Board of Directors' Report and Financial Statements

1 Jan. – 31 Dec. 2021

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General

Valio started 2021 with a new strategy in place. Accordingly, we acquired Heinon Tukku Oy, signed a letter of intent with St1 Oy on the production of biogas from manure, and incorporated the business operations of Valio Oddlygood® plant-based products. Alongside those new undertakings, the dairy product business that constitutes Valio's strategic foundation continued to strengthen. In the domestic dairy market we focused on our much loved consumer brands, and in international markets on value added ingredients for industrial customers. Despite the coronavirus pandemic, we improved our profitability and recorded a good financial performance.

The three-year programme introduced in 2018 to improve business operations' profitability was concluded, exceeding its set goals. The milk return continued to grow as in previous years.

Valio net sales increased despite switching to contract production at the beginning of 2021. Valio is owned by 4 000 dairy farms through co-operatives that supply its raw milk. The goal is to secure the future of dairy farms in both the medium and long term, and to maximise the price paid for raw milk to the co-operatives, and consequently to the dairy farmers. The milk procurement co-operatives supply a pre-agreed volume of raw milk to Valio, and better anticipation of the total volume enables Valio to adjust its production capacity to market demand. Contract production thereby secures the sufficiency of powder manufacturing capacity. Switching to contract production decreased the raw milk volume during the year, which in turn enabled value added powder manufacturing capacity to be increased without compromising raw milk turnaround.

The coronavirus pandemic affected Valio's operations in all markets. The most important goal of our coronavirus management group, which convened weekly, was to secure employee well-being and the continuity of normal business operations. Consequently, all plants operated as per normal throughout the year, and supply performance continuously exceeded 99 per cent.

Valio Group net sales stood at EUR 1 918 million (2020: EUR 1 808 million), up 6.1% on 2020. Domestic net sales increased by 10.9 percent, and international net sales fell by 0.7 percent. The milk margin amounted to EUR 862 million (EUR 861 million), and the milk return stood at 43.7 cents per litre (41.5 c/l).

The coronavirus pandemic impacted retail sales and our hotel, restaurant and catering (HoReCa) business. People stayed at home, often cooking for themselves, and retail sales continued to grow on the previous year. Eating at restaurants increased in the summer when restrictions were loosened and customers were back in the cities and at their workplaces. Towards Christmas, however, the restaurant restrictions were tightened again. Our HoReCa sales nevertheless increased considerably compared with 2020. The biggest impact on the growth of net sales resulted from the acquisition of Heinon Tukku Oy in July.

Demand for international industrial products, i.e. butter and milk powder, was strong. The global market prices of milk powders rose early in the year, fell back slightly in the summer, but strengthened again in the autumn and were at a high level at the end of the year. Cargo prices rose due to the global shortage of containers, and there were slight delays in maritime cargo. The prices of energy, fuels, packaging materials, and other raw materials increased around the world.

Net sales from international operations totalled EUR 740 million (EUR 746 million). Net sales in Sweden were up by around 10 percent. Growth stemmed especially from cooking products, Valio Oddlygood® products, and snacks such as newly launched Valio PROfeel® products. In Estonia and Russia, net sales were on a par with 2020. Exports from Estonia picked up when restaurants reopened and Valio Forte cheese was again in demand in Europe. In Russia, net sales denominated in roubles increased considerably, but the weakened rouble meant net sales measured in euros remained at the previous year's level. In China, the sales of Valio's subsidiary grew by around 16 percent, as in the previous year. In the US, sales were close to the level preceding the coronavirus pandemic.

Valio Ltd took in 1 723 million litres of raw milk in Finland, 84 million litres less than in the previous year. The average price paid for raw milk was 42.3 cents per litre (40.9 c/l). The price included after payments to dairy co-operatives for 2021. A total of EUR 736 million (EUR 747 million) was paid to the cooperatives, comprising the raw milk price, after payments, dividends, and interest. Valio was again able to keep the price paid for raw milk higher than the European average. Valio Group net profit totalled EUR 37 million (EUR 37 million).

Agriculture faced a drastic cost crisis in 2021, with costs rising substantially in the latter half of the year in particular. The price of fertilisers more than doubled, and major increases were seen, for example, in energy and animal feed prices. The higher costs put heavy pressure on dairy farms' finances. The index of purchase prices for the means of agricultural production (Statistics Finland) hit its highest level in the 2000s. So it was especially important that our successful business operations allowed us to increase the price paid for raw milk to dairy co-operatives by 2 cents per litre from November onwards. We paid an extra 1.5 cents per litre for ordinary raw milk received in the first half of the year, plus an after payment of 1.2 cents per litre from January–December 2021.

Valio's vision is to be the world's most innovative dairy and food company. We have four areas of strategic focus where we will seek future growth. Business operations focused on milk in the domestic market is the strongest of these, and we will continue its further development. Another important focus is raw materials and solutions that generate value added for our customers, through which we seek growth globally, for example in Asia. We are also targeting international markets with our plant-based product range. In addition, Valio continuously evaluates various new business opportunities.

We implemented our strategy effectively during the year. In the summer, we acquired the traditional Finnish wholesale business Heinon Tukku Oy. Eating out is a growing trend that we believe will recover quickly as the coronavirus pandemic retreats, and we want a stronger presence in the HoReCa market. Operations were merged according to plan and the acquisition had a positive impact on Valio's net sales during autumn 2021.

We launched innovative products and increased our share in the home market: the new Valio PROfeel® puddings set new sales records and the share of sliced cheeses continued to grow. Valio Oltermanni® Monterrey Jack cheese and Valio Oddlygood® Barista oat drink cinnamon roll flavour became hugely popular. Valio cooking crème products and ready-to-serve fermented cream dips helped make cooking and indulgence even easier. Sales of basic milks continued to decline in line with the market trend of people drinking less milk.

The use of value added powders could enable for instance a chocolate manufacturer to reduce a product's sugar content without changing the taste, while other customers benefit in different ways. Valio Eila® powders saw growth while baby foods' exports slowed due to changes in the Chinese baby foods market. While market conditions in China will continue to be challenging in 2022, they are expected to normalise from 2023 onwards. The most significant new products launched were Valio Eila® NUTRI F+ powder for the Korean company Maeil Dairies, and Valio Eila® Pro lactose free skim milk powder as an ingredient for Nestlé's baby food powder.

In May, we incorporated the business operations of Valio Oddlygood™ plant-based products. At the beginning of 2022, Mandatum Asset Management became a minority shareholder in Oddlygood Global Oy. Growth financing will accelerate internationalisation.

Valio signed a letter of intent with St1 Oy on the production of biogas from manure. Together, we plan to process manure from farms into biogas for use by heavy vehicles, and at the same time reduce transports' fossil fuel emissions. The joint venture is part of the practical implementation of our ambitious climate programme.

Valio was ranked the most sustainable brand in Finland for the eighth time. Our climate programme targets a carbon neutral milk production chain by 2035. Valio's science-based goals for reducing greenhouse gas emissions have been approved by the Science Based Targets initiative (SBTi). We have committed to limiting the emissions from our production chain to the level required to keep the global temperature increase to a maximum of 1.5 °C, in accordance with the Paris agreement. Dairy farms now have access to the Carbo® environmental calculator that helps them measure their own carbon footprint and find the most efficient means to reduce it. More than 1 000 farms calculated their carbon footprint during the first year. Finland's first milk lorry powered by biogas made from manure started operations in Haapavesi, filling its fuel tank at the Vuorenmaa dairy farm.

As of the beginning of 2021, all 4 000 dairy farms meet Valio's sustainability criteria for animal well-being and receive a sustainability extra for their work. The requirements include, for example, anticipatory and systematic health care for cows. We decided in 2021 on the renewal of the sustainability programme. In addition to animal well-being, it will be expanded to cover measures related to grazing, climate and biodiversity, ready for introduction in early 2023.

Changes in group structure

During the financial year, Valio incorporated the business operations of Oddlygood™ plant-based products as a wholly-owned Valio subsidiary. Mandatum Asset Management became a minority shareholder on 3rd January 2022, with Valio as the principal owner. In addition, on 30th June 2021, the Finnish Competition and Consumer Authority (FCCA) approved Valio's acquisition of Heinon Tukku Oy. The changes in the group structure are set out in the Notes to the Financial Statements, item 12.

Shareholders and share capital

Valio Ltd has 13 shareholders, one less than the previous year. The share capital of Valio Ltd stands at EUR 166 127 400, and Valio Ltd shares number 48 861. They are all of the same type and confer identical rights to dividends and the company's assets in accordance with the Articles of Association. The shares carry a redemption clause.

An amendment was made to the Articles of Association in 2021 to allow for partial payment of dividends to Valio's procurement co-operatives in relation to raw milk volumes.

Risk management

As an international food industry player, Valio's business operations are affected by the global operating environment and milk market, as well as domestic demand and competition. As a significant raw milk processor and food product manufacturer and distributor, the continuity of business operations, processes and information systems are of key importance, enabling us to ensure a high level of supply performance to customers every day. At the same time, Valio contributes to securing Finland's national emergency supply in various exceptional conditions.

Product safety and quality lie at the heart of risk management, and if they fail, the risk is personal damage caused by products, and possible liability risks for both consumers and Valio's customer companies. The goal for occupational safety is zero accidents. Reputational risk that damages the Valio brand is also associated with the risk factors.

In 2021, global demand for dairy products was strong, and industrial product prices rose substantially. Instability in the operating environment was caused by shortages of microchips and shipping containers, continuing cyber threats, an increasing number of extreme weather phenomena, steeply rising inflation, and growing political tensions, which will increase purchasing and supply chain risks. Despite the continuing coronavirus pandemic, Valio has been able to maintain its supply performance at a high level throughout the crisis. The crisis management model promptly introduced at the very beginning of the pandemic has ensured the health of our personnel and continuity of business operations.

