4 060	2 188	7 830	6 717	0	34 233
Unallocated investments							0
Total investments							**34 233**
Depreciation and impairment	7 829	3 287	2 074	2 486	4 540	385	20 601

Segment net sales by target country 2018

2018 EUR 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Others	Elimin-ations	Group
External net sales	154 895	54 822	42 915	40 863	68 980	21 827	0	384 302
Internal net sales	1 940	2 170	1 985	2 178	2 074	0	-10 347	0
Total net sales	**156 835**	**56 992**	**44 900**	**43 041**	**71 054**	**21 827**	**-10 347**	**384 302**

2. Other operating income

EUR 1,000	2019	2018
Sales gains on property, plant and equipment	391	219
Rental income	181	179
Others	845	1 746
Total	**1 417**	**2 144**

Other operating income consists of items such as insurance compensation and project grants received.

3. Materials and services

Materials and services on the income statement consist mostly of the purchases of raw materials and packaging supplies.

4. Costs of employee benefits

Accounting policies

Pension obligations
The Group's pension schemes are defined contribution plans. In defined contribution plans, the Group makes fixed payments to a separate entity. The Group has no legal or factual obligation to make any additional contributions if the entity receiving the payments fails to pay the pension benefits in question. Contributions paid to defined contribution pension plans are recognised in the income statement during the period to which the charge applies.

Share-based payments
The Group applies IFRS 2 *Share-based Payment* to all share-based business transactions. Arrangements settled in equity instruments are measured at fair value on the date of granting and recognised as expenses in the income statement in equal instalments over the vesting period. Arrangements settled in cash are measured at fair value at each closing of the accounts, and changes in the fair value of the liability are recognised in the income statement. The earnings effect of the arrangement is presented in the income statement under the costs of employee benefits.

The cost determined at the time of granting the share-based bonuses is based on the Group management's estimate of the number of shares that are expected to become vested at the end of the vesting period. The Group updates the expectation of the final number of shares on each balance sheet date. The changes in the estimates are recognised in the income statement.

EUR 1,000	2019	2018
Wages and salaries	44 404	38 497
Pension costs - defined contribution	2 937	3 075
Benefits exercised and payable in stock	545	427
Benefits payable in cash	665	355
Other personnel expenses	3 931	4 765
Total	**52 482**	**47 119**
Group personnel on average during the period		
Finland	386	371
Estonia	311	301
Latvia	195	194
Lithuania	230	215
Belarus	715	716
Total	**1 837**	**1 797**

Information on employee benefits and loans to management is presented in Note 26, Related party transactions.

5. Depreciation and impairment

EUR 1,000	2019	2018
Depreciation and impairment on tangible assets:		
Buildings	3 707	3 575
Buildings, leasing	130	0
Machinery and equipment	14 764	11 639
Machinery and equipment, leasing	1 134	527
Other tangible assets	1 812	3 110
Other tangible assets, leasing	0	84
Impairment on tangible assets	429	0
Total depreciation and impairment on tangible assets	21 977	18 935
Amortisation and impairment on intangible assets:		
Intangible assets	2 152	1 667
Impairment on intangible assets	57	0
Total amortisation and impairment on intangible assets	2 209	1 667
Total	**24 186**	**20 602**

The accounting policies and depreciation periods for tangible and intangible assets are presented in Notes 12, Property, plant and equipment and 13, Intangible assets. Impairment consists mostly of write-downs on obsolete or unutilised production machinery and equipment.

6. Other operating expenses

EUR 1,000	2019	2018
Sales losses and scrapping of property, plant and equipment	561	118
Rental costs	3 141	3 725
Sales freights and other variable costs	36 592	36 587
Other fixed costs	40 543	37 189
Total	**80 837**	**77 619**

Other fixed operating expenses consist mostly of the costs of administration, marketing and sales, building maintenance costs, as well as other personnel-related costs. The accounting policies for leases are described in Note 12, Property, plant and equipment.

The comparison data for other operating expenses in 2018 is not fully comparable with other operating expenses in 2019. Other operating expenses in 2019 include approximately 3 million euro of expenses that were presented under Materials and services in 2018.

7. Research and development costs

The income statement includes 641 thousand euro of R&D costs recognised as expenses in 2019 (600 thousand euro in 2018), which is 0.2 (0.2) percent of net sales.

The accounting policies for research and development costs are presented in Note 13, Intangible assets.

8. Audit costs

EUR 1,000	2019	2018
Auditing firm elected by the General Meeting		
Fees for statutory audit	240	206
Associated auditing services	42	4
Tax services	5	73
Other services	51	13
Total	**338**	**296**
Other entities		
Fees for statutory audit	0	6
Associated auditing services	0	0
Tax services	0	0
Other services	0	55
Total	**0**	**61**

In 2019, the auditors of Olvi Group were paid fees for audit tasks as follows: PricewaterhouseCoopers 134 thousand euro, other advisory and consulting services 91 thousand euro, as well as Ernst & Young 106 thousand euro, other advisory and consulting services 7 thousand euro.

9. Financial income and expenses

Accounting policies

Interest
Interest income is recognised on the basis of elapsed time using the effective interest method. Interest income from impaired loan receivables is recognised in accordance with original effective interest.

Dividends
Dividend income is recognised when the right to dividend becomes vested.

EUR 1,000	2019	2018
Dividend income from investments held as fixed assets	3	3
Interest income from bank deposits	273	324
Other interest and financial income	1 212	105
Total	**1 488**	**432**

EUR 1,000	2019	2018
Interest expenses on leases	89	26
Interest expenses on financial liabilities measured at original amortised cost	333	241
Net gains (-) / losses (+) from interest derivatives	-82	-38
Other financial expenses	152	1 200
Total	**492**	**1 429**

Other financial income consists mostly of unrealised foreign exchange gains. The accounting policies for financial expenses are presented in Note 21, Financial liabilities.

10. Income taxes

Accounting policies

The tax expenses in the income statement comprise tax based on the taxable income for the period and change in deferred tax. The tax based on the taxable income for the period is calculated on the basis of taxable income in accordance with the tax rate valid in each country. The tax is adjusted by any taxes associated with previous periods. The Group will offset tax receivables and liabilities based on the taxable income for a period if and only if the Group has a legally enforceable right to offset the recognised items against each other, and that the Group will either provide performance on a net basis or simultaneously realise an asset and repay a debt.

EUR 1,000	Note	2019	2018
Tax based on taxable income for the period		10 933	7 772
Taxes from previous accounting periods		-57	-62
Deferred taxes	17	417	329
Total		**11 293**	**8 039**

Reconciliation between the tax expenses in the income statement and taxes calculated in accordance with the tax rate in the Group's home country 20.0% (20.0%):

EUR 1,000	2019	2018
Earnings before tax	53 523	49 176
Taxes calculated at the home country's rate	10 705	9 835
Effect of different tax rates for foreign subsidiaries	7	-1 537
Tax effect of tax-free items	-354	-818
Tax effect of non-deductible items	881	621
Deductible expenses outside the income statement	-329	0
Taxes from previous accounting period	383	-62
Taxes in income statement	**11 293**	**8 039**
Effective tax rate, %	21,1	16,3

11. Earnings per share

Undiluted earnings per share are calculated by dividing the profit for the accounting period belonging to the parent company's shareholders by the weighted average of shares outstanding during the accounting period. When calculating the weighted average, the number of treasury shares in the company's possession is deducted from the number of shares. Olvi plc held a total of 11,549 of its own Series A shares on 31 December 2019.

A more detailed account of treasury shares is provided in Note 19, Notes concerning shareholders' equity.

	2019	2018
Profit belonging to parent company shareh. (EUR 1,000)	41 760	40 809
Weighted average number of shares during the period (1,000)	20 722	20 739
Effect of treasury shares (1,000)	-14	-28
Weighted average number of shares for the calculation of EPS (1,000)	20 708	20 711
Undiluted/diluted earnings per share (euro per share)	2,02	1,97

In the calculation of earnings per share adjusted for dilution, the weighted average number of shares includes the diluting effect of the conversion of all potential options outstanding during the period. When calculating the weighted average number of shares adjusted for dilution, the number of treasury shares in the company's possession is deducted from the number of shares. The calculation of the dilution effect includes consideration for the number of treasury shares acquired using funds received from the exchange of options.

During 2018 and 2019, Olvi Group has not had options or any other schemes having a diluting effect, which means that undiluted earnings per share and earnings per share adjusted for dilution have been equal during these years.

12. Property, plant and equipment

Accounting policies

Recognition of property, plant and equipment
Property, plant and equipment are recognised in the balance sheet at original cost deducted by accumulated depreciation and impairment losses.

Acquisition cost includes costs directly arising from the acquisition of a property, plant and equipment item. The acquisition cost of an item of our own manufacture includes material costs, direct costs of employee benefits as well as other direct costs arising from making a property, plant and equipment item ready for its intended purpose. Any borrowing costs directly arising from the acquisition, construction or manufacture of a property, plant and equipment item fulfilling the preconditions are capitalised as part of the acquisition cost of the item.

Any subsequent costs arising from additions to an item, a partial replacement of an item or maintenance of an item are included in the book value of a property, plant or equipment item only if it is probable that future economic benefit associated with the item will be to the Group's advantage and that the acquisition cost of the item can be reliably determined. Service costs, in other words repair and maintenance costs, are recognised in profit or loss once they are realised.

Asset items are depreciated by the straight-line method over their estimated useful life. Depreciation is not booked on land areas. Estimated useful lives are the following:

Buildings	20 to 40 years
Plant machinery and equipment	15 to 20 years
Recyclable packaging	5 to 20 years
Other fixed assets	5 years

The residual value and useful life of asset items are reviewed upon each closing of the accounts and adjusted if necessary to reflect any changes in the expected economic benefit.

Depreciation on a property, plant or equipment item will be discontinued when the item is classified as available for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

Sales gains and losses arising from the decommissioning and transfer of property, plant and equipment items are included in other operating income or other operating expenses. Sales gain or loss is determined as the difference between sales price and residual acquisition cost.

Government grants
Public subsidies such as government grants associated with the acquisition of property, plant and equipment items are recognised as deductions in the book values of property, plant and equipment items when it is reasonably certain that the subsidies will be received and that the Group fulfils the preconditions for receiving such subsidies. The subsidies will be recognised as income through reduced depreciation over the useful life of the item.

Subsidies received as compensation for realised costs are recognised on the income statement at the same time as the associated costs are recognised as expenses. Such subsidies are presented in other operating income.

IFRS 16 Leases

The Group as a lessee

The Group has adopted IFRS 16 Leases as of 1 January 2019 without making adjustments to the comparison periods. Shareholders' equity has not been adjusted as a consequence of the adoption. Asset items acquired on lease agreements, excluding short-term and low-value leases, are recognised in the balance sheet at the fair value of the leased item in the beginning of the lease period or at a lower present value of minimum rents. Asset items acquired on lease agreements are depreciated over the useful life of the item or the lease period, whichever is shorter. Leasing rents payable are divided into financing cost and reduction of debt over the lease period so that the interest rate on the debt remaining in each accounting period is equal. As the discount rate, the Group primarily uses the internal rate of return in the lease or, if this cannot be determined, the incremental borrowing rate. The average of incremental borrowing rates applied is 1.65%. Lease liabilities are included in interest-bearing financial liabilities on the balance sheet. The Group's lease agreements consist mostly of vehicles, leased production equipment and rental premises.

The lease term is the period of time during which the lease cannot be cancelled. Any options to extend or terminate a lease shall be accounted for if it is reasonably certain that the options will or will not be exercised. Leases valid until further notice in which the period of notice is no longer than 12 months are classified as short-term leases. Lease expenses under short-term leases are recognised through profit and loss in equal instalments.