Different areas of sustainability ranging from global warming prevention to animal well-being are important to Valio and part of our continuing work. Consumers are increasingly demanding more alternatives to foods of animal origin. This will lead to growth in the market for plant-based products, where Valio has a strong presence. Valio's ambitious goal is to neutralise the carbon footprint of its milk by 2035.

The key goal of Valio's risk management is to identify, evaluate and manage the risks that threaten the company's goals for its business operations. That is the responsibility of the business operation units supported by the Risk Management Office. The risks are classified as strategic, operative, financial, and compliance.

The Risk Management Office administers Valio Ltd's non-life insurance policies and insurance programmes covering the whole Group. It also guides insuring in subsidiaries. Valio insures against risks that would significantly impact the Group's operating capacity. The scope of insurance cover and sufficient insured amounts are continuously evaluated, for example in conjunction with the risk mapping of Valio locales, taking the Valio Group level perspective into account.

The focal points were, in particular, cyber threats and the continuity of business operations. In 2021, Insurance renewals were implemented successfully despite the hardening insurance markets.

Research and development

Valio launched a total of 93 new products in 2021 (2020: 122) in Finland, as well as new products in other markets. Three new patent application were filed in 2021 (2020: 4).

R&D and quality control costs totalled EUR 34.0 million (EUR 28 million), or 1.7% (1.5%) of net sales.

Personnel

The number of employees in Valio Group changed considerably from 1st July 2021 as a result of the acquisition of Heinon Tukku Oy, following which the number of personnel increased by 342 from that date. The incorporation of Oddlygood Global Oy also resulted in a small change in the personnel structure of the parent company.

The average number of employees in Valio Group in 2021 was 4 518 (2020: 4 246), and at the end of the financial year the number stood at 4 586 (4 197). On average, 3 317 (3 230) employees worked in Finland and 1 028 (1 016) in foreign subsidiaries. The Finnish subsidiary Heinon Tukku Oy had on average 335 employees (1st July–31st December 2021).

Of the foreign subsidiaries, the highest number of staff was found in Estonia, on average 481 (477), and Russia, averaging 429 (420). At the end of the financial year, the number of employees in Estonia stood at 448 (487), and in Russia at 433 (437).

Personnel distribution by gender in 2021 was 54% male and 46% female (53% and 47%). The average age of employees in 2021 was 42 years (42 years).

The salaries and other remunerations paid by Valio Group in 2021 amounted to EUR 202 million (EUR 187 million). Pension costs for the year stood at EUR 23 million (EUR 23 million).

From the employees’ perspective, 2021 was the second exceptional year resulting from the coronavirus pandemic. The unique conditions required flexibility from Valio employees in both on-site and remote working. The personnel in all countries where Valio operates, regarding both on-site and remote working, did very well to implement Valio’s strategy and secure operations.

Environmental protection

Valio’s environmental system is certified in accordance with the ISO 14001 standard, and covers the company’s operations in Finland and Estonia. No significant deviations from environmental legislation or the requirements of the authorities have been detected in the internal audits that are part of Valio’s environmental system, or in inspections conducted by an external auditor.

Significant environmental impacts of Valio operations are caused by the waste water load resulting from production wastage, water and energy consumption as a downside of maintaining a high level of hygiene, and waste management of spent packages.

Capital expenditure during the financial year targeted at the reduction of environmental impacts amounted to EUR 4.7 million in Finland, and environmental costs recorded as expense totalled EUR 13.1 million. The most significant single investment related to the management of environmental impacts was the purchase of a flue gas condenser for the heating plant in Lapinlahti. The applications for amendments to environmental permits related to the document delineating Europe-wide environmental protection regulations for the food industry, published at the end of 2019, were submitted in 2020. In some powder drying units, practical studies on conforming to the new permitted limits are ongoing.

Valio Group’s total energy consumption in 2021 stood at 794 GWh, waste water volume was 6.1 million cubic metres, and the waste water load directed at water purification plants was 10 100 tonnes calculated in terms of chemical oxygen demand (COD). Compared with the previous year, energy consumption increased slightly, and waste water volume by 0.8 percent, while the waste water load decreased by 4.6 percent.

The Science Based Targets set by Valio with regard to climate were approved in spring 2021. According to the targets, the greenhouse gas emissions of milk production per litre of raw milk taken in will be halved by 2030 compared with 2019. Furthermore, the energy use emissions from the plants in total will also be halved, and the emissions from milk collection logistics will be cut by one-third. Valio participated for the third time in CDP evaluation (evaluation of the environmental programmes and measures taken by companies by an independent party). The result (A-F) improved to the second best class (B). Valio continued the training of dairy farmers in carbon farming in 2021, albeit limited in scope due to the coronavirus pandemic. An electronic learning platform for regenerative agriculture was opened in co-operation with environmental foundation the Baltic Sea Action Group. The Valio Carbo® environmental calculator was widely introduced at Valio dairy farms. A total of around 2 000 farms participated in the calculator training, and 1 106 official carbon footprint calculations were completed. The model used as the basis for the Valio Carbo® calculator is being further developed together with the Natural Resources Institute Finland and Atria Plc. The goal is to create a consistent calculation method for all cattle farming in Finland.

A Memorandum of Association for a joint venture with energy company St1 Oy was signed to start production of biogas from manure. It is intended that the new company will commence operations at the beginning of 2022, with the project utilising the best aspects of decentralised and centralised production. The goal is the extensive production of liquid bio-methane for use as traffic fuel. Planning for the first production unit started in late 2021. The first milk lorry using biogas produced at a farm had already started milk collection at the beginning of 2021. Valio is involved in a number of research and development projects studying emission reductions and carbon sequestering in farmland. In 2021, a new and substantive peat field project was initiated with the participation of ten Valio dairy farms. In our CARBO project, the soil carbon balance was measured at a total of ten measurement points at four Valio dairy farms. In addition, the carbon balance was measured at several regular and research farms within other co-operation projects. The measurements will continue from 2022–2023 and be extended to include nitrous oxide. The data gathered will be employed to develop carbon sequestration modelling. Preparations were made in late 2021 to pilot a feed additive to reduce the methane emissions of bovine digestion, and the pilot programme will be implemented in early 2022.

More detailed environmental information on operations in Finland is published as part of the Corporate Sustainability Report on Valio Ltd's website.

Net sales

Consolidated net sales amounted to EUR 1 918 million (EUR 1 808 million) and domestic net sales stood at EUR 1 178 million (EUR 1 062 million). Net sales from international operations totalled EUR 740 million (EUR 746 million). Valio Ltd net sales totalled EUR 1 520 million (EUR 1 515 million).

Capital expenditure

Consolidated investments totalled EUR 56 million (EUR 61 million), or 2.9% (3.4%) of net sales.

The most significant investments were in constructing the heat recovery process in Lapinlahti, increasing milk powder capacity in Seinäjoki and plant-based product capacity in Turenki, and developing the product range and energy production at the Laeva and Võru plants in Estonia.

In addition, on 30th June 2021 the Finnish Competition and Consumer Authority (FCCA) approved Valio's acquisition of Heinon Tukku Oy.

Valio Ltd is a shareholder in Majakka Voima Oy, whose purpose is to enable the purchase at a later date of a share of the electricity produced by Fennovoima Oy, at cost price in proportion to the shareholding. The completion of Fennovoima's nuclear power plant has, however, been significantly delayed. Valio Ltd has assessed the overall risk related to the project and recorded a reduction in value of EUR 10.1 million regarding its share of ownership.

Finance

Both Group and parent company liquidity remained good throughout the financial year. Cash in hand and at banks, and short-term investments, totalled EUR 245 million (EUR 194 million) at the year-end. The value of inventories stood at EUR 210 million at the end of the financial year and EUR 178 million at the beginning. Interest-bearing liabilities totalled EUR 380 million at the end of the financial year and EUR 318 million at the beginning. Of loans from financial institutions, short-term loans stood at EUR 111 million (EUR 60 million) and long-terms loans at EUR 185 million (EUR 176 million). The parent company has at its disposal binding lines of credit totalling EUR 110 million (EUR 80 million). Net financing expenses amounted to EUR 18 million (EUR 8 million), or 0.9% (0.5%) of consolidated net sales.

Valio Ltd has a capital loan, in accordance with Section 12 of the Limited Liability Companies Act, totalling 43 626 800 euros. Of that amount, 30 000 000 euros is capital loan recorded under shareholders' equity, in accordance with Chapter 5, Section 5c of the Finnish Accounting Act. The share of capital loans recorded in shareholders' equity has no due date. Interest is paid once a year. The share of capital loans recorded in liabilities, 13 626 800 euros, comprises loans with a due date that shall be paid as a lump sum on their due date. Interest is paid once a year. The principal and interest on the loans shall be repaid at a lower priority than debts to other creditors, were the company to be placed in liquidation or declared bankrupt. The principal may otherwise only be returned and interest paid to the extent that the total of the company's non-restricted shareholders' equity and all capital loans exceeds the amount of loss confirmed for the company's most recent financial year or included in more recent financial statements at the time of payment. No security shall be given for the payment of the principal or interest. If interest cannot be paid, it shall be transferred for payment on the basis of the first such financial statements that allow its payment. No unpaid interest not entered as cost has accrued for the loans.

Financial performance

Consolidated profit before taxes was EUR 48 million (EUR 45 million). Net taxes for the financial year totalled EUR -12 million (EUR -8 million). Net profit for the financial year stood at EUR 37 million (EUR 37 million).

Parent company profit before taxes and appropriations stood at EUR 29 million (EUR 32 million). Income taxes for the financial year totalled EUR -8 million (EUR -6 million). Parent company net profit for the financial year stood at EUR 22 million (EUR 24 million).

The Valio Group milk margin stood at EUR 862 million (EUR 861 million) and the milk return at 43.7 cents per litre (41.5 c/l).

Year 2022

Year 2022 is continuing to progress along the guidelines of Valio's strategy. Our goal is that strategic projects will generate new growth, improve operational efficiency and enhance profitability in the coming years.

The operating environment is still extremely challenging. The global increase in a wide range of costs is directly reflected in Valio's costs of production. The prices of, for example, the energy, packaging materials and other raw materials consumed by the plants have risen significantly, and the container shortage continues to increase export freight costs. Dairy farms continue to be in an exceptionally difficult situation. Fertiliser and energy prices are expected to remain at record-high levels in at least the first half of the year. In the summer, the increase in the supply of feeds resulting from the new feed crop will probably reduce feed prices.

Valio's main purpose is to pay the best possible return to its owners, i.e. dairy farms through the co-operatives. In commercial negotiations with retailers, important factors in addition to the prices of dairy products include volumes and the scope of the product range. The result is decided by the balance between price, volume, product range, and consumer demand. The retail trade makes consumer pricing decisions independently.

The coronavirus pandemic is now in its third year. It is important for us to look after the health of our personnel and to maintain production. We continue to prioritise people's well-being and serving our customers in all our operations, and act in co-operation with our dairy co-operatives to support the dairy farms.

Our restaurant, hotel and institutional kitchen customers' operations continue to be difficult. If the pandemic restrictions can be lifted, we expect the business to recover quickly. The coronavirus is still affecting also the retail trade: demand is strong as people spend a lot of time at home. Although the circumstances surrounding the pandemic seem to be easing, for instance remote working has become the norm for many, and employees do not go to their workplace as often as before. On the other hand, food is taken out more often from restaurants to be eaten at home.

Valio's strength is that milk, the most important ingredient of our products manufactured in Finland, is produced locally, at Valio's owners' dairy farms.

Products are manufactured in 12 plants which helps ensure the national emergency supply.

The year-on-year growth of milk production in Europe ended, which was also visible as a fall in the volume of the EU's dairy product exports. The global market prices of dairy products are expected to decrease slightly from their end of 2021 peak, yet remain at a good level as demand will grow. The growth of the EU's milk volume is restrained by the high prices of production inputs and environmental restrictions. From the global perspective, the demand for milk is growing in Asia in particular. The use of plant-based products is growing in the Western world, while dairy products remain alongside them in our diet.

Other uncertainty factors in the operating environment include the impacts of climate change on the prerequisites of global milk production and dairy product consumption habits, steeply rising inflation, trade policy conflicts, and in the future increasing competition for good employees. Global weather conditions during the year are expected to affect key milk production regions in Europe, New Zealand, and the United States. Restrictions stemming from environmental impacts will have an increasing effect on milk production, especially in Europe.

In 2022, Valio is starting a new four-year project to further improve its cost-efficiency and competitiveness, and consequently the milk return.

Significant events after the close of the financial year

Acquired by Valio during the financial year 2021, the business operations of Heinon Tukku Oy were divided into two companies at the beginning of 2022. Valionova tukku- ja logistiikkapalvelut Oy comprising supply and wholesale operations remained a wholly-owned Valio subsidiary, and the other operations were merged into Valio Ltd.

Mandatum Asset Management became a minority shareholder in Oddlygood Global Oy on 3rd January 2022, while Valio remains the principal owner. In addition, at the beginning of the financial year 2022 a joint venture focusing on the production of biogas from manure was established with St1 Oy.

On 1st March 2022, Valio and Paulig announced an agreement on the sale to Valio of the Gold&Green® brand, and the intellectual property and R&D operations of Gold&Green Foods Ltd Oy. Valio aims through the acquisition to hold an even stronger position in the growing plant protein markets. The Gold&Green Foods' R&D team joined Valio's team on 1st March 2022.

Russia's invasion of Ukraine caused significant changes in Valio's operations in Russia. Valio has had one processed cheese plant near Moscow, as well as contract manufacturers and sales offices in St. Petersburg and Moscow, and has employed around 400 people in Russia. Net sales of Valio's Russian operations in 2021 stood at EUR 89 million, or 4.6% of Valio's total net sales. Exports from Finland to Russia have amounted to just under EUR 5 million per year, or around 0.2% of Valio's total net sales. Valio exports products to 60 countries around the world. The high volatility of the rouble exchange rate affects the risks related to the Russian business operations. The value of the investments and receivables of Valio Ltd and its subsidiaries in Russia totals EUR 51 million in the financial statements.

On 7th March 2022, Valio Group announced that it is starting a process to withdraw from the Russian market, because the Russian invasion of Ukraine has led to serious changes in the operating environment.

At present, it is already known that the invasion of Ukraine will impact the global economy, production chains, and trade, in both the short and long term. For example, energy prices rose precipitously immediately after the invasion. We have increased co-operation with our ingredient and packaging suppliers to guarantee supply performance. The situation is extremely difficult for farms, since their costs were already at record-high levels prior to the invasion. Now the prices of fuel, fertilisers and animal feed have increased even further, and it is expected there will be shortages of production inputs as the geopolitical conditions disrupt global trade.

Russia’s invasion of Ukraine further hampers the operating prerequisites of Majakka Voima Oy, whose intention is to participate in Fennovoima’s nuclear power plant project. However, in the current geopolitical situation, it seems highly unlikely that the project will proceed. Valio is following the situation and will analyse the effects on its holding in Majakka Voima Oy, and future financial liabilities.

The Board of Directors’ proposal on the distribution of profit

The Board of Directors proposes to the Annual General Meeting that a dividend of 3% on the nominal value of the shares be declared, or EUR 102 per share, totalling EUR 4,983,822.

Valio Group five-year statistics

	2021	2020	2019	2018	2017
Milk volume taken in from owners, mill. L	1 723	1 807	1 792	1 821	1 837
Sum paid to owners, MEUR [1)]	736	747	722	722	725
Price paid for milk to the co-operatives by Valio, per litre total cents [2)]	42,3	40,9	39,9	39,2	39,0
Net sales, MEUR	1 918	1 808	1 787	1 734	1 708
Change %	6,1	1,2	3,0	1,5	4,3
- Domestic, MEUR	1 178	1 062	1 071	1 065	1 059
Change %	10,9	-0,9	0,6	0,5	-0,1
- International operations, MEUR	740	746	715	669	649
Change %	-0,7	4,3	6,9	3,0	12,4
Net sales/milk litre taken in from owners, €/l	1,11	1,00	1,00	0,95	0,93
Average no. of personnel	4 518	4 246	4 256	4 259	4 196
Wages and salaries, MEUR	202	187	187	181	181
R&D expenditure, MEUR	22	16	16	17	17
Book profit, MEUR	37	37	33	-25	5
Balance sheet total, MEUR	1 309	1 171	1 122	1 150	1 193
Stocks, MEUR	210	178	180	171	164
Investments, MEUR	56	61	64	62	98
Depreciation according to plan, MEUR	89	85	89	92	88
Equity assets ratio, %	48	50	48	44	45
Milk margin, MEUR [3)]	862	861	838	800	797
Milk return, c/l [4)]	43,7	41,5	41,2	38,4	37,9

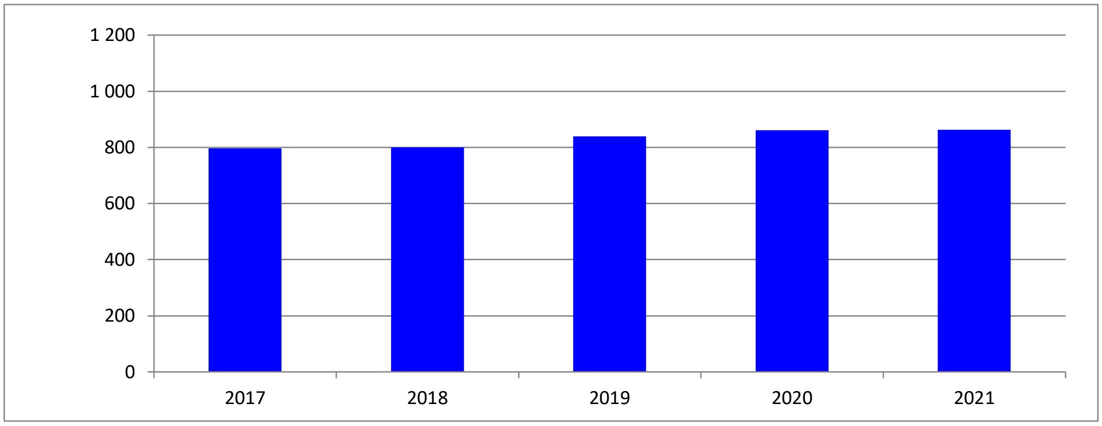
[1)] Comprising the raw milk price, after payment, dividend and interest.

[2)] Includes the basic price, and extra payments according to composition and quality; extra payments for organic milk; after payment.

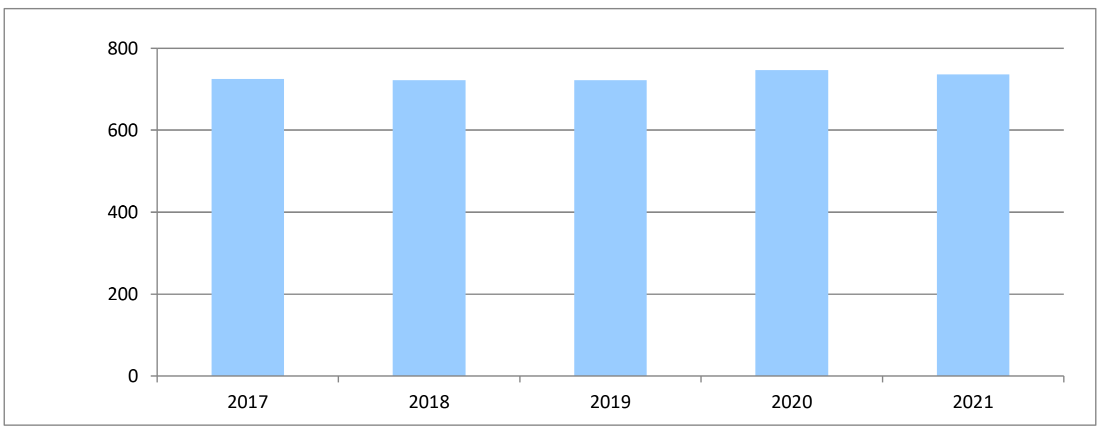
[3)] Net sales less all other costs excluding the price paid to the co-operatives for raw milk, interest on shareholder loans, depreciation according to plan, supplementary payments to the pension fund, pension contribution refunds, and items not included in actual business operations, such as sales gains from sales of business operations, provisions, sales gains and losses from real estate sales, write-offs of non-current assets, and costs arising from acquisitions of companies and business operations. The milk margin includes taxes for appropriations, and the tax effect of Valio Ltd profit less the tax share of the net profit corresponding to the amount of the average dividend percentage from the share capital.