The change to the accounting policies for leases has resulted in a decrease in other operating expenses and a corresponding increase in depreciation. Furthermore, interest expenses have increased slightly. The change also has a positive effect on cash flow from operations, as payments associated with leases are now mainly presented in cash flow from financing, as repayment of lease liabilities.

The tables below present the effect of the IFRS 16 adoption on Olvi Group's balance sheet on 1 January 2019 as well as the income statement and cash flow statement from 1 January to 31 December 2019.

EUR 1,000	1 Jan 2019
ASSETS	
Leased fixed assets	941
Total assets	**941**
EQUITY AND LIABILITIES	
Non-current lease liabilities	486
Current lease liabilities	455
Total equity and liabilities	**941**

EUR 1,000	2019
Depreciation on right-of-use assets	-700
Lease expenses	741
Operating profit	**41**
Financial expenses	-72
Profit/loss for the period	**-32**

EUR 1,000	2019
Lease payments	741
Interest expenses	-32
Cash flow from operations	**709**
Repayments of lease liabilities	-709
Cash flow from financing	**-709**

Leases on income statement

EUR 1,000	2019
Depreciation on right-of-use assets	-1 264
Interest expenses on leases	-32
Expenses on short-term and low-value leases	-3 141
Total on income statement	**-4 437**

The Group as a lessor
The adoption of IFRS 16 did not change accounting in cases where the Group is a lessor. Items leased out by the Group in which a significant part of the risks and benefits characteristic of ownership have been transferred to the lessee are treated as finance lease agreements and recognised as receivables in the balance sheet. The receivable is recognised at present value. The financial income on a finance lease agreement is recognised as income during the lease period so that the remaining net investment will produce the same percentage of yield over the lease period. Assets leased out on agreements other than finance lease are included in property, plant and equipment items in the balance sheet. They are depreciated over their useful life just as similar property, plant and equipment items in own use. Lease income is recognised in the balance sheet as equal instalments over the lease period.

At the moment, the Group does not have any finance lease agreements as a lessor but all beverage distribution and cooling equipment leases are operating leases. Risk associated with assets leased out is managed through asset insurance policies. The leases are valid until further notice and as such can be terminated. The book value of assets leased out is 3.6 million euro. The amount of rental income received is not significant to the Group's overall business.

Changes in property, plant and equipment in fiscal years 2018 and 2019

The following tables present changes in the Group's property, plant and equipment in fiscal years 2019 and 2018.

EUR 1,000	Land and water properties	Buildings	Buildings, leasing	Machinery and equipment	Machinery and equipment, leasing	Other tangible assets	Other tangible assets, leasing	Advance payments and unfinished purchases	Total
Acquisition cost 1 Jan 2019	1 884	124 604	0	264 986	3 520	36 021	1 338	15 911	448 264
Effect of IFRS 16	0	0	278	0	663	0	0	0	941
Additions	0	177	-2	6 281	2 473	5 026	0	19 903	33 858
Deductions	0	0	0	-2 179	-21	-2 017	0	0	-4 217
Transfers between items	0	3 292	0	28 734	1 209	-9 481	-1 266	-23 635	-1 148
Exchange rate differences	0	951	6	1 624	0	726	0	171	3 478
Acquisition cost 31 Dec 2019	1 884	129 024	282	299 447	7 843	30 274	72	12 351	481 176
Accumulated depreciation and impairment 1 Jan 2019	0	57 034	0	174 019	2 317	18 021	1 274	0	252 665
Depreciation and impairment	0	3 707	130	14 856	1 134	1 812	0	0	21 639
Accumulated depreciation on deductions and transfers	0	-100	0	3 661	1 045	-6 482	-1 203	0	-3 078
Exchange rate differences	0	171	0	647	0	432	0	0	1 249
Accumulated depreciation and impairment 31 Dec 2019	0	60 812	130	193 183	4 496	13 783	72	0	272 475
Book value 1 Jan 2019	1 884	67 570	0	90 967	1 203	18 000	63	15 911	195 599
Book value 31 Dec 2019	1 884	68 212	152	106 264	3 347	16 491	-0	12 351	208 701

Other tangible assets consist mainly of packaging, vehicles, equipment included in equipment service, as well as office furniture.

EUR 1,000	Land and water properties	Buildings	Machinery and equipment	Machinery and equipment, leasing	Other tangible assets	Other tangible assets, leasing	Advance payments and unfinished purchases	Total
Acquisition cost 1 Jan 2018	1 881	121 706	253 570	8 852	33 043	1 342	7 946	428 339
Corporate acquisitions	0	196	479	76	0	0	0	751
Additions	15	670	3 829	291	4 128	0	23 157	32 089
Deductions	-12	-5	-515	-5 484	-2 337	-4	-282	-8 639
Transfers between items	0	2 925	9 265	-215	1 780	0	-14 817	-1 062
Exchange rate differences	0	-887	-1 642	0	-594	0	-92	-3 216
Acquisition cost 31 Dec 2018	1 884	124 604	264 986	3 520	36 021	1 338	15 911	448 264
Accumulated depreciation and impairment 1 Jan 2018	0	53 619	163 456	5 986	15 930	1 194	0	240 185
Depreciation	0	3 575	11 639	514	3 109	84	0	18 922
Accumulated depreciation on deductions and transfers	0	0	-462	-4 183	-650	-4	0	-5 299
Exchange rate differences	0	-160	-614	0	-368	0	0	-1 142
Accumulated depreciation and impairment 31 Dec 2018	0	57 034	174 019	2 317	18 021	1 274	0	252 665
Book value 1 Jan 2018	1 881	68 087	90 114	2 867	17 113	148	7 946	188 155
Book value 31 Dec 2018	1 884	67 570	90 967	1 203	18 000	63	15 911	195 599

13. Intangible assets

Accounting policies

Goodwill
Goodwill arising from business combinations is recognised at the amount to which the total of consideration given, the share of non-controlling interests in the acquired entity and any previous holding exceed the fair value of net assets acquired.

No regular amortisation is booked on goodwill, but it is tested for impairment annually or, if necessary, more frequently. For this purpose, goodwill is allocated to cash generating units that correspond to the management's way of supervising the business and associated goodwill. In the Group, cash generating units correspond to operating segments reported to top management. Goodwill is recognised at original cost deducted by impairment.

Research and development costs
Research and development costs are recognised as expenses in the income statement. Development costs arising from the design of new or more advanced products are capitalised as intangible assets in the balance sheet starting from the time the product is technically feasible, it can be utilised com-

mercially, and future economic benefit is expected from the product. As a result of corporate acquisitions in the accounting period from 1 January to 31 December 2018, Olvi Group has a total of 204 thousand euro of capitalised development costs on 31 December 2019.

Development costs previously recognised as expenses will not be subsequently capitalised. Amortisation is booked on an item starting from the time it is ready for use. An item that is not yet ready for use is tested annually for impairment.

Other intangible assets
An intangible asset item is recognised in the balance sheet only if its acquisition cost can be reliably determined and it is probable that the expected economic benefit from the item will be to the Group's advantage. Intangible assets with a limited useful life are booked in the balance sheet at original cost and recognised as expenses in the income statement by straight-line amortisation over their known or estimated useful life. No amortisation is booked on intangible assets with an unlimited useful life but they are tested annually for impairment.

The amortisation periods for intangible assets are the following:

Development costs	6 years
Trademarks	10 years
Computer software	5 years
Others	5 years

EUR 1,000	Goodwill	Intangible assets	Total
Acquisition cost 1 Jan 2019	**31 111**	**35 794**	**66 905**
Additions	0	1 249	1 249
Deductions	0	-36	-36
Transfers between items	0	100	100
Exchange rate differences	106	31	137
Acquisition cost 31 Dec 2019	**31 217**	**37 138**	**68 355**
Accumulated depreciation and impairment 1 Jan 2019	**4 977**	**24 312**	**29 289**
Depreciation	0	2 209	2 209
Exchange rate differences	-120	19	-101
Accumulated depreciation and impairment 31 Dec 2019	**4 857**	**26 540**	**31 397**
Book value 1 Jan 2019	**26 134**	**11 482**	**37 616**
Book value 31 Dec 2019	**26 360**	**10 598**	**36 958**

Intangible assets consist mainly of trademarks, computer software and leases on land areas.

EUR 1,000	Goodwill	Intangible assets	Total
Acquisition cost 1 Jan 2018	**20 256**	**28 002**	**48 258**
Corporate acquisitions	11 075	5 619	16 694
Additions	0	2 152	2 152
Transfers between items	0	47	47
Exchange rate differences	-220	-26	-246
Acquisition cost 31 Dec 2018	**31 111**	**35 794**	**66 905**
Accumulated depreciation and impairment 1 Jan 2018	**4 977**	**22 662**	**27 639**
Depreciation	0	1 667	1 667
Exchange rate differences	0	-17	-17
Accumulated depreciation and impairment 31 Dec 2018	**4 977**	**24 312**	**29 289**
Book value 1 Jan 2018	**15 279**	**5 340**	**20 619**
Book value 31 Dec 2018	**26 134**	**11 482**	**37 616**

14. Impairment and impairment testing of goodwill

Accounting policies

Impairment
The balance sheet values of non-current tangible and intangible assets are assessed for impairment on the balance sheet date and every time there is evidence that the value of an asset may have been impaired. The impairment test estimates the amount recoverable from an asset. Recoverable amount equals to the fair value of an asset deducted by costs arising from its transfer, or value in use if this is higher.

An impairment loss is recognised in the income statement when the book value of an asset exceeds its recoverable amount. If an impairment loss is attributable to a cash generating unit, it is first allocated to reduce the goodwill attributable to the cash generating unit and then to reduce other asset items within the unit on a pro rata basis. An impairment loss will be reversed if there is a change in the circumstances and the amount recoverable from an asset has changed since the recognition of the impairment loss. However, any impairment loss reversal may not exceed the amount that would be the book value of the asset if the impairment loss was not recognised. Impairment losses recognised on goodwill are not to be reversed in any circumstances.

Impairment testing
The Group carries out annual impairment testing of goodwill as well as unfinished intangible and tangible assets, and any evidence of potential impairment is evaluated as presented above in the accounting policies. Recoverable amounts from cash generating units are determined through calculations based on value in use. The preparation of these calculations requires the use of estimates.

The crucial variables used for the calculation of value in use are budgeted sales volume, budgeted net sales and operating profit, as well as the WACC and growth percentage applied. Estimated sales and production volumes are based on existing fixed assets.

Goodwill allocated to the Estonian segment amounts to 8,146 thousand euro, to the Latvian segment 287 thousand euro, to the Lithuanian segment 2,241 thousand euro, to the Belarusian segment 4,611 thousand euro and to the Finnish segment 11,075 thousand euro. The Finnish segment consists of three cash generating units, which are the parent company Olvi plc and the 2018 acquisitions Servaali Oy and the business operations of Helsinki Distilling Company Ltd.

The estimated future cash flows used for impairment testing are based on financial plans approved by Group management. The cash flow estimates are based on financial plans for the next four years. Cash flow estimates due later than four years are extrapolated using estimated growth rates that do not exceed the estimated long-term growth rates of the cash generating units. The growth rates applied to each segment were as follows: Estonia 0.0% (0.0%), Latvia 2.0% (2.0%), Lithuania 3.0%

(3.0%), Belarus 5.0 % (3.5 %) and Finland 2.0–3.0% (3.0%). In the assessment of future cash flows, management has also compared previous financial plans with actual development.

The discount rate is weighted average cost of capital (WACC) before taxes: in Estonia 8.61 (8.76), in Latvia 8.70 (8.47), in Lithuania 9.29 (8.32), in Belarus 19.45 (17.58) and in Finland 11.16–14.01 (7.92–8.07) percent.

According to impairment testing, there is currently no need for recognition of impairment.