[4)] Milk margin less estimated required financing for investments, and the figure is divided by the milk volume taken in from the owners of Valio Ltd.

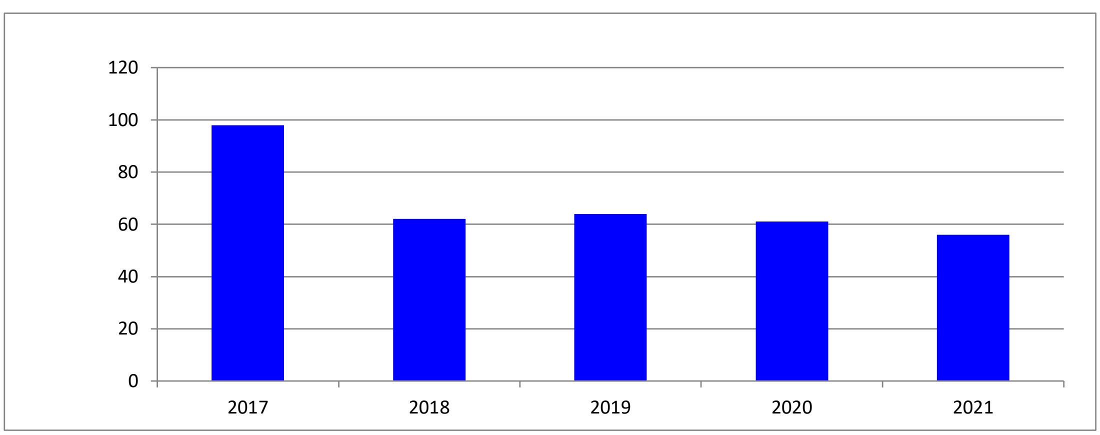
Valio Group milk margin, MEUR



Payments to owners, MEUR



Valio Group investments, MEUR



Consolidated Income Statement

	2021	2020
Net sales	**1 918 238**	1 807 875
Increase (+) / decrease (-) in stocks of finished goods and in work in progress	**13 408**	1 711
Production for own use	**463**	546
Other operating income	**32 302**	33 044
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	**1 206 955**	1 134 359
Increase (-) / decrease (+) in stocks	**-4 799**	1 129
External services	**19 423**	20 217
	-1 221 579	-1 155 705
Staff expenses		
Wages and salaries	**202 308**	186 775
Social security expenses		
Pension expenses	**22 603**	22 857
Other social security expenses	**13 599**	11 804
	-238 510	-221 436
Depreciation and amortisation		
Depreciation according to plan	**86 407**	85 027
Amortisation from assets held as non-current assets	**1 202**	92
Depreciation of consolidation goodwill	**1 458**	-
	-89 067	-85 119
Other operating expenses	**-349 005**	-327 431
Operating profit/loss	**66 250**	53 485
Financial income and expenses		
Income from other investments held as non-current assets		
From others	**-**	1
Other interest and financial income		
From others	**1 080**	261
Share of profit of associated companies	**128**	-13
Reduction in value of investments held as non-current assets	**-10 400**	-
Interest and other financial expenses		
To others	**-8 618**	-8 710
	-17 810	-8 461
Profit/loss before appropriations and taxes	**48 440**	45 024
Income taxes		
Income taxes	**-12 027**	-5 097
Deferred taxes	**488**	-2 698
	-11 539	-7 795
Net profit/loss for the financial year	**36 901**	37 229

All figures in EUR '000s.

Consolidated Balance Sheet

ASSETS	31.12.2021	31.12.2020
Non-current assets		
Intangible assets		
Intangible rights	**2 874**	3 796
Goodwill	**9 110**	-
Consolidation goodwill	**71 537**	-
Other intangible assets	**15 819**	14 289
	99 340	18 085
Property, plant and equipment		
Land	**28 167**	27 755
Buildings and constructions	**283 558**	300 625
Machinery and equipment	**229 282**	244 369
Other tangible assets	**1 125**	1 204
Advance payments and construction in progress	**21 027**	17 532
	563 159	591 485
Investments		
Shares in associated companies	**1 173**	10 441
Other shares and interests	**2 524**	2 531
	3 697	12 972
Current assets		
Stocks		
Raw materials and supplies	**47 538**	42 251
Work in progress	**7 979**	7 708
Finished goods	**151 917**	125 270
Other stocks	**3 043**	3 070
	210 477	178 299
Receivables		
Non-current receivables		
Loan receivables	**1 457**	1 345
Other receivables	**226**	195
Deferred tax receivable	**581**	779
	2 264	2 319
Current receivables		
Trade receivables	**149 156**	134 495
Deferred tax receivable	**958**	1 202
Other current receivables	**25 306**	30 616
Accrued income and prepaid expenses	**9 682**	7 918
	185 102	174 231
Cash in hand and at banks	**244 852**	193 728
Total assets	**1 308 891**	1 171 119

All figures in EUR '000s.

Consolidated Balance Sheet

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2021	31.12.2020
Shareholders' equity		
Share capital	**166 128**	166 128
Other reserves		
Other reserves	**5 984**	5 984
Translation differences	**-32 922**	-37 172
Capital loan	**30 000**	30 000
Retained earnings/losses	**417 781**	385 119
Net profit/loss for the financial year	**36 901**	37 229
	623 872	587 288
Provisions		
Other provisions	**501**	1 672
Liabilities		
Non-current liabilities		
Capital loan	**13 627**	4 861
Loans from financial institutions	**185 333**	176 722
Deferred tax liability	**33 510**	34 351
Other liabilities	**56 592**	70 063
	289 062	285 997
Current liabilities		
Loans from financial institutions	**111 389**	60 289
Advances received	**1 268**	335
Trade payable	**172 040**	156 438
Current liabilities to participating interests	**436**	440
Deferred tax assets	**9**	133
Other liabilities	**40 250**	24 693
Accrued expenses and deferred income	**70 064**	53 834
	395 456	296 162
Total shareholders' equity and liabilities	**1 308 891**	1 171 119

All figures in EUR '000s.

Consolidated Cash Flow Statement

	2021	2020
Cash flow from operations		
Operating profit	**66 250**	53 485
Adjustments		
Depreciation and amortisation	**89 067**	85 119
Changes in provisions	**31**	827
Other adjustments	**-2**	-870
Cash flow before change in working capital	**155 346**	138 561
Change in working capital		
Increase (-) / decrease (+) in current non-interest-bearing receivables	**-5 669**	5 890
Increase (-) / decrease (+) in stocks	**-32 178**	1 623
Increase (+) / decrease (-) in current non-interest-bearing debts	**42 207**	-1 733
Cash flow from operations before financial items and taxes	**159 706**	144 341
Interests and expenses paid for other financing costs of operations	**-8 625**	-7 844
Dividends received	**75**	1
Interest and other financial income received	**1 099**	263
Direct taxes paid	**-12 377**	-4 694
Cash flow from operations	**139 878**	132 067
Cash flow from investments		
Capital expenditure in tangible and intangible assets	**-56 332**	-60 160
Investment subsidies received	**1 070**	3
Proceeds from sale of tangible and intangible assets	**311**	179
Capital expenditure in investments	**-75 403**	-1 334
Proceeds from sale of investments	**-**	-
Repayment of loan receivables	**55**	373
Other	**4 667**	-10 787
Cash flow from investments	**-125 632**	-71 726
Cash flow from financing activities		
Increase (+) / decrease (-) in current financing	**-5 815**	13 180
Proceeds from non-current financing	**128 766**	127 361
Repayment of non-current financing	**-81 089**	-111 665
Dividends paid	**-4 984**	-4 984
Cash flow from investments	**36 878**	23 892
Change in liquid assets	**51 124**	84 233
Liquid assets at beginning of financial year	**193 728**	109 495
Liquid assets at end of financial year	**244 852**	193 728

All figures in EUR '000s.