The Group also applies a sensitivity analysis to all cash generating units. The sensitivity analysis estimates the maximum change in a single variable that would still allow the recoverable amount to equal the balance sheet value of the asset. Most of the sensitivity percentages are at a healthy level. Cash flows in the Helsinki Distilling Company and Servaali business operations within the Finnish segment are an exception to this. Servaali's operating profit percentage should change by –0.65 percentage points, and the cash flow for Helsinki Distilling Company by –1.48 percentage points in order to make the recoverable amounts equal to the book values of the assets tested. The corresponding percentages for WACC are +1.24 percentage points and +0.58 percentage points. The Board of Directors of Olvi plc is actively monitoring the development of the economic situation in the subsidiary countries and any effects this may have.

15. Financial assets

Accounting policies

Classification of financial assets
The Group's financial assets are classified into the following groups: financial assets recognised at amortised cost (loans receivable and other non-current receivables), financial assets recognised at fair value through profit or loss (derivatives) and financial assets recognised at fair value through other comprehensive income (other investments). The classification is based on the purpose of acquiring the financial assets and carried out upon original acquisition. With regard to equity investments, the irrevocable option of recognising them at fair value through other comprehensive income has been exercised at the time of acquisition. Transaction costs are included in the original book value of financial assets. On the balance sheet, they are included in current or non-current assets according to their nature: in the latter group if the time to maturity is more than 12 months.

Financial assets are derecognised once the rights to the investment's cash flows have ceased or have been transferred to another party, and the Group has transferred any substantial risks and benefits of ownership.

EUR 1,000	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Level
31 Dec 2019				
Other investments			836	3
Loans receivable and other non-current receivables	967			
Accounts receivable and other current receivables	70 685			

EUR 1,000	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Level
31 Dec 2018				
Other investments			543	3
Loans receivable and other non-current receivables	235			
Accounts receivable and other current receivables	71 038			

Impairment of financial assets
On each balance sheet date, the Group estimates whether there is objective evidence that the value of a financial asset item or financial asset group may have been impaired. If there is evidence of potential impairment, the amount of loss is determined as the difference between the book value of the asset and its fair value or the present value of estimated future cash flows discounted at the original effective interest rate. Impairment is recognised through profit or loss in financial items or other operating income (impairment of accounts receivable).

15.1. Other investments

The Group's other investments consist mostly of unquoted equity holdings contributing to the Group company's operations, as well as shares in a housing corporation. Measurement at hierarchy level 3 has been determined on the basis of valuation by an external expert. The error margin of valuation is +/- 2 percent.

EUR 1,000	2019	2018
Book value 1 January	543	543
Additions	0	0
Deductions	-1	0
Changes in fair value through other comprehensive income	369	0
Book value 31 December	911	543
Accumulated depreciation and impairment 1 Jan	0	0
Impairment	-75	0
Accumulated depreciation and impairment 31 Dec	-75	0
Book value 1 January	543	543
Book value 31 December	836	543

15.2. Loans receivable and other non-current receivables

The group of loans receivable and other non-current receivables includes the Group's loans receivable and other non-current receivables. Other non-current receivables consist mainly of security deposits and advances extended to customers. The book value of other non-current receivables is essentially equal to their fair value.

EUR 1,000	2019	2018
Loans receivable	77	91
Other non-current receivables	890	143
Total	967	235

15.3. Accounts receivable and other interest-free receivables

EUR 1,000	2019	2018
Accounts receivable	59 880	59 030
Prepayments and accrued income	9 734	6 788
Other receivables	1 071	5 220
Total	70 685	71 038

The Group applies a simplified provision matrix to the recognition of credit risk on accounts receivable. A credit loss provision is booked to the amount of expected credit losses over the entire life of an asset when a financial asset is initially recognised on the balance sheet. Receivables are grouped and the provision is assessed by country. At the time of closing the accounts, management shall assess information on consumer behaviour and the financial situation in different countries proactively and utilising various parameters. There are no significant credit risk concentrations associated with receivables.

On the balance sheet date, accounts receivable included a credit loss provision of 764 thousand euro (613 thousand euro in 2018). During the accounting period, the Group has recognised 368 thousand euro of credit losses on accounts receivable (349 thousand euro in 2018).

On each balance sheet date, the Group estimates whether there is objective evidence that the value of a financial asset item or financial asset group may have been impaired. Factors suggesting impairment of accounts receivable include the debtor's substantial financial difficulties, a threat of bankruptcy or a payment delay exceeding 60 days, however taking into account the general payment patterns in each country.

Essential items included in prepayments and accrued income are associated with the accruals of rents and the costs of marketing and sales, insurance and administration.

The following table presents the maturity distribution of accounts receivable and the credit loss provision:

EUR 1,000	2019			2018
	Gross accounts receivable	Provision	Net accounts receivable	Accounts receivable
Not due	48 193	11	48 182	48 183
Overdue				
Less than 30 days	10 440	47	10 393	6 781
31 to 60 days	512	23	489	3 498
61 to 90 days	126	13	113	143
91 to 120 days	193	52	141	42
More than 120 days	1 180	618	562	383
Total	**60 644**	**764**	**59 881**	**59 030**

The following table presents the distribution of accounts receivable by currency:

EUR/foreign 1,000	2019		2018	
	foreign	EUR	foreign	EUR
EUR	47 731	47 734	47 169	47 169
BYN	30 368	12 910	29 299	11 846
RUB	0	0	975	12
SEK	0	0	26	3

16. Inventories

Accounting policies

Inventories are recognised at acquisition cost or a lower probable net realisable value. The acquisition cost of raw materials and supplies is determined by the weighted average method. The acquisition cost of finished and unfinished products is based on actual costs and manufacturing volumes and comprises raw materials, direct expenses due to work performed, other direct expenses, as well as a proportion of the variable and fixed overheads of manufacturing. Net realisable value refers to estimated sales price available through normal business operations, deducted by estimated costs of finishing the product and costs of sale.

EUR 1,000	2019	2018
Materials and supplies	20 858	20 547
Unfinished products	3 122	2 018
Finished products/goods	16 566	14 099
Other inventories	2 510	3 219
Total	**43 056**	**39 882**

Non-marketability deductions on inventories have been booked for 2,137 thousand euro in 2019 (1,454 thousand euro in 2018).

17. Deferred tax receivables and liabilities

Accounting policies

Deferred taxes are calculated on temporary differences between book value and tax base. However, a deferred tax liability shall not be booked on the original recognition of goodwill, or if this arises from the original recognition of an asset or liability item when the case does not concern a business combination and the transaction does not affect the accounted earnings or taxable income at the time of its realisation.

Deferred taxes are recognised for investments in subsidiaries, associates and joint ventures unless the Group is able to determine the time when a temporary difference will be reversed, and when the temporary difference will probably not be reversed in the foreseeable future.

Within the Group, the most substantial temporary differences arise from depreciation on property, plant and equipment, arrangements settled in equity instruments, as well as the fair valuation of derivative contracts.

Deferred taxes are calculated at tax rates enacted or practically approved by the balance sheet date, which are expected to be applicable when the deferred tax receivable is realised or the deferred tax liability is paid.

The amount of deferred tax receivables and the probability of utilisation are assessed at every closing of the accounts. Deferred tax receivables on confirmed losses are recognised up to the probable amount of taxable income in the future against which the temporary difference can be utilised. The Group companies have a total of 1,174 thousand euro of unused tax-deductible losses which will expire between 2024 and 2029. Deferred tax on tax-deductible losses has been recognised in full until the tax year 2018.

Deferred tax receivables and liabilities are presented in the balance sheet as separate items under non-current assets or liabilities. The Group will offset deferred tax receivables and liabilities only in the case that the Group has a legally enforceable right to offset the tax receivables and liabilities based on taxable income for the period, and the deferred tax receivables and liabilities are associated with income taxes collected by the same tax authority either from the same taxpayer or another taxpayer who are either planning to offset the tax receivables and liabilities based on taxable income for the period, or to realise the receivable and pay the liabilities simultaneously in each future period during which a substantial amount of deferred tax liabilities is expected to be paid or a substantial amount of deferred tax receivables is expected to be utilised.

The following table presents changes in deferred tax receivables during fiscal year 2019:

EUR 1,000	31 Dec 2018	Recognised through profit and loss	Recognised in equity	Exchange rate differences	31 Dec 2019
Derivatives at fair value	47	-25	0	0	22
Internal margins	115	-10	0	0	105
Share-based incentives	225	-48	0	0	177
Confirmed losses	162	0	0	0	162
Other items	9	0	0	0	9
Total	**558**	**-83**	**0**	**0**	**475**

No substantial factors of uncertainty are associated with deferred tax receivables.

The following table presents changes in deferred tax liabilities during fiscal year 2019:

EUR 1,000	31 Dec 2018	Recognised through profit and loss	Recognised in equity	Exchange rate differences	31 Dec 2019
Fixed assets	7 455	328	0	-11	7 772
Exchange rate differences	624	0	0	-624	0
Other items	7	6	74	0	87
Total	**8 086**	**334**	**74**	**-635**	**7 859**

No deferred tax liability has been recognised on the undistributed earnings of AS A. Le Coq and A/S Cēsu Alus, 97,160 thousand euro in 2019, as the parent company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. If deferred tax was recognised on undistributed earnings, its effect would be 24,290 thousand euro.

The following tables present changes in deferred tax receivables and liabilities during fiscal year 2018:

EUR 1,000	31 Dec 2017	Recognised through profit and loss	Acquisitions of subsidiaries	Exchange rate differences	31 Dec 2018
Derivatives at fair value	28	19	0	0	47
Internal margins	126	-11	0	0	115
Share-based incentives	225	0	0	0	225
Confirmed losses	0	-1	163	0	162
Other items	0	4	5	0	9
Total	**379**	**11**	**168**	**0**	**558**

EUR 1,000	31 Dec 2017	Recognised through profit and loss	Acquisitions of subsidiaries	Exchange rate differences	31 Dec 2018
Fixed assets	5 950	210	1 305	-10	7 455
Exchange rate differences	493	131	0	0	624
Other items	0	0	7	0	7
Total	**6 443**	**341**	**1 312**	**-10**	**8 086**

18. Liquid assets

Accounting policies

Liquid assets comprise cash, bank deposits withdrawable on demand, as well as other short-term very liquid investments. Items classified as liquid assets have a maturity of no more than three months calculated from the date of acquisition. Any amount withdrawn from account overdraft facilities is presented in other current liabilities.

EUR 1,000	2019	2018
Cash and bank accounts	33 832	18 520
Total	**33 832**	**18 520**

19. Notes concerning shareholders' equity

Accounting policies

The Group classifies the financial instruments it has issued either as shareholders' equity or liabilities (financial liabilities). An equity instrument is any contract that presents a right to a share of an entity's assets after deduction of all of the entity's debts.

Outstanding Series K and Series A shares are presented as share capital. Any transaction costs immediately arising from the issuance of new shares or options, after being adjusted for tax effects, are presented in shareholders' equity as a deduction of payments received.

If the Group acquires the company's own shares, the consideration paid and the immediate costs of acquisition are deducted from shareholders' equity until the shares are annulled or re-released to circulation.

If the shares are re-released, the consideration received less immediate transaction costs is included in shareholders' equity.

Number of shares

The following table specifies changes in the numbers of shares outstanding and corresponding changes in shareholders' equity:

EUR 1,000	Number of K shares	Number of A shares	Share capital EUR	Other reserves EUR	Treasury shares EUR	Total EUR
31.12.2018	3 732 256	16 964 248	20 759	1 092	-956	20 895
Acquisition of treasury shares		-22 271			-726	-726
Sales of treasury shares to employees		36 450			1 179	1 179
Fair value reserve				295		295
31.12.2019	3 732 256	16 978 427	20 759	1 387	-503	21 643

The maximum number of shares is 6.0 million K shares and 24.0 million A shares (6.0 million K shares and 24.0 million A shares in 2018). The minimum number of K shares is 1.5 million. The Group's maximum share capital is 60.0 million euro (60.0 million euro in 2018) and the minimum share capital is 15.0 (15.0) million euro. All issued shares have been paid in full.

Other reserves include the share premium account, legal reserve and other reserves.

Descriptions of equity reserves

Share premium account
The share premium account comprises any subscription price in excess of the par value of shares upon share issues. The share no longer has a par value.

Legal reserve
The legal reserve originates from reserve transfers made due to an obligation formerly included in the Articles of Association.

Fair value reserve
The fair value reserve includes changes in the fair value of other investments.

Translation differences
The Translation differences reserve includes translation differences arising from the conversion of the financial statements of foreign subsidiaries.

Treasury shares
At the beginning of January 2019, Olvi plc held 25,728 of its own shares as treasury shares. In the beginning of December 2018, the Board of Directors of Olvi plc decided to initiate a scheme of acquiring treasury shares based on the authorisation issued by the Annual General Meeting on 16 April

2018. On this basis, the Board will repurchase a maximum of 43,000 Series A shares. The acquired shares shall be used for the purpose of financing or executing any upcoming corporate acquisitions or other arrangements, implementing the company's incentive schemes or for other purposes decided upon by the Board of Directors. The acquisition of shares started on 11 December 2018 and ended on 21 January 2019. At the start of the repurchase scheme, Olvi plc held 4,999 Series A shares as treasury shares. After the end of the scheme, Olvi plc held 47,999 Series A shares as treasury shares. The purchase price for treasury shares in January 2019 totalled 725,826.47 euro.

Olvi plc initiated a new share-based incentive plan for key personnel, the performance period of which is from 1 February 2019 to 31 January 2021. The plan is directed to approximately 60 people. In accordance with the share-based incentive plan, Olvi plc sold a total of 36,450 treasury shares to the target group members for a price of 1,179,330.37 euro. The number of Series A shares held by Olvi plc as treasury shares on 31 December 2019 is 11,549 and the total acquisition price is 502,956.28 euro.

Series A shares held by Olvi plc as treasury shares represent 0.06 percent of all shares and 0.01 percent of the aggregate number of votes. The treasury shares represent 0.07 percent of all Series A shares and associated votes. Treasury shares held by the company are ineligible for voting.

Payment of dividends

The dividend proposed by the Board of Directors to the General Meeting of Shareholders has not been recognised in these financial statements. Dividends will only be recognised on the basis of the General Meeting's decision.

After the balance sheet date, the Board of Directors has proposed a dividend of 1.00 euro per share for both Series K and Series A shares for 2019, totalling 20.7 million euro. Dividend for 2018 was paid at 0.90 euro per share, totalling 18.6 million euro. The dividend was paid on 9 May 2019 and 9 September 2019.

20. Share-based payments

Olvi Group has share-based incentive plans for key employees. The aim of the share-based incentive plans is to combine the objectives of the shareholders and the key employees in order to increase the value of the company, to make the key employees committed to the company, and to offer them a competitive reward plan based on earning the company's shares.

Accounting policies for share-based payments are presented in Note 4, Costs of employee benefits.

Olvi plc initiated a new share-based incentive plan for key personnel, the performance period of which is from 1 February 2019 to 31 January 2021. The prerequisite for receiving reward is that a key employee purchases the company's Series A shares up to the maximum number determined by the Board of Directors and that employment or service continues upon reward payment. Rewards will be paid partly in the company's Series A shares and partly in cash in 2021. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the key employees. The plan is directed to approximately 60 people. In accordance with the share-based incentive plan, Olvi plc sold a total of 36,450 treasury shares to the target group members for a price of 1,179,330.37 euro. In 2019, costs associated with the plan were recognised for a total of 1,210.0 thousand euro. Olvi Group does not have any other share-based plans or option plans.

21. Financial liabilities

Accounting policies

Financial liabilities are initially recognised at fair value including transaction costs. They are subsequently measured at original amortised cost using the effective interest method. Financial liabilities are derecognised once the liability or a part thereof has ceased to exist – in other words, once the obligation specified in the contract has been fulfilled or annulled or it has ceased to be valid. Financial liabilities are divided into non-current and current liabilities on the basis of the period of realisation. Financial liabilities are classified as current unless the Group has an unconditional right to postpone repayment for at least 12 months after the end of the reporting period.

The Group's financial liabilities on 31 December 2019 consist mostly of lease liabilities and a minor amount of other financial liabilities. The fair values of financial liabilities correspond to their book values.

EUR 1,000	2019	2018
Non-current interest-bearing liabilities		
Loans from financial institutions	316	248
Lease liabilities	2 006	548
Other liabilities	16	370
Total	**2 337**	**1 167**
Current interest-bearing liabilities		
Loans from financial institutions	182	2 992
Lease liabilities	1 144	519
Other liabilities	0	43
Total	**1 325**	**3 554**

Maturities of financial liabilities

2019 EUR 1,000	Less than 1 year	1 to 5 years	More than 5 years
Loans from financial institutions	182	316	
Lease liabilities	1 144	1 630	375
Other liabilities	0	16	
Total	**1 325**	**1 962**	**375**

Reconciliation of financial liabilities

		Cash Flow		
EUR 1,000	1 Jan 2019	Withdrawals/ repayments	Increase in lease liabilities	31 Dec 2019
Loans from financial institutions	3 240	-2 742		498
Lease liabilities	2 008	-1 336	2 478	3 150
Other liabilities	413	-397		16
Total	**5 661**	**-4 475**	**2 478**	**3664**

Derivative contracts and hedge accounting

Olvi Group uses derivative contracts that are treated as assets held for trading because the Group does not apply hedge accounting in accordance with the IFRS regulations. Derivatives held for trading are interest rate and raw material contracts recognised at fair value through profit or loss. The fair value of these contracts is recognised in other current assets or liabilities. Both realised and unrealised gains and losses arising from changes in fair value are recognised in materials and services as well as financial items within the income statement for the accounting period during which they arise.

EUR 1,000	Nominal value	Currency	Market value	Date of expiry	Level
Interest rate derivative	10 000	EUR	-36	5 May 2020	2
Commodity derivative	1 526	EUR	-74	within 2020	2

22. Management of financing risks

The Group is exposed to financing risks in its normal course of business: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The objective of financing risk management is to minimise the adverse effects of changes in the financial markets on the Group's financial performance, shareholders' equity and liquidity. The general principles of the Group's risk management are approved by the Board of Directors of the parent company, and the parent company's management together with the management of subsidiaries is responsible for their practical implementation. Responsibility for Olvi Group's financing tasks is centralised in the parent company Olvi plc. The objectives of centralisation include optimisation of cash flows and financing costs, as well as efficient risk management.

I Market risk

I 1. Foreign exchange risk

Olvi Group operates internationally, and its business involves risks arising from exchange rate fluctuations. Foreign exchange risks arise from commercial transactions, in other words cash flows from purchases and sales, as well as investments in foreign subsidiaries, internal loan receivables and the conversion of the subsidiary's financial statements into euro.

The Group's most significant foreign exchange risk arises from the operations in Belarus. Operations in Belarus involve foreign exchange risks arising from the cash flows of purchases and sales in foreign currency, as well as the investment in the Belarusian subsidiary, internal financing and the conversion of the subsidiary's income statement and balance sheet items into euro. The Belarusian currency has fluctuated substantially in recent years and will continue to carry a risk of devaluation in the future, and if realised, this would result in a decline in Olvi Group's operating profit, net profit and shareholders' equity denominated in euro.

With regard to the net investment in the Belarusian subsidiary, the Group is exposed to balance sheet conversion risk. The translation position (BYN) on 31 December 2019 was 57.7 million euro (54.9 million in 2018). An exchange rate change of +/- 10 percent would impact consolidated profit for the period by +1.2/-1.0 million euro and consolidated shareholders' equity by approximately +6.4/-5.2 million euro. Intra-Group receivables and liabilities that constitute a part of the net investment made in a foreign operation have been taken into account in the sensitivity analysis.

The Group's other foreign exchange risks can be considered minor. The functional and reporting currency of the Group's other foreign subsidiaries is the euro. The Group has a minor amount of purchases and sales in other currencies. Due to the nature of the business, the time between order and delivery is short, which results in minor operations-related foreign exchange risk. Foreign exchange risk is also reduced by the fact that most of the Group's product sales and purchases of raw materials are denominated in euro.

Consolidated financial income and expenses include 1,022 thousand euro of exchange rate gains (22 thousand euro in 2018) and 21 thousand euro of exchange rate losses (820 thousand euro in 2018).

Olvi Group regularly assesses the exchange rate risks related to operations and financing. Exchange rates can be hedged if this is considered reasonable.

Foreign currency accounts receivable and payable are presented in Notes 15.3, Accounts receivable and other interest-free receivables and 23, Accounts payable and other interest-free liabilities.

I 2. Interest rate risk

The Group's interest rate risk arises from interest-bearing financial liabilities and associated interest expenses. Most of the Group's income and operational cash flows are independent of market interest rate fluctuations.

The Group uses interest rate swaps to reduce interest rate risk. Variable rate loans are converted to fixed rate through interest rate swaps. The Group aims to optimise financing costs through operational measures and to manage interest rate risk using available means. The Group's interest-bearing loans from financial institutions fell due mostly in 2019. The Group's interest-bearing liabilities on 31 December 2019 consist mostly of lease liabilities. The amount of lease liabilities on 31 December 2019 was 2.0 million euro (1.1 million euro in 2018). At the current level of loans, changes in the interest rate level do not have any essential effect on consolidated net profit before tax.

The maturity distribution of financial liabilities is presented in Note 21, Financial liabilities.

II Credit risk

The Group's credit risk arises from wholesale and HoReCa (hotel, restaurant, catering) customers with outstanding accounts receivable.

The creditworthiness of the Group's customers is reviewed regularly and always when entering into agreements with new customers. The Group only extends credit to businesses with flawless credit ratings. Furthermore, the Group aims to control credit risks through efficient collection of receivables. The amount of customer-specific accounts receivable is monitored regularly, and the customer's creditworthiness is re-assessed if necessary.

On each balance sheet date, the Group estimates whether there is objective evidence that the value of a financial asset item or financial asset group may have been impaired. Factors suggesting impairment of accounts receivable include the debtor's substantial financial difficulties, a threat of bankruptcy or a payment delay exceeding 60 days, however taking into account the general payment patterns in each country.

The Group applies a simplified provision matrix for the recognition of credit risk on accounts payable. A credit loss provision is booked to the amount of expected credit losses over the entire life of an asset when a financial asset is initially recognised on the balance sheet. Receivables are grouped and the provision is assessed by country. At the time of closing the accounts, management shall assess information on consumer behaviour and the financial situation in different countries proactively and utilising various parameters.

The Group does not have any significant concentrations of credit risk on receivables because its accounts receivable are distributed across a variety of customers and geographical regions. The largest customer accounts for 12.6 percent (13.9 in 2018) of the Group's total sales. The amount of final credit losses recognised in 2019 was 368 thousand euro (349 thousand euro in 2018). On the balance sheet date, accounts receivable included a credit loss provision of 764 thousand euro (613 thousand euro in 2018). The credit risk on other non-current receivables is estimated to be low.

The maturity distribution of accounts receivable and the credit loss provision is presented in Note 15.3, Accounts receivable and other interest-free receivables.

III Liquidity risk

Olvi Group's parent company and subsidiaries prepare monthly rolling cash flow estimates that the Group uses for assessing the amount of financing required for business operations in order to maintain sufficient liquid assets to fund everyday operations and investments, as well as to repay any loans falling due.

The Group aims to secure the availability and flexibility of funding by centralising the management of the Group's liquid assets with the parent company. The Group uses several banks and several forms of financing. The Group aims to secure the availability and flexibility of funding with an account overdraft facility and credit limits.