Parent Company Income Statement

	2021	2020
Net sales	**1 520 002 658,95**	1 514 642 826,49
Increase (+) / decrease (-) in stocks of finished goods and work in progress	**5 332 806,88**	-1 266 246,57
Production for own use	**463 262,86**	546 386,74
Other operating income	**36 849 809,06**	31 560 541,00
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	**937 707 779,86**	939 411 314,76
Increase (-) / decrease (+) in stocks	**-5 115 179,00**	559 768,82
External services	**14 154 999,57**	17 011 080,87
	-946 747 600,43	-956 982 164,45
Staff expenses		
Wages and salaries	**170 281 543,31**	161 703 925,93
Social security expenses		
Pension expenses	**18 870 795,43**	20 653 746,39
Other social security expenses	**7 707 143,79**	6 695 858,34
	-196 859 482,53	-189 053 530,66
Depreciation and amortisation		
Depreciation according to plan	**-79 040 869,85**	-78 981 729,21
Amortisation from assets held as non-current assets	**-1 201 896,40**	-88 447,57
	-80 242 766,25	-79 070 176,78
Other operating expenses	**-292 030 143,95**	-279 781 971,37
Operating profit/loss	**46 768 544,59**	40 595 664,40
Financial income and expenses		
Income from other investments held as non-current assets		
From Group companies	**75 000,00**	0,00
From others	**401,10**	476,67
Other interest and financial income		
From others	**638 144,70**	21 223,40
Reduction in value from investments held as non-current assets	**-10 055 370,00**	-
Interest expenses and other financial expenses		
To others	**-8 645 373,95**	-8 652 897,02
	-17 987 198,15	-8 631 196,95
Profit/loss before appropriations and taxes	**28 781 346,44**	31 964 467,45
Appropriations		
Increase (-) / decrease (+) in depreciation difference	**4 559 370,48**	-2 739 008,79
Group contribution received (+) and given (-)	**-3 142 286,66**	268 000,00
	1 417 083,82	-2 471 008,79
Income taxes		
Deferred taxes	**-230 924,11**	-2 348 363,98
Income tax for the financial year	**-7 884 239,98**	-3 554 408,08
	-8 115 164,09	-5 902 772,06
Net profit/loss for the financial year	**22 083 266,17**	23 590 686,60

Parent Company Balance Sheet

ASSETS	31.12.2021	31.12.2020
Non-current assets		
Intangible assets		
Intangible rights	**2 569 984,84**	3 678 395,62
Other intangible assets	**14 123 448,16**	14 132 091,63
	16 693 433,00	17 810 487,25
Property, plant and equipment		
Land	**21 731 233,25**	21 686 895,54
Connection fees	**2 961 849,12**	2 836 419,12
Buildings and constructions	**265 657 211,12**	282 839 964,40
Machinery and equipment	**205 511 953,98**	225 971 281,27
Other tangible assets	**156 760,36**	156 760,36
Advance payments and construction in progress	**19 319 894,81**	13 191 676,38
	515 338 902,64	546 682 997,07
Investments		
Shares in Group companies	**194 363 109,09**	114 922 462,29
Shares in associated companies	**594 660,80**	9 570 990,80
Other shares and interests	**2 514 249,58**	2 515 766,15
	197 472 019,47	127 009 219,24
Current assets		
Stocks		
Raw materials and supplies	**38 455 571,82**	33 348 949,00
Work in progress	**6 777 627,23**	6 771 957,06
Finished goods	**87 000 034,84**	81 672 898,13
Other stocks	**930 870,82**	922 314,64
	133 164 104,71	122 716 118,83
Receivables		
Non-current receivables		
Non-current receivables from Group companies	**503 300,00**	1 231 000,00
Other non-current receivables	**63 192,94**	63 192,94
	566 492,94	1 294 192,94
Current receivables		
Trade receivables	**87 745 764,59**	89 877 984,24
Current receivables from Group companies	**48 766 330,66**	52 225 250,67
Deferred tax assets	**80 814,05**	311 738,16
Other current receivables	**20 914 184,48**	27 943 469,81
Accrued income and prepaid expenses	**6 922 071,46**	6 460 881,99
	164 429 165,24	176 819 324,87
Cash in hand and at banks	**202 447 742,16**	162 175 895,41
Total assets	**1 230 111 860,16**	1 154 508 235,61

Parent Company Balance Sheet

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2021	31.12.2020
Shareholders' equity		
Share capital	**166 127 400,00**	166 127 400,00
Other reserves		
Legal reserve	**5 984 101,53**	5 984 101,53
Capital loan	**30 000 000,00**	30 000 000,00
Retained earnings/losses	**212 893 978,44**	193 870 220,74
Net profit/loss for the financial year	**22 083 266,17**	23 590 686,60
	437 088 746,14	419 572 408,87
Appropriations		
Accumulated depreciation difference	**167 179 629,84**	171 756 745,12
Provisions	**404 070,27**	1 558 690,86
Liabilities		
Non-current liabilities		
Capital loan	**13 626 800,00**	4 860 800,00
Loans from financial institutions	**185 333 333,34**	176 722 222,23
Non-current liabilities to group companies	**955 000,00**	955 000,00
Other liabilities	**56 410 932,47**	69 793 633,47
	256 326 065,81	252 331 655,70
Current liabilities		
Loans from financial institutions	**111 388 888,88**	60 288 888,88
Trade payable	**135 537 948,12**	139 651 435,26
Current liabilities to Group companies	**38 200 042,52**	44 009 004,13
Current liabilities to participating interests	**436 179,29**	439 783,33
Other liabilities	**35 771 325,41**	23 252 594,37
Accrued expenses and deferred income	**47 778 963,88**	41 647 029,09
	369 113 348,10	309 288 735,06
Total shareholders' equity and liabilities	**1 230 111 860,16**	1 154 508 235,61

Parent Company Cash Flow Statement

	2021	2020
Cash flow from operations		
Operating profit	46769	40 596
Adjustments		
Depreciation and amortisation	79041	78 982
Changes in provisions	46	843
Other adjustments	-93	-779
Cash flow before change in working capital	125 763	119 642
Change in working capital		
Increase (-) / decrease (+) in current non-interest-bearing receivables	10 583	-15 266
Increase (-) / decrease (+) in stocks	-11 659	1 826
Increase (+) / decrease (-) in current non-interest-bearing debts	10 106	10 439
Cash flow from operations before financial items and taxes	134 793	116 641
Interests and expenses paid for other financing costs of operations	-8 652	-7 786
Dividends received	75	1
Interest and other financial income received	629	22
Direct taxes paid	-8 233	-3 152
Cash flow from operations	**118 612**	105 726
Cash flow from investments		
Capital expenditure in tangible and intangible assets	-48 915	-52 836
Investment subsidies received	1 070	3
Proceeds from sale of tangible and intangible assets	30	100
Shares of subsidiaries acquired	-80 103	-1 334
Cash flow from investments	**-127 918**	-54 067
Cash flow from financing activities		
Increase (+) / decrease (-) in current financing	-5 815	13 180
Proceeds from non-current financing	128 766	127 361
Repayment of non-current financing	-67 089	-111 665
Dividends paid	-4 984	-4 984
Cash flow from financing activities	**50 878**	23 892
Change in liquid assets	**41 572**	75 551
Liquid assets at beginning of financial year	**162 176**	86 625
Liquid assets transferred in transfer of business operations	-1 300	
Liquid assets at end of financial year	**202 448**	162 176

All figures in EUR '000s.

Notes to the Consolidated and Parent Company Financial Statements

ACCOUNTING PRINCIPLES

The consolidated financial statements include the parent company and the subsidiaries in which the parent company holds more than 50% of the voting rights, either directly or indirectly. Associated companies have been consolidated using the equity method.

The consolidated financial statements have been prepared using the acquisition method. All intercompany accounts and transactions have been eliminated.

The income statements of foreign Group companies have been translated into Finnish currency at the average exchange rate of the financial year, and balance sheets at the exchange rate on the closing day of the financial year. The exchange rate differences generated in the translation and the translation adjustments created in the translation of shareholders' equity of foreign subsidiaries are included in other reserves.

Exchange rate differences resulting from a long-term loan granted to a foreign subsidiary which is comparable to an investment of shareholders' equity are recorded for the Group as translation difference of shareholders' equity.

Intangible assets and property, plant and equipment of non-current assets are recorded in the balance sheet at the acquisition cost less depreciation according to plan and reduction in value. Depreciation according to plan is calculated as straight-line depreciation on the basis of the useful life of the item. The depreciation plan is the same as in the previous year.

Depreciation and amortisation periods are:

Consolidation goodwill	25 years
Goodwill	20 years
Intangible rights and other capitalised long-term expenditure	5–10 years
Buildings and constructions	10–25 years
Machinery and equipment	5–20 years
Computer hardware and software	3–5 years
Transport equipment and some refrigeration equipment	3–15 years
Other intangible assets	5 years

Investments and non-current financial assets have been recorded in the balance sheet at the lower of acquisition price or fair value. The book value of the shares of Majakka Voima Oy before the recording of reduction in value is EUR 10.1 million (31 December 2020: EUR 9.0 million). A reduction in value of EUR 10.1 million regarding the shareholding was recorded during the financial year. The purpose of Majakka Voima Oy is to enable the purchase at a later date of a share of the electricity produced by Fennovoima Oy, at cost price in proportion to the shareholding. The completion of Fennovoima’s nuclear power plant has, however, been significantly delayed. Valio has assessed the overall risk related to the project and recorded a reduction in value following the precautionary principle.

Liquid assets include cash in hand and cash at bank. The company’s liquid assets also include an escrow account of 0.2 million euros, the use of which is limited.

The company has a capital loan, in accordance with Section 12 of the Limited Liability Companies Act, totalling 43,626,800 euros. Of that amount, 30,000,000 euros is capital loan recorded under shareholders’ equity, in accordance with Chapter 5, Section 5c of the Finnish Accounting Act. The share of capital loans recorded in shareholders’ equity has no due date. Interest is paid once a year. The rest of the capital loan, amounting to

13,626,800 euros, has a due date, and shall be repaid as a lump sum on the due date. Interest is paid once a year. The principal and interest on the loans shall be repaid at a lower priority than debts to other creditors, were the company to be placed in liquidation or declared bankrupt. The principal may otherwise only be returned and interest paid to the extent that the total of the company's non-restricted shareholders' equity and all capital loans exceeds the amount of loss confirmed for the company's most recent financial year or included in more recent financial statements at the time of payment. No security shall be given for the payment of the principal or interest. If interest cannot be paid, it shall be transferred for payment on the basis of the first such financial statements that allow its payment. No unpaid interest not entered as cost has accrued for the loans.

Products manufactured in-house have been valued at the lower of immediate acquisition cost or sales price. Purchased products, raw materials and packing materials are valued at weighted average price or using the FIFO method.

Deferred tax liabilities or assets have been calculated on the temporary differences between taxation and the financial statements, and on taxable loss using the prevailing tax base at balance sheet date.

The accounting of emission rights is performed in accordance with statement 1767/2005 of the Accounting Board. If the realised emission tonnage exceeds the rights granted, the cost of the excess tonnage is booked at the fair value of the day of closing the accounts and provisions are booked as counter-account. If the realised tonnage is below the rights granted, these assets are specified in the notes to the accounts. Trading of emission rights is booked as transactions on an accrual basis.