On the date of closing the accounts, the Group had an account overdraft facility totalling 10 million euro, which was completely unused on 31 December 2019. The Group also has 5 million euro of unbinding credit limits, of which 659.5 thousand euro was in use on 31 December 2019. Some of the facilities are valid until further notice, while some are renewed annually. Investments related to cash management are made in liquid money market instruments having a fundamentally low risk.

The parent company Olvi plc has access to a 50 million euro commercial paper programme in order to secure short-term liquidity needs quickly and cost-efficiently. At the time of closing the accounts, Olvi plc did not have any short-term loans withdrawn under the commercial paper programme. In order to secure short-term liquidity, operating capital is monitored regularly, and the aim is to reduce the amount of money tied in operating capital. Key factors include monitoring the turnover rate of receivables and improving the efficiency of credit control.

The Group had 33,832 thousand euro of liquid assets on 31 December 2019 (18,520 thousand euro in 2018). The Group's liquidity on the balance sheet date was good. The current ratio on 31 December 2019 was 1.3 (1.1 in 2018).

Note 21, Financial liabilities, presents the maturity distribution of financial liabilities.

IV Capital risk management

Olvi Group's long-term objective is to generate the highest possible added value on invested capital, however taking into account the expectations imposed on the Group by various parties and the company's development in the long term. The main principle of capital management is to maintain Olvi Group's strong financial position and to ensure that the Group's financing needs can be fulfilled cost-efficiently also under critical financial market conditions.

Another objective is to maintain an optimal capital structure in order to manage and reduce the cost of capital.

In order to maintain or change its capital structure, the Group may change the amount of dividends paid to shareholders, repay capital to shareholders, issue new shares, acquire treasury shares and annul them, or sell its assets to reduce debt.

Capital is monitored through the equity to total assets ratio and the gearing ratio. Olvi Group's equity to total assets ratio in 2019 stood at 66.4 (64.9) percent and the gearing ratio was -11.6 (-6.0) percent.

23. Accounts payable and other interest-free liabilities

EUR 1,000	2019	2018
Non-current		
Advances received	137	0
Accrued expenses	516	48
Other liabilities	4 124	4 717
Total	**4 777**	**4 765**
Current		
Accounts payable	49 942	49 914
Accrued expenses	19 593	18 024
Other liabilities	47 567	42 284
Total	**117 100**	**110 222**

Other non-current liabilities mostly consist of additional sales price liabilities associated with corporate acquisitions.

Essential items included in accrued expenses are associated with subsequent remuneration and salary obligations, as well as the obligation to redeem recyclable packaging from customers. Other liabilities include, among other things, accruals related to indirect taxes. Accounts payable and other liabilities fall due within 12 months, and their fair values correspond to the book values.

The following table presents the distribution of accounts payable by currency:

EUR/foreign 1,000	2019		2018	
	foreign	EUR	foreign	EUR
EUR	45 869	45 869	45 648	45 648
USD	121	107	337	295
BYN	7 865	3 358	8 316	3 362
GBP	3	4	4	4
RUB	41 484	593	46 774	587
CHF	11	10	21	18
SEK	0	0	3	0

24. Provisions, collateral and contingent liabilities

Accounting policies

A provision is recognised in the balance sheet when the Group has a legal or factual obligation based on a previous event, it is probable that the fulfilment of the obligation requires payment or causes a financial loss, and the amount of the obligation can be reliably estimated. If there is a possibility to receive compensation for part of the obligation from a third party, the compensation is recognised as a separate asset item but this is only done once the possibility of receiving compensation is practically certain. Provisions are measured at the present value of the costs required to cover the obligation.

A provision is recognised for onerous contracts if the costs necessary for fulfilling the obligations exceed the benefits available from the contract. A provision for environmental obligations is recognised when the Group has an obligation based on environmental legislation and the Group's environmental responsibility policy that is associated with the decommissioning of a production facility, remedy of environmental damage or transfer of equipment to another location. On the balance sheet date, the Group does not have any provisions recognised under IAS 37.

A conditional debt is a potential obligation arising from earlier events, the existence of which will only become certain once an uncertain event outside the Group's scope of control is realised. Existing obligations that will probably not require fulfilment of a payment obligation or whose amount cannot be reliably determined are also considered conditional debts. Conditional debts are presented in the notes.

Conditional debts and other debts

Olvi Group has a conditional debt under IAS 37 concerning recycling fees in the Lithuanian unit. This refers to a disputed claim sent to almost 1,800 companies demanding duplicate payment of environmental fees for 2013–2015. The Group estimates that the potential amount of the obligation is in the order of 1 to 2 million euro but regards its realisation improbable within the next few years.

Conditional additional sales price and redemption liabilities associated with the acquisitions in fiscal year 2018 have been recognised under non-current and current liabilities on Olvi Group's balance sheet. The total amount of additional sales price and redemption liabilities on the balance sheet is 4.4 million euro. 0.3 million euro of this is included in current liabilities pertaining to Helsinki Distilling Company Ltd, and the remainder of 4.1 million euro is included in non-current liabilities. Servaali Oy's share of the liability is 3.3 million euro and Helsinki Distilling Company Ltd's share is 1.1 million euro. The total change in liability in fiscal year 2019 is -0.18 million euro, of which Servaali Oy accounts for -0.36 million euro and Helsinki Distilling Company Ltd for +0.18 million euro. +2.6 million euro of the change is attributable to a change in the applicable discount rate, and -2.78 million euro is attributable to changed future expectations. The discount rate was changed from WACC to the incremental borrowing rate during 2019. The applicable incremental borrowing rate is 1%. Servaali Oy's share of the liability will be realised in 2022 for the additional sales price and in 2025 for the redemption liability. Helsinki Distilling Company's share will be realised in 2024. The amounts of liabilities and conditional consideration recognised are based on estimates by Olvi Group's management regarding the future outlook and business development of the companies.

Off-balance sheet liabilities

EUR 1,000	2019	2018
Minimum rents payable on the basis of other non-cancellable leases:		
Due within one year	804	1 129
Within more than one but less than five years	306	805
Within more than five years	0	2
Total	**1 110**	**1 936**

EUR 1,000	2019	2018
Pledges and contingent liabilities		
For own commitments	1 938	2 114
Other liabilities	60	57

25. Subsidiaries, associates and joint ventures

	Group's share of holding (%)	Share of voting rights (%)
Parent company Olvi plc, Iisalmi, Finland		
AS A. Le Coq, Tartu, Estonia	100,00	100,00
AS Karme, Karksi vald, Estonia	49,00	49,00
Verska Mineraalvee OÜ, Värska vald, Estonia	20,00	20,00
A/S Cēsu Alus, Cēsis, Latvia	99,88	99,88
AB Volfas Engelman, Kaunas, Lithuania	99,66	99,66
UAB Lamate, Lithuania	99,66	99,66
OAO Lidskoe Pivo, Lida, Belarus	96,36	96,36
Trade House Lidskoe Pivo, Belarus	96,36	96,36
Servaali Oy, Helsinki, Finland	80,00	80,00
Servaali Sweden AB, Stockholm, Sweden	80,00	80,00
Helsingin tislaamo Oy / Helsinki Distilling Company Ltd, Helsinki, Finland	67,00	67,00
Helsingin tislaamoravintola Oy, Helsinki, Finland	67,00	67,00
Arctic Silence Oy, Finland	50,00	50,00

Helsinki Distilling Company Ltd and Helsingin tislaamoravintola Oy are consolidated on a 100 percent basis even though the actual share of holding is 67 percent.

Information on the Group's associated companies and joint ventures, their aggregate assets, liabilities, net sales and profit/loss:

EUR 1,000	2019	2018
AS Karme, Karksi vald, Estonia		
Assets	80	176
Liabilities	10	0
Net sales	52	55
Profit/loss for the period	22	51
Verska Mineraalvee OÜ, Värska vald, Estonia		
Assets	1 150	1 187
Liabilities	382	426
Net sales	887	1 025
Profit/loss for the period	10	117
Arctic Silence Oy, Finland		
Assets	100	0
Liabilities	0	0
Net sales	0	0
Profit/loss for the period	0	0

Olvi Group engages in sales and manufacturing co-operation with the associated companies and joint ventures.

Investments in associates and joint ventures

Shares in entities consolidated using the equity method	2019	2018
Acquisition cost 1 Jan	1 016	1 113
Additions	50	0
Share of profit from entities consolidated using the equity method	13	23
Dividends received	-63	-121
Acquisition cost 31 Dec	1 016	1 016
Book value 1 January	1 016	1 113
Book value 31 December	1 016	1 016

26. Related party transactions

The Group's related parties include its subsidiaries, associated companies and joint ventures, the Managing Directors of essential subsidiaries, as well as the key management persons of the Board of Directors, Managing Director and members of the Management Group, including their immediate family and business interests.

Related party transactions and related party receivables and liabilities

Transactions with associated companies, as well as receivables from and liabilities to related parties in fiscal years 2018 and 2019 are as follows:

EUR 1,000	2019	2018
Sales	160	183
Purchases	600	592
Receivables	180	136
Liabilities	65	37

Transactions with associated companies constitute part of normal business and have been carried out at market terms. Associated companies are presented in more detail in Note 25, Subsidiaries, associates and joint ventures.

Employee benefits to management

Wages, salaries and emoluments to management in fiscal years 2018 and 2019 are as follows:

EUR 1,000	2019	2018
Managing Director		
Salaries and other short-term employee benefits	766	541
Share-based payments	0	282
Pension commitments, statutory pension cover	130	140
Total	**896**	**963**
Salaries and performance bonuses paid to other Management Group members		
Salary in money	688	638
Share-based payments	0	392
Performance bonuses	220	200
Fringe benefits	16	24
Total	**924**	**1 254**

Compensation paid to members of the Board of Directors for Board duties in fiscal 2018 and 2019:

EUR 1,000	2019	2018
Hakkarainen Pentti	71	71
Hortling Nora	39	38
Autere Jaakko	0	10
Heinonen Lasse	34	22
Lager Esa	0	10
Markula Elisa	32	31
Paltola Päivi	34	22
Sirviö Heikki	32	31
Total	242	235

In relation to the performance period 1 February 2019 to 31 January 2021 under the share-based incentive plan, a total of 7,200 Olvi plc Series A shares were sold to the Managing Director and a total of 13,300 shares to other related parties in January 2019. No loans have been granted to management.

27. Events after the closing date of the reporting period

There are no events after the closing date of the reporting period.