The coronavirus pandemic did not change the accounting principles. In drawing up the financial statements, the management has considered the realised and presumed effects on the company's operations and the valuation of asset items. The management has not identified value reduction indicators, and the pandemic has not had a significant effect on the valuation of non-current or current assets. Convened weekly, the coronavirus management group's most important goal was to secure employee well-being and the continuity of normal business operations. All plants operated as per normal throughout the year, and supply performance continuously exceeded 99 per cent

During the financial year, Valio incorporated the business operations of Oddlygood™ plant-based products, and Mandatum Asset Management became a minority shareholder on 3 January 2022. Valio remains the principal owner. In addition, on 30 June 2021, the Finnish Competition and Consumer Authority (FCCA) approved Valio's acquisition of Heinon Tukku Oy. The changes in the group structure are set out in the Notes to the Financial Statements, item 12.

An amendment was made to the Articles of Association in 2021 to allow for the partial payment of dividends to Valio's procurement co-operatives, in relation to raw milk volumes.

All figures in EUR '000s.

Notes to the Income Statement

	CONSOLIDATED		PARENT COMPANY	
	2021	2020	**2021**	2020
1. DISTRIBUTION OF NET SALES				
1.1. NET SALES BY DIVISION				
Fresh dairy products	**747 322**	724 533	**630 800**	610 490
Butter and spreads	**272 573**	277 966	**257 920**	264 337
Cheese	**491 020**	493 830	**341 474**	339 934
Powdered ingredients	**223 465**	231 818	**211 731**	222 772
Others	**183 858**	79 728	**78 078**	77 110
	1 918 238	1 807 875	**1 520 003**	1 514 643
1.2. NET SALES BY GEOGRAPHICAL AREA				
Domestic	**1 178 051**	1 062 161	**1 073 410**	1 062 161
Foreign	**740 187**	745 714	**446 593**	452 482
	1 918 238	1 807 875	**1 520 003**	1 514 643
2. OTHER OPERATING INCOME				
Logistics income	**17 946**	17 482	**17 855**	17 441
Rent income	**3 389**	3 394	**5 220**	3 400
Gain on disposal of non-current assets	**343**	254	**259**	184
Sales income from laboratory services	**3 216**	3 331	**3 216**	3 331
Sale of business operations	**166**	766	**166**	766
Other income	**7 243**	7 817	**10 134**	6 439
	32 302	33 044	**36 850**	31 561
3. PURCHASES DURING THE FINANCIAL YEAR				
Purchases of raw milk from procurement co-operatives	**728 663**	739 356	**728 663**	739 356
Other purchases	**478 292**	395 003	**209 045**	200 055
	1 206 955	1 134 359	**937 708**	939 411
4. CHANGE IN PROVISIONS				
INCREASE (-) / DECREASE (+)				
Provision for contingent pension liabilities	**13**	60	**13**	60
Other provisions	**1 158**	-795	**1 142**	-815
	1 171	-735	**1 155**	-755

Notes to the Income Statement

	CONSOLIDATED		PARENT COMPANY	
	2021	2020	**2021**	2020
5. OTHER OPERATING EXPENSES				
Production	**111 063**	105 328	**102 985**	99 853
Transportation	**115 901**	108 362	**98 654**	95 973
Rents	**17 487**	17 281	**14 327**	14 366
Marketing	**45 884**	41 710	**28 711**	25 539
Administration	**48 722**	41 708	**39 475**	35 711
Other expenses	**9 949**	13 043	**7 879**	8 340
	349 005	327 431	**292 030**	279 782
6. NUMBER OF PERSONNEL, AVERAGE				
	4 518	4 246	**3 317**	3 230
7. STAFF EXPENSES				
Wages and salaries	**202 308**	186 775	**170 282**	161 704
Social security expenses				
Pension expenses	**22 603**	22 857	**18 871**	20 654
Other social security expenses	**13 599**	11 804	**7 707**	6 696
	238 510	221 436	**196 860**	189 054
8. SALARIES AND BONUSES OF DIRECTORS				
Supervisory Board	**166**	136	**166**	136
Board of Directors	**182**	191	**182**	191
Valio Executive Board, CEO, Managing Directors	**4 443**	3 801	**2 773**	2 368
	4 791	4 129	**3 121**	2 695
9. AUDITOR'S FEES				
To PricewaterhouseCoopers companies				
Audit	**395**	343	**167**	162
Auditor's statements	**36**	3	**36**	3
Tax services	**501**	313	**446**	304
Other services	**981**	300	**981**	300
	1 913	959	**1 630**	769

Notes to the Balance Sheet

	CONSOLIDATED		PARENT COMPANY	
	2021	2020	**2021**	2020
10. INTANGIBLE ASSETS				
Intangible rights				
Acquisition cost at beginning of year	**22 309**	21 554	**20 196**	19 474
Additions 1.1.–31.12.	**671**	761	**579**	722
Disposals 1.1.–31.12.	**-6 678**	-7	**-6 863**	-
Acquisition cost at year-end	**16 302**	22 308	**13 912**	20 196
Accumulated amortisation at beginning of year	**-18 512**	-17 550	**-16 517**	-15 617
Accumulated amortisation on disposals	**5 956**	7	**5 962**	-
Amortisation for the year	**-872**	-968	**-787**	-900
Accumulated amortisation at year-end	**-13 428**	-18 512	**-11 342**	-16 517
Book value at year-end	**2 874**	3 796	**2 570**	3 678
Goodwill				
Acquisition cost at beginning of year	**-**	-	**-**	-
Additions 1.1.–31.12.	**30 738**	-	**-**	-
Disposals 1.1–31.12.	**-**	-	-	-
Acquisition cost at year-end	**30 738**	-	**-**	-
Accumulated amortisation at beginning of year	**-**	-	**-**	-
Accumulated amortisation from acquisition 1 July	**-20 807**			
Accumulated amortisation on disposals	**-**	-	**-**	-
Amortisation for the year	**-821**	-	**-**	-
Accumulated amortisation at year-end	**-21 628**	-	**-**	-
Book value at year-end	**9 110**	-	**-**	-
Consolidation goodwill				
Acquisition cost at beginning of year	**-**	-	**-**	-
Additions 1.1.–31.12.	**72 995**	-	**-**	-
Disposals 1.1.–31.12.	**-**	-	-	-
Acquisition cost at year-end	**72 995**	-	**-**	-
Accumulated amortisation at beginning of year	**-**	-	**-**	-
Accumulated amortisation from acquisition 1 July	**-**			
Accumulated amortisation on disposals	**-**	-	**-**	-
Amortisation for the year	**-1 458**	-	**-**	-
Accumulated amortisation at year-end	**-1 458**	-	**-**	-
Book value at year-end	**71 537**	-	**-**	-
Other intangible assets				
Acquisition cost at beginning of year	**79 325**	75 250	**78 803**	74 830
Additions 1.1.–31.12.	**17 072**	4 039	**3 782**	3 973
Disposals 1.1.–31.12.	**-12 425**	-	**-11 722**	-
Acquisition cost at year-end	**83 971**	79 289	**70 863**	78 803
Accumulated amortisation at beginning of year	**-65 032**	-61 099	**-64 671**	-60 887
Accumulated amortisation from acquisition 1 July	**-11 294**			
Accumulated amortisation on disposals	**12 280**	-	**11 579**	-
Amortisation for the year	**-4 106**	-3 900	**-3 648**	-3 784
Accumulated amortisation at year-end	**-68 153**	-65 000	**-56 740**	-64 671
Book value at year-end	**15 819**	14 289	**14 123**	14 132
Total intangible assets	**99 340**	18 085	**16 693**	17 810

Notes to the Balance Sheet

	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
11. PROPERTY, PLANT AND EQUIPMENT				
Land				
Acquisition cost at beginning of year	**27 982**	27 265	**24 523**	24 309
Additions 1.1.–31.12.	**185**	491	**170**	214
Disposals 1.1.–31.12.	**-**	-	**-**	-
Acquisition cost at year-end	**28 167**	27 755	**24 693**	24 523
Book value at year-end	**28 167**	27 755	**24 693**	24 523
Buildings and constructions				
Acquisition cost at beginning of year	**808 709**	780 519	**772 131**	745 718
Additions 1.1.–31.12.	**14 747**	27 232	**13 692**	26 413
Disposals 1.1.–31.12.	**-1 277**	-13	**-1 234**	-
Acquisition cost at year-end	**822 179**	807 739	**784 589**	772 131
Accumulated depreciation at beginning of year	**-507 631**	-475 770	**-489 290**	-459 363
Accumulated depreciation on disposals	**1 243**	12	**1 204**	-
Depreciation for the year	**-32 234**	-31 356	**-30 845**	-29 927
Accumulated depreciation at year-end	**-538 622**	-507 113	**-518 931**	-489 291
Book value at year-end	**283 558**	300 625	**265 657**	282 840
Machinery and equipment and other tangible assets				
Acquisition cost at beginning of year	**931 496**	893 120	**862 091**	826 765
Additions 1.1.–31.12.	**40 107**	40 040	**23 599**	36 398
Disposals 1.1.–31.12.	**-30 713**	-2 637	**-28 969**	-1 071
Write-offs	**-**	-	**-**	-
Acquisition cost at year-end	**940 890**	930 523	**856 721**	862 091
Accumulated depreciation and write-offs at beginning of year	**-685 779**	-638 538	**-635 963**	-592 488
Accumulated amortisation from additions of acquisition 1 July	**-6 712**	-	-	-
Accumulated depreciation on disposals	**30 382**	2 391	**28 671**	896
Depreciation for the year	**-48 374**	-48 802	**-43 760**	-44 371
Write-offs	**-**	-	**-**	-
Accumulated depreciation at year-end	**-710 483**	-684 950	**-651 052**	-635 963
Book value at year-end	**230 407**	245 573	**205 669**	226 128
Prepayments and construction in progress				
Acquisition cost at beginning of year	**17 677**	29 939	**13 192**	28 078
Additions 1.1.–31.12.	**20 223**	15 246	**13 569**	8 801
Disposals 1.1.–31.12.	**-4**	-	**-**	-
Transfer between items	**-16 753**	-27 646	**-7 324**	-23 681
Recorded as expense	**-117**	-7	**-117**	-7
Acquisition cost at year-end	**21 027**	17 532	**19 320**	13 192
Accumulated depreciation and write-offs at beginning of year	**-**	-	**-**	-
Accumulated depreciation and write-offs at year-end	**-**	-	**-**	-
Book value at year-end	**21 027**	17 532	**19 320**	13 192
Total property, plant and equipment	**563 159**	591 485	**515 339**	546 683
Depreciation according to plan for the year, total	**-86 407**	-85 027	**-79 041**	-78 982
Book value of production machinery and equipment at year-end	**212 185**	223 577	**189 779**	206 857

Notes to the Balance Sheet

12. CONSOLIDATED AND PARENT COMPANY HOLDINGS

GROUP COMPANIES

	Consolidated Ownership and voting rights %	Parent Company Ownership and voting rights %
Valio USA Inc., USA	100	100
Dairy USA LLC	100	0
Import USA LLC	100	0
Butter USA LLC	100	0
SIA Valio International, Latvia	100	100
UAB Valio International, Lithuania	100	100
Nordic Dairy Holding Oy, Finland	100	100
Rushold M Oy, Finland*	100	0
OOO Valio Center Odintsovo, Russia	100	0
OOO Valio, Russia	100	0
Valio Eesti AS, Estonia	100	0
Valio Shanghai Ltd, China	100	100
Valio Sverige AB, Sweden	100	100
Oddlygood Global Oy, Finland	100	100
Heinon Tukku Oy, Finland	100	100
Valio Tukku Oy, Finland	100	100
Jäätelöyhtymä Oy, Finland **	100	100
Smeds & Co Oy, Finland **	100	100

*) Group company Smeds & Co Oy owns one share.
**) No business operations

PARTICIPATING INTERESTS

ASSOCIATED COMPANIES

Haapaveden Ympäristöpalvelut Oy, Finland	40,5	40,5
Pakastamo Oy, Finland	50,0	50,0
Majakka Voima Oy ***	52,9	52,9

*** Share of ownership, %

Notes to the Balance Sheet

13. PARENT COMPANY INVESTMENTS

	Shares in Group companies	Shares in participating interests	Other shares
Acquisition cost at beginning of year	120 028	9 571	2 516
Transfers between items	-	-	-
Additions	79 441	1 079	-
Disposals	-	-	-2
Acquisition cost at year-end	199 469	10 650	2 514
Accumulated depreciation and write-offs at beginning of year	-9 983	-	-
Accumulated depreciation and write-offs at year-end	-9 983	-10 055	-
Reversal of write-offs at beginning of year	4 878	-	-
Reversal of write-offs at year-end	4 878	-	-
Book value at year-end	194 363	595	2 514

14. GROUP INVESTMENTS

	Shares in Group companies	Shares in participating interests	Other shares
Acquisition cost at beginning of year	-	10 476	2 531
Additions	-	1079	-
Disposals	-	53	-7
Acquisition cost at year-end	-	11 608	2 524
Accumulated depreciation and write-offs at beginning of year	-	-35	-
Accumulated depreciation and write-offs at year-end	-	-10 435	-
Book value at year-end	-	1 173	2 524

Notes to the Balance Sheet

	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
15. ACCRUED INCOME AND PREPAID EXPENSES				
Personnel items	**1 936**	911	**1 722**	750
Excise taxes	**433**	2 431	**200**	2 207
Interest	**1**	21	**1**	21
Miscellaneous accrued income	**0**	1 094	**0**	1 094
Other prepayments and accrued income	**7 312**	3 461	**4 999**	2 389
	9 682	7 918	**6 922**	6 461
16. RECEIVABLES FROM GROUP COMPANIES				
Trade receivables	**-**	-	**47 765**	52 225
Other receivables	**-**	-	**1 504**	1231
Loan receivables	**-**	-	**-**	-
	-	-	**49 269**	53 456
17. CHANGES IN SHAREHOLDERS' EQUITY				
Share capital, 1 Jan.	**166 128**	166 128	**166 128**	166 128
Share capital, 31 Dec.	**166 128**	166 128	**166 128**	166 128
Legal reserves, 1 Jan.	**5 984**	5 984	**5 984**	5 984
Legal reserves, 31 Dec.	**5 984**	5 984	**5 984**	5 984
Capital loan, 1 Jan.	**-**	-	**-**	-
Capital loan 31 Dec.	**30 000**	30 000	**30 000**	30 000
Translation difference for equity of foreign subsidiaries 1 Jan.	**-37 172**	-26 385	**-**	-
Translation difference for equity of foreign subsidiaries 31 Dec.	**-32 922**	-37 172	**-**	-
Retained earnings (losses), 1 Jan.	**422 348**	390 103	**217 460**	198 854
Cost adjustments to previous financial year 1 Jan.	**417**	-	**417**	-
Dividends	**-4 984**	-4 984	**-4 984**	-4 984
Retained earnings (losses), 31 Dec.	**417 781**	385 119	**212 893**	193 870
Net profit (loss) for the financial year	**36 901**	37 229	**22 083**	23 590
Shareholders' equity 31 Dec.	**623 872**	587 288	**437 088**	419 572
18. PROVISIONS				
Provision for contingent pension liabilities	**347**	359	**347**	359
Other provisions	**154**	1 313	**57**	1 200
	501	1 672	**404**	1 559
19. DEFERRED TAX LIABILITIES AND ASSETS				
Deferred tax assets				
From matching differences	**81**	312	**81**	312
From other temporary differences in accounting and taxation	**885**	1 069	**-**	-
Taxable loss	**573**	600	**-**	-
	1 539	1 981	**81**	312
Deferred tax liabilities				
From appropriations	**33 519**	34 484	**-**	-
	33 519	34 484	**-**	-

Notes to the Balance Sheet

	CONSOLIDATED		PARENT COMPANY	
	2021	2020	**2021**	2020
20. ACCRUED EXPENSES AND DEFERRED INCOME				
Interest	**3 465**	3 472	**3 465**	3 472
Staff costs	**44 744**	37 387	**39 384**	35 207
Discounts granted	**8 973**	4 325	**371**	171
Taxes	**5 491**	1 969	**1 352**	529
Other accrued expenses and deferred income	**7 391**	6 681	**3 207**	2 268
	70 064	53 834	**47 779**	41 647
21. LIABILITIES THAT FALL DUE OVER FIVE YEARS FROM NOW				
Other loans	**30 000**	30 000	**30 000**	30 000
	30 000	30 000	**30 000**	30 000
22. CURRENT LIABILITIES TO GROUP COMPANIES				
Trade payable	-	-	**505**	512
Other liabilities	-	-	**38 650**	44 452
	-	-	**39 155**	44 964
23. CURRENT LIABILITIES TO PARTICIPATING INTERESTS				
Trade payable	**436**	440	**436**	440
	436	440	**436**	440

Notes to the Balance Sheet

	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
24. CONTINGENT LIABILITIES				
For own commitments				
Mortgages given	**217 139**	217 139	**217 139**	217 139
Mortgages	**46 120**	46 120	**46 120**	46 120
Guarantees	**3 255**	3 208	**3 215**	3 208
Leasing commitments	**27 199**	41 048	**22 662**	35 083
Total for own commitments	**293 713**	307 515	**289 136**	301 550
For others	**3 867**	4 811	**3 867**	4 811
	297 580	312 326	**293 003**	306 361
Liabilities for which mortgages and pledges have been given as collateral				
Loans from financial institutions	**30 000**	30 000	**30 000**	30 000
25. EMISSION RIGHTS				
Gratuitously acquired emission rights, tCO2	**10 511**	35 385	**10 511**	35 385
Other increases, tCO2	**11 400**	32 200	**11 400**	32 200
Annual emission volumes, tCO2	**44 817**	66 476	**44 817**	66 476
Emission rights in possession, tCO2	**29 142**	73 136	**29 142**	73 136
The company has emission rights assets off balance sheet	**-1264**	218	**-1264**	218

The decision-making process regarding the gratuitously acquired emission rights is still unfinished on the date of the financial statements. The company estimates that the scope of gratuitously acquired emission rights allocated to it will mean that negative emission rights assets will not be generated thereafter. Hence, the company has not recorded a provision in the financial statements for the matter.

26. OTHER FINANCIAL LIABILITIES

Real estate investments

The company has made value added tax deductions on real estate investments which involve a possible obligation to re-evaluate the amount of tax deducted if the premises are taken into use where value added taxation is not applicable. Such a change is not, however, in sight.

Majakka Voima Oy

Valio Ltd has an overall financial commitment of 24.5 million euros concerning shares in Majakka Voima Oy, of which 10.1 million euros was entered as subscribed and paid in the financial statements on 31 December 2021. The shareholding will in due course enable electricity produced by Fennovoima Oy to be purchased at cost price, if the project is completed despite the uncertainty factors.

Redemption obligations in energy contracts

Valio Ltd has made several contracts, some long-term, for energy supply to its production plants. The contracts include redemption obligations to power plants, if Valio withdraws from a contract during the contract period. The maximum amount of redemption obligations stood at 28.2 million euros on 31 December 2021.

27. SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

Acquired by Valio during the financial year 2021, the business operations of Heinon Tukku Oy were divided into two companies at the beginning of 2022. Valionova tukku- ja logistiikkapalvelut Oy comprising supply and wholesale operations remained a wholly-owned Valio subsidiary, and the other operations were merged into Valio Ltd.

Mandatum Asset Management became a minority shareholder in Oddlygood Global Oy on 3rd January 2022, while Valio remains the principal owner. In addition, at the beginning of the financial year 2022 a joint venture focusing on the production of biogas from manure was established with St1 Oy.