Olvi plc

Parent Company's Income Statement (FAS)

EUR 1,000	Note	2019	%	2018	%
NET SALES	1	144 838	100,0	140 692	100,0
Increase (+)/decrease(-) in inventories of finished and unfinished products		1 288	0,9	595	0,4
Manufacture for own use		0	0,0	51	0,0
Other operating income	2	3 067	2,1	3 711	2,6
Materials and services	3	68 825	47,5	61 361	43,6
Personnel expenses	4	20 911	14,4	21 740	15,5
Depreciation and impairment	8	8 586	5,9	7 726	5,5
Other operating expenses	9	31 975	22,1	35 853	25,5
OPERATING PROFIT		**18 897**	**13,0**	**18 369**	**13,1**
Financial income and expenses	10	25 118	17,3	21 891	15,5
PROFIT BEFORE APPROPRIATIONS AND TAXES		44 015	30,4	40 260	28,6
Appropriations	11	-2 415	-1,7	-1 963	-1,4
Income taxes	12	-3 857	-2,7	-3 087	-2,2
NET PROFIT FOR THE PERIOD		37 743	26,1	35 210	25,0

Parent Company's Balance Sheet (FAS)

EUR 1,000	Note	2019	%	2018	%
ASSETS					
FIXED ASSETS					
Intangible assets	13	2 858		2 657	
Tangible assets	13	84 017		76 814	
Shares in Group companies	14	86 012		85 812	
Other investments	14	458		535	
TOTAL FIXED ASSETS		173 346	65,3	165 818	66,8
CURRENT ASSETS					
Inventories	16	8 056		7 327	
Non-current receivables	17	40 305		47 219	
Current receivables	17	18 469		19 642	
Cash in hand and at bank		25 411		8 401	
TOTAL CURRENT ASSETS		92 241	34,7	82 589	33,2
TOTAL ASSETS		265 586	100,0	248 407	100,0
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital		20 759		20 759	
Share premium account		857		857	
Legal reserve		127		127	
Retained earnings		51 641		35 061	
Net profit for the period		37 743		35 210	
TOTAL SHAREHOLDERS' EQUITY	18	111 127	41,8	92 014	37,0
ACCUMULATED APPROPRIATIONS	19	31 277	11,8	28 862	11,6
LIABILITIES					
Non-current liabilities		38 952		54 086	
Current liabilities		84 230		73 445	
TOTAL LIABILITIES	20	123 182	46,4	127 531	51,2
TOTAL EQUITY AND LIABILITIES		265 586	100,0	248 407	100,0

Parent Company's Cash Flow Statement (FAS)

EUR 1,000	Note	2019	2018
Cash flow from operations			
Net profit for the period		37 743	37 173
Adjustments:			
Depreciation according to plan and impairment	8	8 586	7 726
Financial income and expenses	10	-25 060	-21 846
Other adjustments		6 352	3 856
Cash flow before change in working capital		27 620	26 909
Change in net working capital:			
Increase (-) / decrease (+) in current interest-free accounts receivable and other receivables		1 031	1 401
Increase (-) / decrease (+) in inventories		-893	-80
Increase (+) / decrease (-) in current interest-free		2 554	4 172
Interest paid		-303	-478
Interest received		1 316	541
Dividends received		19 300	16 415
Taxes paid		-3 784	-3 963
Cash flow from operations (A)		**46 843**	**44 916**
Cash flow from investments			
Investments in tangible and intangible assets		-13 992	-12 979
Capital gains on disposal of tangible and intangible assets		114	52
Expenditure on other investments		-200	-19 610
Cash flow from investments (B)		**-14 078**	**-32 537**
Cash flow from financing			
Withdrawals of loans		2 322	13 000
Repayments of loans		-5 072	-25 713
Dividends paid		-18 639	-16 574
Acquisition (-)/sale (+) of treasury shares		454	-1 495
Increase (-)/decrease (+) in non-current loan receivables		5 180	4 094
Cash flow from financing (C)		**-15 755**	**-26 688**
Increase (+)/decrease (-) in liquid assets (A+B+C)		**17 010**	**-14 309**
Liquid assets 1 January		**8 401**	**22 710**
Liquid assets 31 December		**25 411**	**8 401**
Change in liquid assets		**17 010**	**-14 309**

Parent Company's Accounting Policies

Olvi plc's accounting period extends from 1 January to 31 December. The financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

Fixed assets

Intangible and tangible assets have been recognised on the balance sheet at their direct acquisition cost deducted by accumulated depreciation according to plan. Depreciation according to plan has been calculated on a straight-line basis over the expected economic life of the asset item concerned.

Depreciation periods according to plan:

Development costs	6 years
Trademarks	10 years
Other intangible fixed assets	5 years
Buildings	30 years
Underground shelter	30 years
Plant machinery and equipment	15 years
Tanks and containers	20 years
Recyclable packaging	5 to 20 years
Wastewater basin, tarpaulin hall	10 years
Other fixed assets	5 years

Inventories

Inventories have been valued in accordance with the FIFO principle at acquisition cost or, if lower, at probable net realisable value. The acquisition cost of raw materials and supplies is determined by the weighted average method. The value of finished and unfinished products includes variable costs and the appropriate proportion of the overheads of acquisition and manufacturing.

Research and development costs

Research and development costs are recognised as expenses in the income statement. Development costs arising from the design of new or more advanced products are capitalised as intangible assets in the balance sheet starting from the time the product is technically feasible, it can be utilised commercially, and future economic benefit is expected from the product. Development costs previously recognised as expenses will not be subsequently capitalised. Amortisation is booked on an item starting from the time it is ready for use.

Personnel expenses

Pension cover for personnel has been arranged through a statutory TyEL (EPA) insurance policy with an external pension insurance company. Pension insurance contributions have been allocated to match the salaries booked on an accrual basis in the annual accounts. In fiscal year 2019 the costs of the share-based incentive plan have no longer been recognised as the company's expenses for the accounting period but from now on, the effect of the share-based incentive plan will be recognised as a reduction in retained earnings on the date of expiry of the incentive plan.

Derivative contracts

The parent company's derivative contracts consist of an interest rate swap and a commodity derivative measured at fair value. Changes in fair value are recognised in profit and loss under materials and services as well as financial items.

Deferred taxes

A deferred tax liability or asset has been calculated on temporary differences between taxation and the financial statements using the tax rate for upcoming years confirmed by the balance sheet date. The balance sheet includes deferred tax liabilities in their entirety and deferred tax assets up to the estimated probable amount.

Foreign currency items

Transactions denominated in foreign currency have been recognised during the accounting period at the exchange rate on the transaction date, and any foreign currency receivables and liabilities outstanding on the balance sheet date have been recognised at the mean exchange rate on the balance sheet date.

Treasury shares

Acquired treasury shares are recognised as a reduction in retained earnings.

Notes to the Parent Company's Financial Statements (1000 EUR)

1. Net sales by market area	2019	2018
Finland	140 347	136 885
Belarus	347	423
Estonia	1 906	1 714
Other exports	2 239	1 670
Total	**144 838**	**140 692**

2. Other operating income	2019	2018
Capital gains on disposals of fixed assets	117	38
Others	2 951	3 673
Total	**3 067**	**3 711**

3. Materials and services	2019	2018
Materials and supplies (goods):		
Purchases during the year	65 593	57 936
Change in stocks	560	1 005
Outsourced services	2 672	2 420
Total	**68 825**	**61 361**

4. Personnel expenses	2019	2018
Wages, salaries and emoluments	17 627	17 517
Pension expenses	2 599	2 882
Other personnel expenses	685	1 342
Total	**20 911**	**21 740**

Personnel expenses in 2018 and 2019 are not fully comparable due to a change in accounting policy. The personnel expenses in 2018 include 609,605.76 euro of expenses for the share-based incentive plan. In 2019, the costs of the incentive plan have not been recognised as expenses in the accounting period but will be recognised as adjustments to retained earnings on the date of expiry of the plan.

5. Management salaries and emoluments	2019	2018
Managing Director	766	823
Chairman of the Board	71	71
Other members of the Board	171	164
Total	**1 008**	**1 058**

6. Personnel on average during the period	2019	2018
Clerical employees	190	185
Workers	162	164
Total	**352**	**349**

7. Audit costs	2019	2018
Auditing firm elected by the General Meeting		
Fees for statutory audit	136	140
Associated auditing services	19	4
Tax services	5	73
Other services	49	0
Total	**209**	**216**
Other entities		
Fees for statutory audit	0	4
Associated auditing services	0	0
Tax services	0	0
Other services	0	51
Total	**0**	**54**

In 2019, the auditors of Olvi plc were paid fees for audit tasks as follows: PricewaterhouseCoopers 81,256.18 euro, other advisory and consulting services 67,674.57 euro, as well as Ernst & Young 54,426.89 euro, other advisory and consulting services 5,170.00 euro.

8. Depreciation and impairment	2019	2018
Depreciation and impairment on tangible and intangible assets	8 586	7 726
Total	**8 586**	**7 726**

9. Other operating expenses	2019	2018
Sales freights	12 567	14 997
Costs of marketing and sales	5 958	5 467
Other operating expenses	13 450	15 389
Total	**31 975**	**35 853**

10. Financial income and expenses	2019	2018
Dividend income from Group companies	24 184	21 603
Total income from long-term investments	3	3
Other interest and financial income		
From Group companies	1 322	1 414
From others	180	69
Total	1 503	1 483
Total dividend income and other interest and financial income	**25 690**	**23 089**
Interest expenses and other financial expenses		
To Group companies	353	741
To others	218	456
Total interest expenses and other financial expenses	**571**	**1 197**
Total financial income and expenses	**25 118**	**21 891**

11. Appropriations	2019	2018
Difference between depreciation according to plan and depreciation applied in taxation	2 415	1 963
Total	**2 415**	**1 963**

12. Income taxes	2019	2018
Income tax on business operations	3 584	3 073
Taxes from previous accounting periods	-55	-54
Other direct taxes	79	93
Change in deferred tax	249	-24
Total	3 857	3 087

13. Fixed assets

Intangible assets	Development costs	Other intangible assets	Total
Acquisition cost 1 Jan 2019	152	23 757	23 908
Additions	0	1 118	1 118
Acquisition cost 31 Dec 2019	152	24 875	25 027
Accumulated depreciation and impairment 1 Jan 2019	150	21 102	21 252
Depreciation	2	915	917
Accumulated depreciation and impairment 31 Dec 2019	152	22 017	22 169
Book value 1 Jan 2019	2	2 655	2 657
Book value 31 Dec 2019	0	2 858	2 858

Tangible assets	Land and water properties	Buildings	Machinery and equipment	Other tangible assets	Advance payments and unfinished purchases	Total
Acquisition cost 1 Jan 2019	1 086	44 095	125 356	8 043	7 784	186 365
Additions	0	128	5 460	2 252	7 131	14 970
Deductions	0	0	-155	-171	0	-326
Transfers between items	0	623	4 689	0	-5 312	0
Acquisition cost 31 Dec 2019	1 086	44 846	135 350	10 123	9 604	201 009
Accumulated depreciation and impairment 1 Jan 2019	0	23 446	84 963	1 142	0	109 551
Depreciation	0	1 050	6 093	450	0	7 594
Accumulated depreciation on deductions	0	0	-119	-33	0	-152
Accumulated depreciation and impairment 31 Dec 2019	0	24 496	90 937	1 559	0	116 992
Book value 1 Jan 2019	1 086	20 649	40 393	6 901	7 784	76 814
Book value 31 Dec 2019	1 086	20 350	44 413	8 564	9 604	84 017

	31.12.2019	31.12.2018
Book value of production machinery and equipment	40 198	36 176

14. Investments	Shares in Group companies	Other shares	Total investments
Acquisition cost 1 Jan 2019	85 812	535	86 347
Additions	200	0	200
Deductions	0	-1	-1
Acquisition cost 31 Dec 2019	86 012	534	86 546
Accumulated depreciation and impairment 1 Jan 2019	0	0	0
Impairment	0	-75	-75
Accumulated depreciation and impairment 31 Dec 2019	0	-75	-75
Book value 1 Jan 2019	85 812	535	86 347
Book value 31 Dec 2019	86 012	458	86 471

15. Group companies

	Group's holding (%)	Parent company's holding (%)
AS A. Le Coq, Tartu, Estonia	100,00	100,00
AS Karme, Karksi vald, Estonia	49,00	0,00
Verska Mineraalvee OÜ, Värska vald, Estonia	20,00	0,00
A/S Cēsu Alus, Cēsis, Latvia	99,88	99,88
AB Volfas Engelman, Kaunas, Lithuania	99,66	99,66
UAB Lamate, Lithuania	99,66	99,66
OAO Lidskoe Pivo, Lida, Belarus	96,36	96,36
Trade House Lidskoe Pivo, Belarus	96,36	96,36
Servaali Oy, Helsinki, Finland	80,00	80,00
Servaali Sweden AB, Stockholm, Sweden	80,00	80,00
Helsingin tislaamo Oy / Helsinki Distilling Company Ltd, Helsinki, Finland	67,00	67,00
Helsingin tislaamoravintola Oy, Helsinki, Finland	67,00	67,00
Arctic Silence Oy, Helsinki, Finland	50,00	50,00

16. Inventories

16. Inventories	2019	2018
Materials and supplies	2 932	3 123
Unfinished products	915	826
Finished products / goods	4 208	3 379
Total	**8 056**	**7 327**

17. Receivables

17. Receivables	2019	2018
Non-current receivables		
Loans receivable from Group companies	40 146	46 810
Deposits pledged as collateral	112	112
Deferred tax receivables	28	277
Prepayments and accrued income	20	20
Total non-current receivables	**40 305**	**47 219**
Current receivables		
Receivables from Group companies		
Accounts receivable	308	289
Dividends and other receivables	1 277	1 703
Total receivables from Group companies	1 585	1 992
Receivables from non-Group companies		
Accounts receivable	14 370	15 749
Other receivables	-3	272
Prepayments and accrued income	2 517	1 629
Total receivables from non-Group companies	16 884	17 649
Total current receivables	**18 469**	**19 642**
Total receivables	**58 774**	**66 861**
Deferred tax receivables		
Deferred tax receivables 1 January	277	253
Change in deferred tax	-249	24
Deferred tax receivables 31 December	**28**	**277**

18. Shareholders' equity	2019	2018
Share capital 1 January	20 759	20 759
Share capital 31 December	20 759	20 759
Share premium account 1 January	857	857
Share premium account 31 December	857	857
Legal reserve 1 January and 31 December	127	127
Retained earnings 1 January	70 271	52 304
Payment of dividends	-18 640	-16 574
Acquisition of treasury shares	-726	-1 770
Sales of treasury shares to employees	1 179	0
Share-based incentives	0	1 101
Adjustment to previous periods	-444	0
Retained earnings 31 December	51 641	35 061
Net profit for the period	37 743	35 210
Total shareholders' equity	**111 127**	**92 014**

Distributable unrestricted equity	2019	2018
Retained earnings	51 641	35 061
Net profit for the period	37 743	35 210
Capitalised development costs	0	-4
Total	**89 384**	**70 267**

Olvi plc's share capital is divided into share series as follows:

	2019			2018		
	Pcs	EUR	Votes	Pcs	EUR	Votes
Series K (20 votes/share), registered	3 732 256	3 732 256	74 645 120	3 732 256	3 732 256	74 645 120
Series K total	3 732 256	3 732 256	74 645 120	3 732 256	3 732 256	74 645 120
Series A (1 vote/share), registered	16 989 976	17 026 552	16 989 976	16 989 976	17 026 552	16 989 976
Series A total	16 989 976	17 026 552	16 989 976	16 989 976	17 026 552	16 989 976
Total 31 December	20 722 232	20 758 808	91 635 096	20 722 232	20 758 808	91 635 096

Votes per Series A share	1
Votes per Series K share	20

The registered share capital on 31 December 2019 totalled 20,759 thousand euro.

Olvi plc's shares received a dividend of 0.90 euro per share for 2018 (0.80 euro per share for 2017), totalling 18.6 (16.6) million euro. The dividends were paid in two instalments. The first instalment of 0,45 euro per share was paid on 9 May 2019. The second instalment of 0,45 euro per share was paid on 9 September 2019. The Series K and Series A shares entitle to equal dividend. The Articles of Association include a redemption clause concerning Series K shares.

Treasury shares

At the beginning of January 2019, Olvi plc held 25,728 of its own shares as treasury shares. In the beginning of December 2018, the Board of Directors of Olvi plc decided to initiate a scheme of acquiring treasury shares based on the authorisation issued by the Annual General Meeting on 16 April 2018. On this basis, the Board will repurchase a maximum of 43,000 Series A shares. The acquired shares shall be used for the purpose of financing or executing any upcoming corporate acquisitions or other arrangements, implementing the company's incentive schemes or for other purposes decided upon by the Board of Directors. The acquisition of shares started on 11 December 2018 and ended on 21 January 2019. At the start of the repurchase scheme, Olvi plc held 4,999 Series A shares as treasury shares. After the end of the scheme, Olvi plc held 47,999 Series A shares as treasury shares. The purchase price for treasury shares in January 2019 totalled 725,826.47 euro.

Olvi plc initiated a new share-based incentive plan for key personnel, the performance period of which is from 1 February 2019 to 31 January 2021. The plan is directed to approximately 60 people. In accordance with the share-based incentive plan, Olvi plc sold a total of 36,450 treasury shares to the target group members for a price of 1,179,330.37 euro. The number of Series A shares held by Olvi plc as treasury shares on 31 December 2019 is 11,549 and the total acquisition price is 502,956.28 euro.

Series A shares held by Olvi plc as treasury shares represent 0.06 percent of all shares and 0.01 percent of the aggregate number of votes. The treasury shares represent 0.07 percent of all Series A shares and associated votes. Treasury shares held by the company are ineligible for voting.

19. Accumulated appropriations

Accumulated appropriations consist of accumulated depreciation difference.

20. Liabilities	2019	2018
Non-current liabilities		
Loans from financial institutions	0	0
Deferred tax liabilities	0	0
Other liabilities	4 153	4 640
Total	4 153	4 640
Liabilities to Group companies		
Other liabilities	34 799	49 447
Total	34 799	49 447
Total non-current liabilities	**38 952**	**54 086**
Current liabilities		
Loans from financial institutions	-0	2 750
Accounts payable	28 943	27 202
Accrued expenses	12 810	12 923
Other liabilities	34 310	30 401
Total	76 063	73 277
Liabilities to Group companies		
Other liabilities	8 000	0
Accounts payable	166	168
Total	8 166	168
Total current liabilities	**84 229**	**73 445**
Total liabilities	**123 181**	**127 531**
Accrued expenses		
Provisions for personnel costs	5 189	5 637
Provision for interest on loans	0	2
Income tax liability	-23	55
Accrued expenses on recyclable beverage packages	5 723	3 497
Annual discount liabilities	1 339	3 359
Other accrued expenses	582	374
Total accrued expenses	12 810	12 923
Interest-free liabilities 31 December	80 352	75 305
Liabilities falling due later than five years from now:		
Loans from financial institutions and other loans	30	4 640
Deferred tax liabilities		
Deferred tax liabilities 1 January	0	0
Change in deferred tax	0	0
Deferred tax liabilities 31 December	**0**	**0**

21. Share-based payments

In fiscal year 2019, Olvi plc initiated a new share-based incentive plan for key personnel, the performance period of which is from 1 February 2019 to 31 January 2021. The aim of the share-based incentive plans is to combine the objectives of the shareholders and the key employees in order to increase the value of the company, to make the key employees committed to the company, and to offer them a competitive reward plan based on earning the company's shares.

Until fiscal year 2018, Olvi recognised the costs of share-based incentive plans as expenses for the accounting period. From now on, the costs of share-based incentive plans will be recognised through retained earnings on the date of expiry of the plan.

22. Pledges, contingent liabilities and other commitments	2019	2018
Pledges and contingent liabilities		
For own commitments		
Mortgages on land and buildings	1 336	1 336
Other off-balance sheet liabilities		
Rental liabilities on business premises and land areas	410	484
Other liabilities	610	607
Total pledges, contingent liabilities and other commitments	**2 356**	**2 427**

The company is obliged to adjust the value-added tax deductions booked on real estate investments if taxable use of the premises diminishes during the review period. The maximum liability is 2,684,585 euro and the final year of review is 2027.

On the date of closing the accounts, the company had an account overdraft facility totalling 10 million euro, which was completely unused on 31 December 2019. The company also has 5 million euro of unbinding credit limits, of which 659,500 euro was in use on 31 December 2019.

23. Leasing liabilities	2019	2018
Due within one year	188	260
Due later	115	236
Total	**303**	**496**

24. Derivative contracts

EUR 1,000	Nominal value	Currency	Market value	Date of expiry	Level
Interest rate derivative	10 000	EUR	-37	5 May 2020	2
Commodity derivative	1 526	EUR	-74	within 2020	2

The business significance of the derivative contracts is minor. The derivatives include interest rate swaps on loans as well as a commodity derivative and will expire in 2020.

Shares and Shareholders

Shares and share capital 31 December 2019	Shares	%	Votes	%
Series K shares, registered	3 732 256	18,0	74 645 120	81,5
Series A shares, registered	16 989 976	82,0	16 989 976	18,5
Total	**20 722 232**	**100,0**	**91 635 096**	**100,0**

Registered share capital, EUR 1,000 20,759

Olvi plc's shares received a dividend of 0.90 euro per share for 2018 (0.80 euro per share for 2017), totalling 18.6 (16.6) million euro. The dividends were paid in two instalments. The first instalment of 0,45 euro per share was paid on 9 May 2019. The second instalment of 0,45 euro per share was paid on 9 September 2019.

Votes per Series A share 1
Votes per Series K share 20

The Series K and Series A shares entitle to equal dividend. The Articles of Association include a redemption clause concerning Series K shares.

Largest shareholders on 31 December 2019	Series K	Series A	Total	%	Votes	%
1. Olvi Foundation	2 363 904	890 613	3 254 517	15,71	48 168 693	52,57
2. The Heirs of Hortling Heikki *)	903 488	103 280	1 006 768	4,86	18 173 040	19,83
3. Hortling Timo Einari	212 600	49 257	261 857	1,26	4 301 257	4,69
4. Hortling-Rinne Marit	149 064	14 699	163 763	0,79	2 995 979	3,27
5. OP Custody Ltd, nom. reg.	0	2 318 825	2 318 825	11,19	2 318 825	2,53
6. Nordea Bank Abp, nom. reg.	0	1 672 458	1 672 458	8,07	1 672 458	1,83
7. Varma Mutual Pension Insurance Company	0	828 075	828 075	4,00	828 075	0,90
8. Ilmarinen Mutual Insurance Company	0	750 000	750 000	3,62	750 000	0,82
9. Odin Norden	0	524 870	524 870	2,53	524 870	0,57
10. Hortling Pia Johanna	23 388	23 566	46 954	0,23	491 326	0,54
11. Hortling Jens Einari	23 388	16 216	39 604	0,19	483 976	0,53
12. Rinne Ville Petteri	23 388	10 004	33 392	0,16	477 764	0,52
13. Rinne Valtteri Markunpoika	23 388	9 134	32 522	0,16	476 894	0,52
14. AC Invest Oy	0	460 000	460 000	2,22	460 000	0,50
15. Skandinaviska Enskilda Banken Ab nom.reg.	0	397 833	397 833	1,92	397 833	0,43
16. Pensionsförsäkringsaktiebolaget Veritas	0	250 000	250 000	1,21	250 000	0,27
17. Evli Finland mutual fund	0	218 723	218 723	1,06	218 723	0,24
18. Laakkonen Hannu	0	216 072	216 072	1,04	216 072	0,24
19. Lahti Ari Juhani	0	180 000	180 000	0,87	180 000	0,20
20. Aktia Capital mutual fund	0	164 000	164 000	0,79	164 000	0,18
Others	9 648	7 892 351	7 901 999	38,12	8 085 311	8,82
Total	3 732 256	16 989 976	20 722 232	100,00	91 635 096	100,00

*) The figures include the shareholder's own holdings and shares held by parties in his control.

Olvi plc had 12,233 (11,601) shareholders registered in the book-entry system on 31 December 2019, 10 (10) of them nominee-registered.

Insiders

The Insider Guidelines for listed companies, which were prepared by the Helsinki Stock Exchange, the Finland Chamber of Commerce and the Confederation of Finnish Industries, were adopted by Olvi plc already in 2000. As of 3 July 2016, the Market Abuse Regulation (EU) No 596/2014 (MAR) became applicable in Finland, and Olvi plc's practices of dealing with insider issues are in compliance with the MAR in accordance with the interpretation of the European Securities and Markets Authority (ESMA).