On 1st March 2022, Valio and Paulig announced an agreement on the sale to Valio of the Gold&Green® brand, and the intellectual property and R&D operations of Gold&Green Foods Ltd Oy. Valio aims through the acquisition to hold an even stronger position in the growing plant protein markets. The Gold&Green Foods' R&D team joined Valio's team on 1st March 2022.

Russia's invasion of Ukraine caused significant changes in Valio's operations in Russia. Valio has had one processed cheese plant near Moscow, as well as contract manufacturers and sales offices in St. Petersburg and Moscow, and has employed around 400 people in Russia. Net sales of Valio's Russian operations in 2021 stood at EUR 89 million, or 4.6% of Valio's total net sales. Exports from Finland to Russia have amounted to just under EUR 5 million per year, or around 0.2% of Valio's total net sales. Valio exports products to 60 countries around the world. The high volatility of the rouble exchange rate affects the risks related to the Russian business operations. The value of the investments and receivables of Valio Ltd and its subsidiaries in Russia totals EUR 51 million in the financial statements.

On 7th March 2022, Valio Group announced that it is starting a process to withdraw from the Russian market, because the Russian invasion of Ukraine has led to serious changes in the operating environment.

At present, it is already known that the invasion of Ukraine will impact the global economy, production chains, and trade, in both the short and long term. For example, energy prices rose precipitously immediately after the invasion. We have increased co-operation with our ingredient and packaging suppliers to guarantee supply performance. The situation is extremely difficult for farms, since their costs were already at record-high levels prior to the invasion. Now the prices of fuel, fertilisers and animal feed have increased even further, and it is expected there will be shortages of production inputs as the geopolitical conditions disrupt global trade.

Russia's invasion of Ukraine further hampers the operating prerequisites of Majakka Voima Oy, whose intention is to participate in Fennovoima's nuclear power plant project. However, in the current geopolitical situation, it seems highly unlikely that the project will proceed. Valio is following the situation and will analyse the effects on its holding in Majakka Voima Oy, and future financial liabilities.

Proposal by the Board of Directors to the Annual General Meeting

Distributable earnings in the financial statements amount to EUR 234,977.244.61 euros. There have been no material changes in the company's financial position after the balance sheet date, and neither does the liquidity test referred to in section 13:2 of the Companies Act affect the amount of distributable earnings. The Board of Directors proposes to the Annual General Meeting that the distributable assets be used as follows:

Retained earnings	212 893 978,44 €
Net profit for the financial year	22 083 266,17 €
Total	234 977 244,61 €

The Board of Directors proposes to the Annual General Meeting that a dividend of 3.0% on the nominal value of the shares i.e. EUR 102 per share be declared.	4 983 822,00 €

Should the Annual General Meeting approve the above proposal, company shareholders' equity would be as follows:

Share capital	166 127 400,00 €
Legal reserves	5 984 101,53 €
Retained earnings	229 993 422,61 €
Capital loan	30 000 000,00 €
Total shareholders' equity	432 104 924,14 €

SIGNATURES TO THE BOARD OF DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

29 March 2022

Vesa Kaunisto Chairman of the Board	Pentti Suokannas	Annikka Hurme CEO
Sauli Lähteenmäki	Jarno Kämäräinen	

THE AUDITOR'S NOTE

Our auditor's report has been issued today.

29 March 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Niina Vilske
Authorised Public Accountant

Auditor’s Report (Translation of the Finnish Original)

To the Annual General Meeting of Valio Ltd

Report on the Audit of the Financial Statements

Opinion

In our opinion, the financial statements give a true and fair view of the group’s and the company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Valio Oy (business identity code 0116297-6) for the financial year ended 31 December 2021. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

Basis for Opinion

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

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

Independence

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

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company’s or the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Other Statements

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki 29 March 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Niina Vilske
Authorised Public Accountant (KHT)

STATEMENT BY THE SUPERVISORY BOARD

We have examined the financial statements of Valio Ltd, the consolidated financial statements and the Board of Directors’ report for 1 January to 31 December 2021, and the auditor’s report.

We recommend approval of the financial statements and consolidated financial statements, and concur with the Board of Directors’ proposal for profit distribution.

Helsinki, 30 March 2022

On behalf of the Supervisory Board

Esa Kotala
Chairman

Valio Ltd owners 31 Dec. 2021

Valio Ltd is owned by dairy farmer communities that collect or process milk.
Production is primarily based on milk delivered by co-operatives committed to Valio.

The company's owner-management comprises the Annual General Meeting, Supervisory Board, and Board of Directors.

Name	Domicile	No. of shares
		EUR 3,400/share
Evijärven Osuusmeijeri	Evijärvi	72
* Hirvijärven Osuusmeijeri	Jalasjärvi	78
* Hämeenlinnan Osuusmeijeri	Hämeenlinna	1
* Kaustisen Osuusmeijeri	Kaustinen	1
* Kuusamon Osuusmeijeri	Kuusamo	1
* Laaksojen Maitokunta	Ylivieska	54
Osuuskunta Länsi-Maito	Tampere	6 336
* Osuuskunta Maitokolmio	Toholampi	245
* Osuuskunta Maitomaa	Suonenjoki	290
Osuuskunta Maitosuomi	Lapinlahti	20 849
Osuuskunta Pohjolan Maito	Haapavesi	8 496
* Osuuskunta Satamaito	Pori	1
Osuuskunta Tuottajain Maito	Riihimäki	12 437
Total		48 861

Total no. of shareholders 31 Dec. 2021	13
Total share capital	166 127 400 €

* No business relationship with Valio

Supervisory Board 31 Dec. 2021

	Term began	Term ends
Esa Kotala, Chairman Dairy farmer, Lapua Osuuskunta Maitosuomi	2010	2022
Satu Pulkka, Vice Chairman Dairy farmer, Vieremä Osuuskunta Maitosuomi	2018	2022
Mats Broända Dairy farmer, Kruunupyy Osuuskunta Maitosuomi	2021	2023
Hannu Gröhn Dairy farmer, Nurmes Osuuskunta Maitosuomi	2020	2023
Tuomo Haikonen Dairy farmer, Heinola Osuuskunta Tuottajain Maito	2015	2024
Ville Hakala Dairy farmer, Hartola Osuuskunta Tuottajain Maito	2016	2022
Arto Heikkinen Dairy farmer, Pyhäntä Osuuskunta Maitosuomi	2013	2024
Mikko Heikkinen Dairy farmer, Lapinlahti Osuuskunta Maitosuomi	2017	2024
Jari Hekkala Dairy farmer, Kalajoki Osuuskunta Pohjolan Maito	2012	2022
Tarja Hietanen[1)] Product packer, Jyväskylä (From 24 April 2021)	2021	2022
Hannu Hokkanen Dairy farmer, Kangasniemi Osuuskunta Maitosuomi	2018	2024
Mikko Huuskonen[1)] Process specialist, Suonenjoki	2017	2022
Esa Karjalainen Dairy farmer, Puumala Osuuskunta Tuottajain Maito	2016	2023
Katariina Lampela Dairy farmer, Tervola Osuuskunta Pohjolan Maito	2012	2022

Tapio Lehto[1] Product packer, Seinäjoki (To 23 March 2021)	2013	2022
Matti Leikkanen Dairy farmer, Sastamala Osuuskunta Länsi-Maito	2016	2022
Janna Luotola[1] Contract Manufacturing Manager, Helsinki	2016	2022
Lassi Mäkinen Dairy farmer, Lieto Osuuskunta Länsi-Maito	2015	2024
Petri Natunen Dairy farmer, Joroinen Osuuskunta Maitosuomi	2019	2023
Markus Ojanperä[1] Production specialist, Riihimäki	2020	2022
Vesa Parvinen Dairy farmer, Parikkala Osuuskunta Tuottajain Maito	2015	2022
Mauri Penttilä Dairy farmer, Vesilahti Osuuskunta Länsi-Maito	2001	2022
Jarkko Pirinen Dairy farmer, Iitti Osuuskunta Tuottajain Maito	2014	2022
Jari Puhakka Dairy farmer, Ilomantsi Osuuskunta Maitosuomi	2018	2024
Jukka Rahja Dairy farmer, Kalajoki Osuuskunta Pohjolan Maito	2021	2024
Antti Saari Dairy farmer, Lapua Osuuskunta Maitosuomi	2020	2023
Juha Törmä Dairy farmer, Tyrnävä Osuuskunta Pohjolan Maito	2017	2023
Päivi Ylä-Outinen Dairy farmer, Lappeenranta Osuuskunta Tuottajain Maito	2008	2024

[1] Personnel representative

Board of Directors

Vesa Kaunisto, Chairman Dairy farmer, Veteli Osuuskunta Pohjolan Maito	2013	2022
Pentti Suokannas, Vice Chairman Dairy farmer, Askola Osuuskunta Tuottajain Maito	2015	2023
Jarno Kämäräinen Dairy farmer, Kiuruvesi Osuuskunta Maitosuomi	2017	2024
Sauli Lähteenmäki Dairy farmer, Rusko Osuuskunta Länsi-Maito	2007	2024

Auditor

PricewaterhouseCoopers Oy
Authorised Public Accountants, Helsinki

Niina Vilske, Authorised Public Accountant

Executive Board 31 Dec. 2021

	Member of the Executive Board from	Employed by Valio Ltd since
Annikka Hurme CEO	2004	1989
Teresa Laimio Executive Vice President Sustainability and Stakeholder relations	2017	2002
Juha Penttilä Executive Vice President Operations	2018	1992
Tuomas Salusjärvi Executive Vice President Growth Businesses and R&D	2014	2007
Elli Siltala Executive Vice President Core Businesses and Brand	2016	2001
Marianne Tammela Executive Vice President People	2021	2019
Jyri Virrantuomi Executive Vice President Finance and Strategy Deputy CEO	2018	2018

Valio

TOGETHER WE MAKE life BETTER