Management's interests

The members of the Board of Directors and the Managing Director of Olvi plc held a total of 77,035 Series A shares on 31 December 2019, which represent 0.4 percent of the total number of shares and 0.8 percent of the votes.

The share-based incentive plan for management and its accounting are described in Note 21, Share-based payments. The company's management does not hold any warrants or options.

Shareholders by size of holding on 31 December 2019

Number of book entries	Number of share-holders	% of share-holders	Number of book entries	% of book entries	Votes	% of votes
1 to 1,000	11 045	90,29	2 007 007	9,69	2 016 735	2,20
1,001 to 10,000	1 072	8,76	2 767 744	13,36	2 905 456	3,17
10,001 to 500,000	109	0,89	5 595 488	27,00	14 280 464	15,58
500,001 to 999,999,999,999	7	0,06	10 351 993	49,95	72 432 441	79,05
Total	12 233	100,00	20 722 232	100,00	91 635 096	100,00

Shareholders by category on 31 December 2019

	Number of share-holders	% of share-holders	Number of book entries	% of book entries	Nominee registered number of book entries	% of book entries	Votes	% of votes
Businesses	378	3,09	4 440 983	21,43	0	0,00	49 355 159	53,86
Financial institutions and insurance companies	35	0,29	1 012 119	4,89	4 477 490	21,61	5 489 609	5,99
Public sector organisations	8	0,06	1 896 836	9,15	0	0,00	1 896 836	2,07
Non-profit organisations	90	0,74	518 724	2,50	0	0,00	518 724	0,57
Households	11 673	95,42	7 581 888	36,59	0	0,00	33 580 576	36,65
Non-Finnish shareholders	49	0,40	652 570	3,15	141 622	0,68	794 192	0,86
On waiting list			0	0,00			0	0,00
Total	12 233	100,00	16 103 120	77,71	4 619 112	22,29	91 635 096	100,00

Foreign and nominee-registered holdings on 31 December 2019

	Number of share-holders	% of share-holders	Number of book entries	% of book entries	Votes	% of votes
Foreign total	45	0,37	652 570	3,15	652 570	0,71
Nominee-registered (foreign) total	4	0,03	141 622	0,68	141 622	0,15
Nominee-registered (Finnish) total	6	0,05	4 477 490	21,61	4 477 490	4,89
Total	55	0,45	5 271 682	25,44	5 271 682	5,75

Board of Directors’ proposal for the distribution of profit

The parent company Olvi plc had 89.4 (70.3) million euro of distributable funds on 31 December 2019, of which profit for the period accounted for 37.7 (35.2) million euro.

Olvi plc’s Board of Directors proposes to the Annual General Meeting that distributable funds be used as follows:

- 1) A dividend of 1.00 (0.90) euro shall be paid for 2019 on each Series K and Series A share, totalling 20.7 (18.6) million euro. The dividend represents 49.6 (45.7) percent of Olvi Group’s earnings per share.

The dividend will be paid in two instalments. The first instalment of 0.50 euro per share will be paid on 8 May 2020 to shareholders registered in the register of shareholders held by Euroclear Finland Ltd on the record date 14 April 2020. The second instalment of 0.50 euro per share will be paid on 8 September 2020 to shareholders registered in the register of shareholders held by Euroclear Finland Ltd on the record date 1 September 2020.

No dividend shall be paid on treasury shares.

- 68.7 million euro shall be retained in the parent company’s non-restricted equity.

Date and Signatures

Signed in Iisalmi, this 16th day of March 2020

Pentti Hakkarainen
Chairman of the Board

Nora Hortling
Vice Chairman of the Board

Lasse Heinonen
Member of the Board

Elisa Markula
Member of the Board

Päivi Paltola
Member of the Board

Heikki Sirviö
Member of the Board

Lasse Aho
Managing Director

Auditor’s Note

A report of the audit has been submitted today.

Signed in Iisalmi, this 16th day of March 2020

Ernst & Young Oy
Authorised Public Accounting Firm

Elina Laitinen
Authorised Public Accountant

Members of Olvi plc's Board of Directors since the Annual General Meeting of 16 April 2019

Pentti Hakkarainen (b. 1958), Chairman of Olvi plc's Board of Directors since 2017
M.Sc. (Econ), LL.M.
European Central Bank, Supervisory Board (Banking Supervision), full-time member

Work experience in brief:
- 2008—2017 Bank of Finland, Deputy Governor
- 2002—2007 Bank of Finland, Member of the Board
- 1998—2001 Postipankki Ltd., CEO, *a.o.t.**
- 1995—1997 OKOBANK plc, CEO, Member of the Board, *a.o.t.**
- 1985—1995 Outokumpu Corporation, Director of Finance, *a.o.t.**

*Positions of trust, a.o.t.** = among other tasks
- 2017— Finnvera plc, Chairman of the Board
- 2008—2017 ECB, Governing Council, Alternate
- 2008—2017 Financial Supervision Authority of Finland, Chairman of the Board
- 2015—2017 ECB, Budget Committee, Chair
- 2012—2015 ECB, Committee on Controlling, Chair
- 2008—2017 IMF, Board of Governors, Alternate
- 2005—2017 EU Economic and Financial Committee, Member
- 2004—2006 IMF, Audit Committee, Chair and Member
- 2000—2001 Bankers' Association in Finland, Vice Chair
- 1991—1999 IS-Yhtymä Oy, Member of the Board

Nora Hortling (b. 1986), Vice Chairperson of Olvi plc's Board of Directors since 2016
Member of Olvi plc's Board of Directors since 2015
M.Sc. (Econ), Bachelor of Hotel, Restaurant and Tourism Management
Kespro Oy, Purchasing and Sales Director (fruits and vegetables)

Work experience in brief:
- 2019 onwards Kespro Oy, Purchasing and Sales Director, Fresh
- 2018—2019 Kespro Oy, Purchasing and Sales Director (fruits and vegetables)
- 2016—2017 Kespro Oy, Purchasing Manager (fruits, vegetables and dairy products)
- 2014—2015 Kespro Oy, Product Manager
- 2011—2013 Olvi plc, Marketing
- 2009—2010 Ravintolakolmio Group, Restaurant Paasi, Shift Manager
- 2007 Radisson SAS Hotel, Paris Boulogne, Receptionist
- 2005—2009 Ravintolakolmio Group, several restaurants, Shift Manager

Lasse Heinonen (b. 1968), Member of Olvi plc's Board of Directors since 2018
M.Sc. (Econ)
Ahlström Capital, President and CEO

Work experience in brief:
- 2018 onwards Ahlström Capital, President and CEO
- 2011—2018 Tieto Corporation, CFO
- 2015—2016 Tieto Corporation, Head of Telecom, Media & Energy
- 2004—2011 Finnair Plc, executive roles such as EVP Cargo & Aviation Services, Deputy CEO and CFO
- 1992—2004 Novartis Pharma and Sandoz, leadership roles in finance and logistics in Finland, Turkey and Switzerland

Important positions in other organisations:
- 2018 onwards Ahlström-Munksjö plc, Member of the Board
- 2018 onwards Terveystalo plc, Member of the Board
- 2018 onwards Destia Oy, Member of the Board
- 2018 onwards Enics AG, Chairman of the Board
- 2017—2019 Are Oy, Member of the Board

Elisa Markula (b. 1966), Member of Olvi plc's Board of Directors since 2015
Turku School of Economics and Business Administration, MSc Economics (International Marketing)
Tikkurila Oyj, CEO

Work experience in brief:
- 2018 onwards Tikkurila Oyj, CEO
- 2009—2018 Paulig Group, Head of Coffee Division / Oy Gustav Paulig Ab, Managing Director
- 2006—2009 Oy Suomen LEGO Ab, Senior Vice President
- 2003—2006 Oy Snellman Ab, Sales Director
- 2000—2003 Oy SCA Hygiene Products Ab, Key Account Manager and Trade Marketing Manager
- 1998—2000 Oy SCA Hygiene Products Ab, Product Manager, Feminine Consumer Products
- 1993—1998 Oy Fazer Chocolates Ab, Area Marketing Manager

Important positions in other organisations:
- The Association of Finnish Advertisers, Member of the Board
- The Chemical Industry Federation of Finland, Member of the Board
- East Office of Finnish Industries, Member of the Board
- Finnish-Russian Chamber of Commerce FRCC, Member of the Board
- Association of Finnish Paint Industry and Printing Ink Companies, Chairperson of the Board

Päivi Paltola (b. 1971), Member of Olvi plc's Board of Directors since 2018
M.Sc. (Econ)
Entrepreneur, Marketing Strategic Advisor

Work experience in brief:
- 2017—2019 Marimekko Corporation, Marketing Director
- 2014—2017 Fiskars Group, Fiskars Living, Senior Vice President (Iittala, Royal Copenhagen, Arabia, Rörstrand and own retail)
- 2012—2014 Fiskars Group, Fiskars Home, Finland, Business Director (Iittala, Royal Copenha gen, Arabia, Rörstrand)
- 2010—2012 Fiskars Group, Fiskars Home, Finland, Business Director (Iittala, Arabia, Rörstrand)
- 2008—2010 Lumene Group, Brand Director, Lumene and Cutrin
- 2004—2008 Lumene Group, Marketing Manager
- 2000—2004 Orion-Yhtymä Oyj NOIRO, Product Manager Skin Care (Lumene, Nanoel, Favora)
- 1997—2000 Orion-Yhtymä Oyj NOIRO, Product Manager (Lumene)

Important positions in other organisations:
- 2019 onwards Association for Finnish Work, Member of the Executive Committee
- 2016—2018 Design Museum Foundation, Member of the Board
- 2011—2015 Art&Design City, Member of the Board

Heikki Sirviö (b. 1955), Member of Olvi plc's Board of Directors since 2015
M.Sc. (Engineering), Honorary Industrial Counsellor, retired

Work experience in brief:
- 2010—2015 Yara International ASA, Senior Advisor
- 2008—2009 Yara Suomi Oy, CEO
- 2004—2007 Kemira Grow How Oyj, CEO and President
- 2000—2004 Kemira Agro Oy, Kemira Oy, CEO
- 1996—2000 KemiraChemicals Oy, Siilinjärvi plant, Factory Manager
- 1994—2000 KemiraChemicals Oy, Kemphos, BU Director
- 1991—1993 Kemira Agro, Kemira Oy, Project Manager
- 1989—1991 Kemira Agro Oy, Siilinjärvi plant, Technical Manager
- 1988—1989 Kemira Agro, Kemira Oy, Operational Manager
- 1985—1988 Kemira Agro Finland, Kemira Oy, Materials Manager
- 1980—1984 Kemira Oy, Siilinjärvi plant, Department Engineer

Important positions in other organisations:

- 2016 onwards Chairman of the Board of Olvi Foundation
- 2014—2015 Member of the Board of Olvi Foundation
- 2001–2007 Member of the Board of the Chemical Industry Federation of Finland and Member of the Executive Committee 2006–2007

European Fertilizer Manufacturers Association (EFMA)

- 2001–2005 Chairman of the Agricultural and Environmental Committee
- 2001–2007 Member of the Executive Committee and the Board of the Association
- 2006–2007 Deputy to the Chairman of the Association
- 2007 Acting Chairman of the Association

International Fertilizer Association (IFA)

- 2001—2004 Member of the Finance Committee
- 2005—2007 Member of the Executive Committee
- 2005—2007 Vice Precident of West and Central Europe

Administrative positions in other organisations:

- 2000—2010 Siilinjärven Osuuspankki co-operative bank, Member of the Supervisory Board
- 2008—2011 Hankkija Oy, Member of the Board
- 2008—2009 Pellervo Economic Research Institute, Member of the Board